PHILEX MINING CORPORATION

BETTER DAYS, NEW BEGINNINGS

2024 ANNUAL REPORT

ABOUT THE
THEME

In 2024, the global mining sector faced rising gold prices, rising demand for green metals such as copper and nickel due to the rapid adoption of electric vehicles and renewable energy technologies, and the growing emphasis on environmental responsibility.

For Philex Mining Corporation and its subsidiaries, these are opportunities for growth.

This perspective is captured in the theme for this 2024 Annual Report, **BETTER DAYS, NEW BEGINNINGS**.

On the cover of this Report is a compass to convey the Company's fresh strategic directions, especially as it moves towards the commercial operation of Silangan Mine by early 2026.

With the continuing operation of Padcal Mine which got another extension in its mine life until end-2028, Philex must also navigate the challenges of operating the old yet still-viable mine while commissioning a new mine like Silangan.

All these Philex commits to do while further strengthening its reputation as a right and principled miner.

ABOUT THE
REPORT

The 2024 Annual Report of Philex Mining Corporation contains disclosures covering its financial performance for the reporting period January 1 to December 31, 2024.

A more detailed discussion on the Company's economic, social, and environmental performance, particularly its significant contributions to the development of its host and neighboring communities, can be found in the separately published Philex 2024 Sustainability Report.

Feedback
The Company welcomes feedback and suggestions to make the Report more applicable and useful to various stakeholders.

Contact:
Philex Mining Corporation
2nd Floor LaunchPad
Reliance Street corner Sheridan Street
Mandaluyong City, 1550 Philippines
+632 8631-1381 to 88
philex@philexmining.com.ph

Electronic Access
Download an electronic copy of the Philex 2024 Annual Report and 2024 Sustainability Report by scanning the QR code below:

TABLE OF
CONTENTS

ABOUT
PHILEX

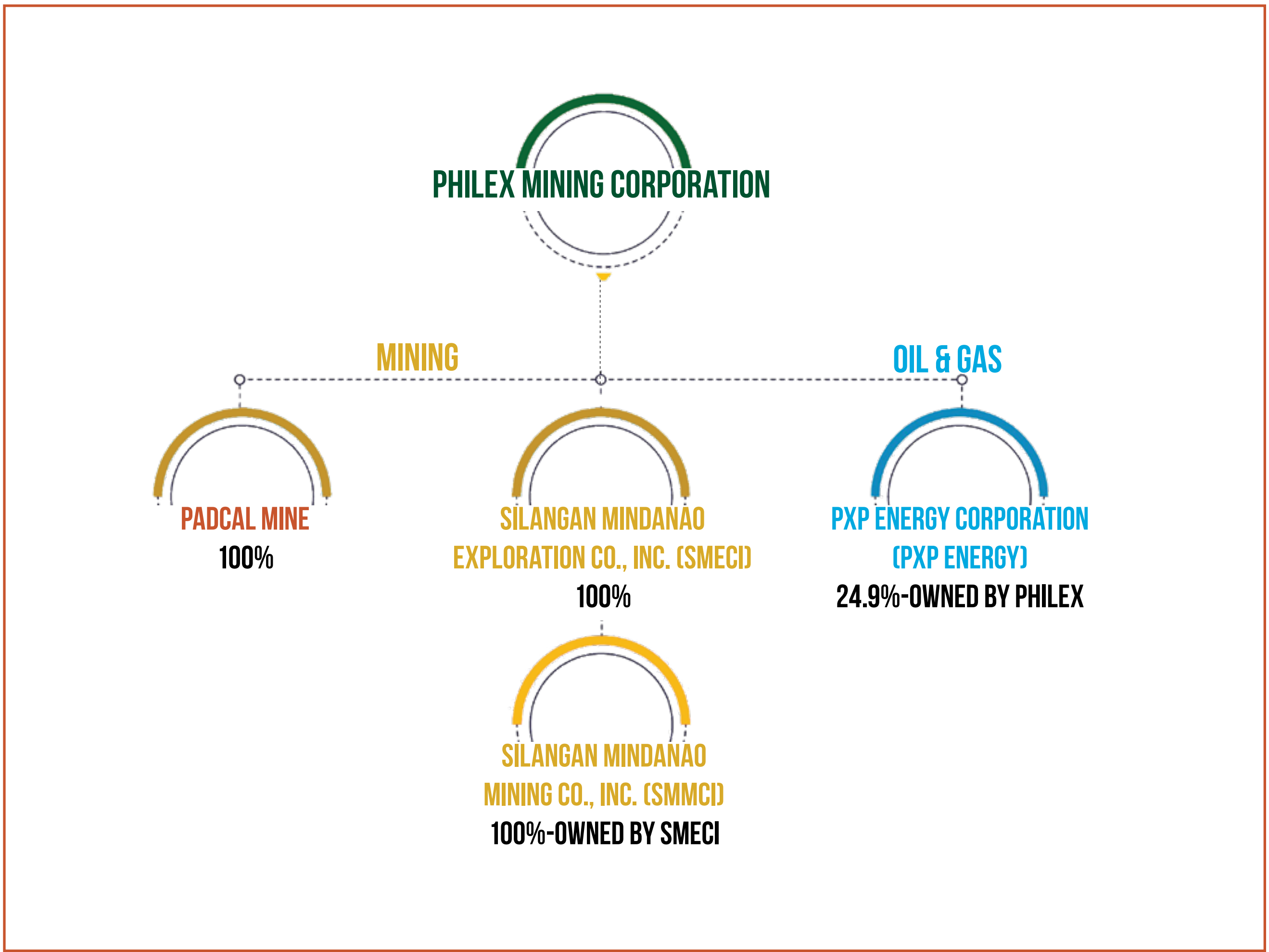
Philex Mining Corporation is engaged in the large-scale exploration, development, and utilization of mineral resources in the Philippines.

Since 1958, the Company has been operating the Padcal Mine in Padcal, Tuba, Benguet Province–the first underground block cave mining operation in the Far East. It was incorporated on July 19, 1955 and listed in the Philippine Stock Exchange on November 23, 1956.

Philex has been employing the underground block cave mining method, and producing copper concentrates containing gold, copper, and silver. This has been its primary source of revenue for over six decades.

BUSINESS STRUCTURE

Philex is organized into two business segments:




Flotation Section, Padcal Mill Plant

MINING BUSINESS

Philex Mining Corporation operates the Padcal Mine in Benguet Province in Luzon, producing copper concentrates that contain gold, copper, and silver.

Silangan Mindanao Exploration Co., Inc. (SMECI) acquired the Silangan Copper and Gold Project (Silangan Project) in Surigao del Norte, Northeastern Mindanao through Silangan Mindanao Mining Co., Inc.

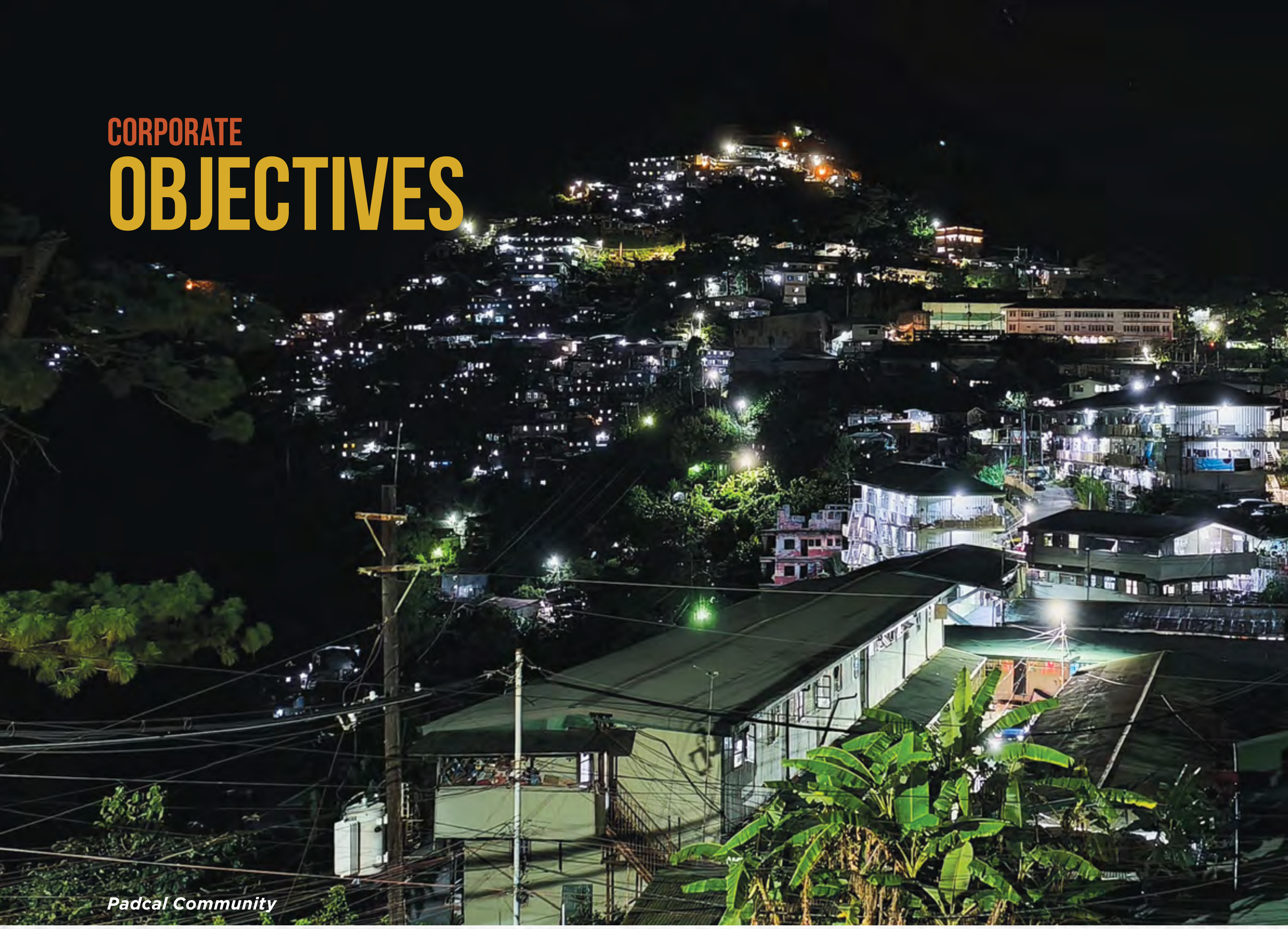
Silangan Mindanao Mining Co., Inc. (SMMCI) is a wholly owned subsidiary of SMECI, and will operate the Silangan Project. The project is comprised of the Sta. Barbara I (formerly Boyongan) and Sta. Barbara II (formerly Bayugo) deposits.

PXP Energy Corporation (PXP Energy) is an upstream oil and gas company in which Philex holds a 24.9% stake.


Floating Production Storage and Offloading Facility

OIL & GAS

CORPORATE OBJECTIVES



Padcal Community

2025-2028: Navigating the Challenges of Operating an Old Mine and Commissioning a New Mine

Pro-active participation and visible leadership in relentless scenario planning and action plans implementation

- Equipment maintenance practices continuous scrutiny to address the status of machines
- Production parameters constant review
- Talent pooling considering the fast turnover of manpower, particularly underground workers
- Solutions formulation of critical failures in the major phases of operations
- Power optimization
- Increasing materials & supplies cost and inventory levels

Protecting the downside by avoiding further delay in the commissioning of the Silangan Project

- Optimum utilization of scarce and limited resources of SMMCI
- Steadfast engagement with the Host LGUs and Host Communities
- Continuous build-up of required manpower and skills training of employees
- Value engineering in parallel to project development
- Priority implementation of programmed environmental interventions as violations could be show-stoppers

Levelling up the advocacies on right and principled mining

- Active member of the Core Group of Towards Sustainable Mining (TSM) that will be evaluated as showcase of the TSM standard being adopted in the country from the Mining Association of Canada. SMMCI to join the Core Group of TSM before commercial operation.
- Participation in the Unified Responsible Mining Information Campaign of the Chamber of Mines of the Philippines, Department of Natural Resources-Mines Geosciences Bureau
- Enhancement of ESG performance and reporting by aligning with the latest global frameworks as part of the Company's continuing sustainability journey
- Business inclusivity of the communities where Philex operates

OUR RESPONSIBLE BUSINESS

VISION
To be highly respected, world-class, natural resource company committed to adhere to international standards in mining operations and environmental conservation and deliver excellent value to our partner communities, investors, employees and other stakeholders.

MISSION
We are a responsible mining corporation that discovers and processes minerals and energy resources for the use of society.

CORE VALUES

Corporate Responsibility
- Advocates Philex as a conscientious mining company
- Manifests core values in both professional and personal circumstances
- Upholds the Philex Mining Code of Business Conduct and Ethics

Teamwork
- Listens to and considers the ideas or points of view of others
- Extends help while respecting the roles of others in doing the job
- Acknowledges team effort in success and collective responsibility over failure

Respect for Individuals
- Practices gender and cultural sensitivity
- Shows authentic concern for the promotion of individual welfare
- Examines own biases and behavior to avoid judgmental reactions

Integrity
- Practices honesty and sincerity in word and in deed
- Honors valid commitments
- Speaks up when situations warrant commendation or correction

Social and Environmental Responsibility
- Shows genuine concern toward its host and neighboring communities to improve quality of life
- Supports and practices the environment, safety, and health guidelines of Philex
- Actively participates in the Company's community development and environmental programs

Work Excellence
- Produces work results in a timely, accurate, and safe manner
- Constantly learns, innovates, amends, and improves services and processes
- Consistently delivers superior quality of work

KEY PERFORMANCE INDICATORS

INDICATORS	IMPACT ON OPERATIONS	METRIC	PERFORMANCE	
			2024	2023
 **Safety Performance** Safeguarding employee welfare, and reducing vulnerability and exposure to hazardous elements in the workplace	A safe working environment would result in zero or minimal untoward incidents and business interruptions. This would translate to improved operational risk assessments, leading to lower insurance premiums.	Number of Lost Time Accident (Fatal) incidents	0	1
		Lost Time Accident (Non-Fatal)	7	8
 **Exploration Activities** Scouting for new ore deposits based on the knowledge, experience, and expertise of the Company	The Company conducts strategic exploration events on an opportunistic basis to maximize output of current ore bodies and search for fresh mineral deposits to ensure long-term operational sustainability.	Exploration Cost (in Php billion)	2.866	0.925
		Total Deferred Exploration Costs (in Php billion)	33.689	30.722
 **Tonnes Milled and Metal Production** Total tonnage is the quantity of mine output annually, which provides the basis for gold and copper production, metal grade and recovery rate.	Total tonnes milled, metal grade, and recovery rate are functions of revenues that determine the amount of concentrates that will be produced. Additional milling processes may be adopted to address inferior ore grades.	Total tonnes milled	6,808,573	6,852,879
		Copper production (in lbs.)	19,779,755	21,298,421
		Gold production (in ounces)	30,702	37,784
 **Operating Cost Per Tonne** Average cost per tonne, a key measure for the Company's operating performance	At the same cost level, the higher the production volume, the lower the cost per tonne becomes, which will also be similar if the same production volume incurs a lower operating cost. A lower cost per tonne would generally reflect an improvement in operating efficiency.	Total operating cost (in Php billion)	7.673	7.270
		Average cost per tonne (in Php)	1,127	1,061
 **Earnings per Share (EPS)** Net income attributable to equity holders of the Company, expressed in the amount per share of the Company's average outstanding capital stock.	EPS is a primary indicator of the Company's profitability. Assuming a constant outstanding number of shares, the EPS correspondingly rises as the Company's earnings increase. The EPS ultimately reflects the Company's financial and operational growth as a result of its performance in cost management, technical efficiency, and productivity.	EPS (in Php)	0.140	0.176

FINANCIAL HIGHLIGHTS

	2024	2023	2022	2021	2020
PROFIT AND LOSS (IN PHP MILLIONS)					
Revenues					
Gold	3,772	3,958	4,625	4,885	4,794
Copper	4,992	4,538	5,383	5,516	3,579
Silver	75	70	80	87	77
Total	8,839	8,566	10,088	10,488	8,450
Smelting Charges	656	840	826	691	616
Operating Cost and Expenses	7,299	6,673	7,120	6,598	6,298
Income from Operations	884	1,054	2,142	3,199	1,536
Other and Non-Recurring Income (Charges)	213	99	187	(399)	(5)
Net Income	810	1,018	1,796	2,431	1,228
EBITDA	1,981	1,784	3,524	4,317	2,703
Core Net Income	746	963	1,733	2,533	1,162
Per Share Data					
Earnings Per Share	0.140	0.176	0.339	0.492	0.249
Dividends per Share	0.02	0.02	0.02	0.059	0.01
FINANCIAL CONDITION (IN PHP MILLIONS)					
Property, Plant and Equipment	4.872	3,357	2,730	3,429	3,043
Deferred Exploration Cost	33,689	30,722	29,492	28,100	27,365
Total Assets	53,274	45,411	43,259	41,856	38,939
Current Liabilities	6,239	4,919	4,758	13,324	4,221
Total Liabilities	20,692	13,723	12,389	15,157	14,713
Total Equity	32,582	31,688	30,869	26,698	24,226
Capital Expenditure	5,302	2,266	1,778	979	1,168
Book Value Per Share	5.64	5.48	5.34	5.40	4.19
PRICE AND COSTS					
Gold					
Realized Price / oz (US$)	2,172	1,928	1,790	1,785	1,757
Operating Cost / oz (US$)	1,938	1,639	1,347	1,202	1,362
Copper					
Realized Price / lb (US$)	4.47	3.79	3.96	4.24	2.87
Operating Cost / lb (US$)	3.76	3.22	2.98	2.85	2.22
FINANCIAL RATIOS					
Net Profit Margin	9.90%	13.2%	19.4%	24.8%	15.7%
Return on Assets	1.64%	2.3%	4.2%	6.0%	3.2%
Return on Equity	2.52%	3.3%	6.2%	9.5%	5.2%
Asset-to-Equity Ratio	1.64	1.4	1.4	1.6	1.6
OTHER INFORMATION					
Cash Dividend Yield	0.7%	0.6%	0.7%	0.9%	0.2%
Number of Shareholders	43,820	43,845	43,901	43,945	43,871
Number of Employees	2,771	1,948	1,897	1,881	1,894

ABOUT
SILANGAN

The Silangan Project is poised to propel the country into becoming a major copper producer in the world. It is situated in Surigao del Norte, consists of the Sta. Barbara I (formarly Boyongan) and Sta. Barbara II (formerly Bayugo) deposits. Silangan is estimated to start commercial operations by the first quarter of 2026 and is on schedule to produce its first metal output after the completion of the process plant's commissioning phase by the end of March 2026.

2010

ACQUISITION OF SILANGAN
Silangan Mindanao Exploration Co., Inc. (SMECI), through and Silangan Mindanao Mining Co., Inc. (SMMCI), completed the acquisition of the Silangan Copper and Gold Project (Silangan Project).

2019

FEASIBILITY STUDY AND ECC
SMMCI approval of the Definitive Feasibility Study prepared by Ausenco of Australia for an underground sub-level cave mining method for the Silangan Project yielding 81 million tonnes (Mt) high-grade copper and gold ore reserves out of 279 Mt of mineral resource estimates for the Boyongan ore deposit containing high-quality copper and gold grades. Including the Bayugo deposit, the Project's total mineral resource is estimated to be 571 Mt. The Silangan Project was granted an Environmental Compliance Certificate (ECC) for underground sub-level cave mining method. DENR-MGB approved the underground sub-level cave mining method.

2020

25-YEAR EXTENSION
DENR approval of another 25-year term of MPSA No. 149-99-XIII which commenced December 29, 2024.

2021

APPROVAL OF STRATEGY
Philex and SMMCI Boards approval of the In-Phase Mine Plan execution strategy of the Silangan Project.

2022

COMPLETION OF IN-PHASE MINE PLAN
Completion of the In-Phase Mine Plan feasibility study and update on the mineable reserve estimate for the Sta. Barbara I deposit.

Under the In-Phase Mine Plan, Silangan is expected to commence operation with a starter mine using a sub-level cave mining method and copper and gold leaching processes with ore production of 2,000 tonnes per day or about 700 thousand tonnes per year for the first 5 years, then ramp up to 4,000 tonnes per day or 1.3 million tonnes (Mt) per year up to year 8. Starting year 9, when copper flotation circuit will be added to the process plant, ore production and processing rates will further increase to 8,000 tonnes per day or 2.7 Mt per year before the final ramp up to 12,000 tonnes per day or 4 Mt per year on year 12.

Excavation and earthmoving works for the mine boxcut started in 2022.

STOCK RIGHTS OFFERING
Completed the listing of the 842 million shares on August 3, 2022. A total of Php2.65 billion raised from the Philex SRO. Philex invested the Php2.58 billion net in October 2022 into the Silangan Project through SMECI as partial funds to finance the initial capital cost of the project.

SITE DEVELOPMENT WORK
Completed the Front-End Engineering and Design (FEED) works for the mine, process plant, and tailings storage facility.

2023

SITE DEVELOPMENT WORK
Completion of the East Portal canopy and the drilling of 10 additional dewatering wells, one geotech hole to de-risk spiral decline location, and additional 14 hydro monitoring holes drilling.

Completion of the stabilization of the "benches" or slope.

Start of the development of the main access decline to the orebody after the completion of the boxcut and the portal.

Completion of the West Portal

$100-M LOAN FACILITY
SMMCI entered into an Omnibus Loan and Security Agreement (OLSA) for a US$100-million loan facility with Union Bank of the Philippines, Security Bank Corporation, and Bank of the Philippine Islands as lenders, and with BDO Capital and Investment as mandated lead manager.

2024

COMPLETION OF FUNDRAISING
Completion of loan syndication exercise for the development of the Silangan Project under the in-Phase Mine Plan. This was after signing the Deed of Accession to the OLSA in February 2024 for a US$70-million loan facility with Philippine National Bank, Philippine Bank of Communications, and Security Bank Corporation as lenders, and with SB Capital as mandated lead arranger. The signing of the loan agreements signaled the acceleration of the development works in the Silangan Project.

SITE DEVELOPMENT WORK
Award of the Engineering and Procurement and Construction Management Support contract to Ausenco Services Pty Ltd. from Brisbane Australia for the process plant.

EEI Corporation was engaged to construct the process plant while Galeo Equipment Corporation was awarded the contract to build the tailings storage facility.

Completion of the underground main decline/tunnel at chainage 559m and process plant pad earthworks.

1ST HALF 2025

SITE DEVELOPMENT WORK
Completion of the underground main ventilation exhaust shaft and main substation.

Ongoing development of the ore drives; ore stockpiling: ready for commissioning by December 2025 and production of first metal by March 2026.

Process plant construction progress at 63% as of mid-April 2025; for completion by December 2025.

TSF in 90% completion; currently on track to complete by September 2025 despite climate setbacks.

UNVEILING OF THE SILANGAN PROJECT
Unveiling ceremony for the Silangan Project held in Surigao del Norte on May 28, 2025—marking a steady progress towards commercial operation.

The Silangan Project is slated to have its first metal production by the first quarter of 2026.

SILANGAN PROJECT UNVEILED IN MAY 2025

Philex unveiled the Silangan Project in simple ceremonies at its project site in Barangay Timamana, Tubod, Surigao del Norte. The ceremony was held in front of the Grinding Complex composed of major equipment such as the Semi-Autogenous Grinding mill, mill liner handler and cyclone cluster pump at the process plant to showcase it as one of the most critical areas of the Project.

Witnessing the unveiling ceremony were key officials from the Department of Environment and Natural Resources, Mines and Geosciences Bureau, Surigao del Norte local government unit, and project partners from EEI Corporation, Galeo Equipment Corporation, and Ausenco Services Pty Ltd., an Australia-based global company engaged by Silangan as EPcm consultant.

MESSAGE FROM THE

CHAIRMAN

"Our track record for seizing opportunities and remaining agile to changing environments has guided Philex's growth as a right and principled miner for the past six decades."

2024 was an extraordinary year for the metals and mining sector around the world. On one hand, demand for gold reached record highs, with the global benchmark prices hitting new record highs 40 times during the year . On the other hand, the surge in gold prices was primarily attributed to continuing geopolitical tensions, and higher inflation and interest rates—gold was seen mainly as a hedge.

The rising tide of uncertainty continued to sweep businesses around the world in 2025, triggered by sweeping tariffs imposed by the U.S. against more than 100 countries, including China. The looming trade war between the U.S. and its major trading partners; protracted conflicts between Russia and Ukraine, and in the Middle East; the prospect of an economic recession in the U.S.; and a slowdown in many economies as a result of the supply chain disruption, have left many struggling to forecast what the rest of 2025 would look like.

Amid this global turmoil, we at Philex continue to be on the lookout for opportunities in Philippine mining. This optimism is echoed in the theme "Better Days, New Beginnings" of our 2024 Annual Report.

Five reasons to be upbeat

1. **The Philippine economy continues to be resilient.** With a 5.6% GDP growth in 2024, the Philippine economy remained one of the fastest-growing in Asia despite a prolonged dry season due to El Niño and the series of strong typhoons amid La Niña. The average inflation rate fell to 3.2% in 2024 from 6.0% in 2023, which allowed monetary policy to ease, fueling consumer spending, loan demand, and economic growth.
2. **The Philippines' mining industry remains fertile ground for the country's strong economic momentum.** According to the Mines and Geosciences Bureau (MGB), the country's metallic mineral production inched up to a record high of over Php250 billion in 2024, buoyed by double-digit

rate expansions in the value of gold and silver. Metallic mineral production in 2024 rose by 1.28% year-on-year to Php252.9 billion from its 2023 level.

Despite a 7% drop in gold production volume to 28,870 kilos year-on-year, gold remained as the top contributor to the country's overall metallic production, based on MGB data. Higher global prices lifted the total value of gold output, increasing by 19% year-on-year to Php126.36 billion. Gold prices averaged $2,388 per troy ounce, about 23% higher than its average price a year ago, according to the World Bank.

3. **The continued push for global energy transition will drive the demand for metals.** Despite the tariff chaos, many countries are still bent on accelerating their adoption of renewable energy technologies and electric vehicles (EVs) to transition away from fossil fuels. This includes the Philippines, which announced in 2024 the extension of its zero-tariff policy on EVs and parts until 2028, with some expansions to include more EV types and parts. Higher demand for copper and nickel, used in various renewable energy technologies and the production of lithium-ion batteries for e-vehicles, should favor the Philippines, which is one of the top producers of nickel worldwide.

4. **The enactment of vital reforms will further boost the development of the Philippine mining sector.** We fully support the recommendations of the Chamber of Mines of the Philippines (COMP) that will enable the mining industry to attain its full potential as major contributor to the country's socioeconomic growth. These reforms include: rationalizing the mining fiscal regime, simplifying and expediting approval processes for mineral agreements, and including a financial stability clause in all mineral agreements to ensure the continuity of mining operations and uphold the sanctity of contracts regardless of adverse change in government policies that would prevent mining contractors from performing their obligations. These proposed reforms will help us attract more mining investor into the country and build more confidence in our policy environment.

5. **Lastly, but most importantly for the Company, Silangan Mine will usher the "New Beginnings," not just for Philex but also for the Philippines.** Silangan— considered by many as The Next Big Thing in the mining industry—will undoubtedly strengthen our standing in the copper and gold markets globally. This will also enable us to smoothly transition from Padcal Mine, whose mine life has been extended anew until 2028. We plan to adopt and replicate our right and principled mining practices in Padcal in generating much-needed employment, as well as in sustaining social development programs for our host and neighboring communities of the Silangan Mine in Surigao del Norte province.

Braving the 'New Normal'

We have no doubt that the outlook for Silangan Mine will glow even brighter as we approach its commercial operation by the first quarter of 2026. This, and the prospect of expanding into nickel mining and exploring other mining properties, will make 2025 an exciting year of opportunities for our Company and stakeholders.

On the other hand, we must also steel our nerves for the market volatility and turmoil that can instantly prompt skittish investors to change their course—the U.S. tariff policy and its impact on global trade being the biggest of all. How this will affect the metals and minerals industry, countries' and businesses' commitments toward net-zero carbon emission, and other factors will definitely be on our watchlist.

Our track record for seizing opportunities and remaining agile to changing environments has guided Philex's growth as a right and principled miner for the past six decades.

Allow me to thank our Board of Directors, our senior management team, our employees, and our host and neighboring communities, for their continuing support and belief in the bright future of Philex. We look forward to even Better Days and New Beginnings, as we embark on a new, exciting venture in Silangan Mine.

MANUEL V. PANGILINAN
Chairman

REPORT FROM THE

PRESIDENT & CEO

The year 2024 was undeniably a period of unprecedented uncertainty — from geopolitical instability, tariff and trade wars, inflation and interest rates, climate change, as well as the mercurial rise of AI.

Gold has never been so attractive and important as a hedge against a volatile world. Thus, it did not come as a surprise that its price has reached all-time highs and continues to dazzle investors.

According to a Reuters report: "Today, its price is far out of line with several other commodities. Over the past half-century an ounce of gold has, on average, cost 21 times the price of a barrel of oil. Today, the gold/oil ratio is above 50 times–its highest-ever level apart from a brief moment in 2020."

Despite its luster as a safe bet, we at Philex remain cautiously optimistic about the near-term outlook for gold and other metallic and mineral commodities.

Over the past seven decades, we have been operating one of the oldest and largest gold producers in Southeast Asia: Padcal Mine. This alone speaks volumes about our long track record as a right and principled miner that has seen and been through every economic cycle.

Fortunately, it was a different story for the Philippines in 2024. Against much headwinds, the country remained resilient, posting a 5.6% GDP growth in 2024, even better than many of its neighbors in Asia. Inflation and interest rates started to ease, but remained elevated for most of the year.

Our year in review

Our financial results reflect the challenges in the global landscape.

In 2024, Philex's net income declined by about 20% to Php810 million in 2024 from Php1.018 billion in 2023 due to higher expenses incurred in running our operations, increased depletion, amortization and depreciation. Core net income also fell 22% to Php746 million from Php963 million.

The Company's revenues increased by 6% to Php8.183 billion on account of favorable metal prices for gold and copper. On the other hand, our costs and expenses rose by 9% to Php7.299 billion due to elevated prices of materials and supplies. Production costs, which accounted for the majority of our expenditures in the past year, rose by 8%.

Total tonnage milled stood at 6.809 million tonnes, slightly lower than 6.853 million tonnes a year ago.

Gold output decreased by 19% to 30,702 ounces while copper production went down by 7% to 19.780 million pounds. Realized gold prices reached $2,419 per ounce in the fourth quarter. On the other hand, copper prices peaked at $4.59 per pound in the third quarter before averaging $4.32 per pound for the remainder of the year.

Better days

While our financial performance in 2024 remained tepid, our anticipation and excitement over the start of commercial operations of Silangan Mine continue to grow.

In 2024, the Silangan Project marked a major milestone when the underground main access decline reached the Sta. Barbara 1 ore body (formerly Boyongan ore body).

We also made a feat by recording 7.5 million uninterrupted manhours without loss time accident.

Major components are now ready for installation in the mine site, including SAG Mill, Atmospheric Leach Feed Thickeners and HAB Feeder and Primary Sizers.

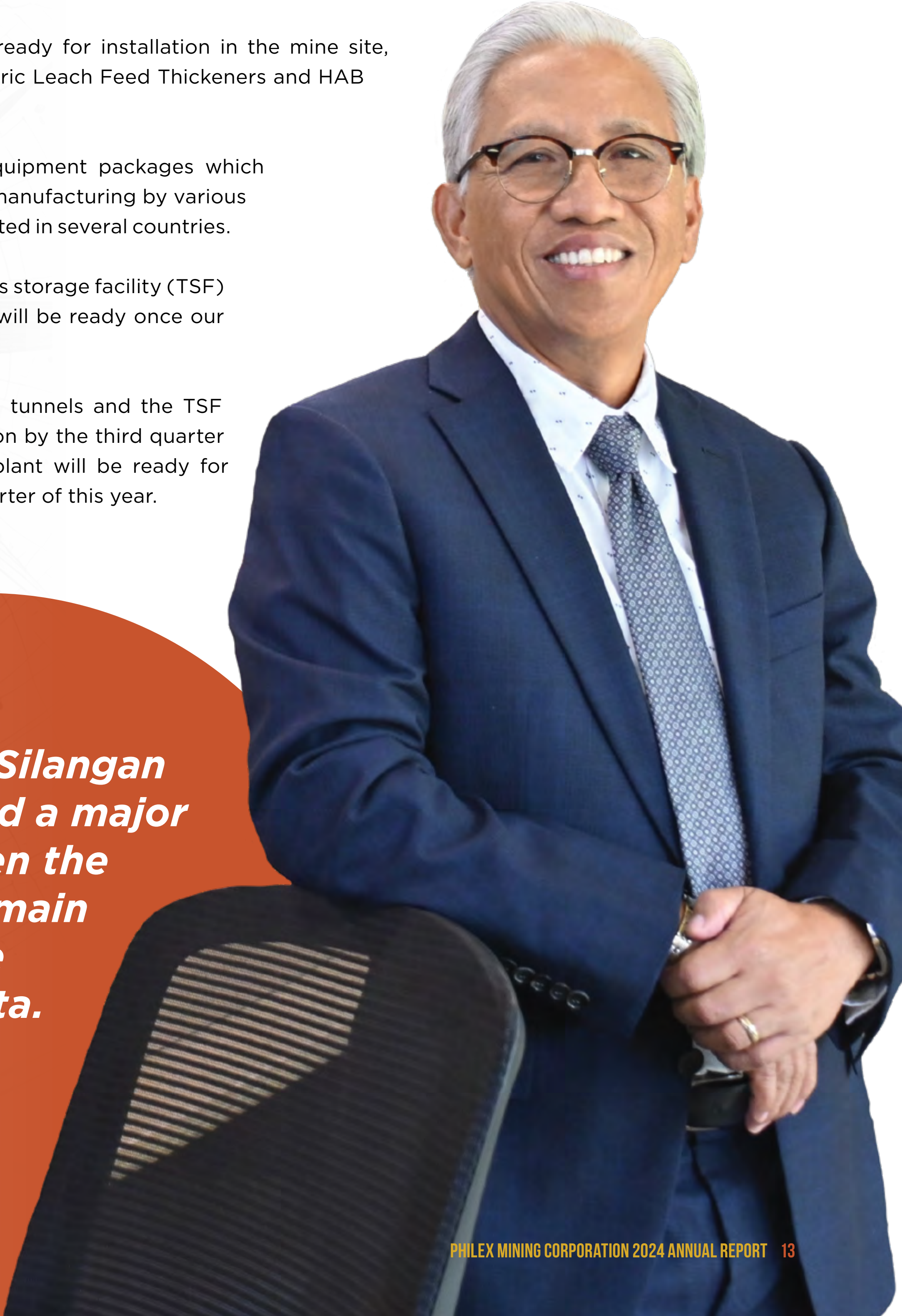
We have awarded all the equipment packages which are now in various stages of manufacturing by various mining industry suppliers located in several countries.

The construction of the tailings storage facility (TSF) is currently in full swing and will be ready once our process plant will operate.

The underground production tunnels and the TSF are on schedule for completion by the third quarter of 2025, while the process plant will be ready for commissioning in the last quarter of this year.

"In 2024, the Silangan Project marked a major milestone when the underground main access decline reached the Sta. Barbara 1 ore body."

Eulalio B. Austin Jr.
President and CEO



REPORT FROM THE
PRESIDENT & CEO

New beginnings

These activities put us on track to pursue the start of commercial operation of Silangan Mine in the first quarter of 2026. We will prevent the showstoppers to avoid any further delay in the commissioning of the project.

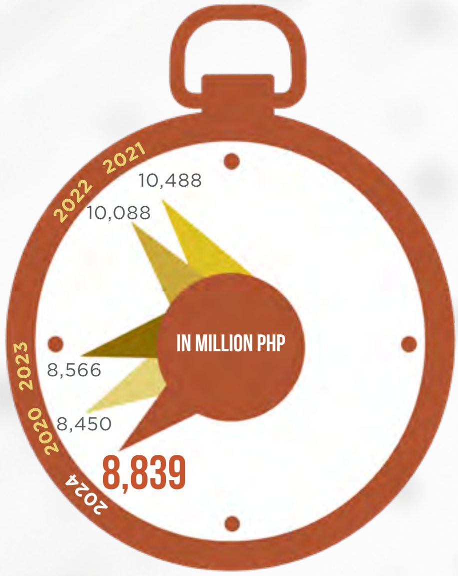
While we look forward to marking a new era for Philex and the Philippine mining industry with Silangan as a world-class asset, we will also continue to navigate the challenges of operating an old yet viable mine like Padcal. We believe in its continuous potential as an engine of socioeconomic growth, ensuring its survival in its projected 2028 mine life and beyond. The resilience of our people had been tested time and again, and no doubt will be a main factor in keeping us afloat.

As a right and principled miner, Philex is committed to bringing the benefits of the Social Development and Management Program to the host and neighboring communities of both mines.

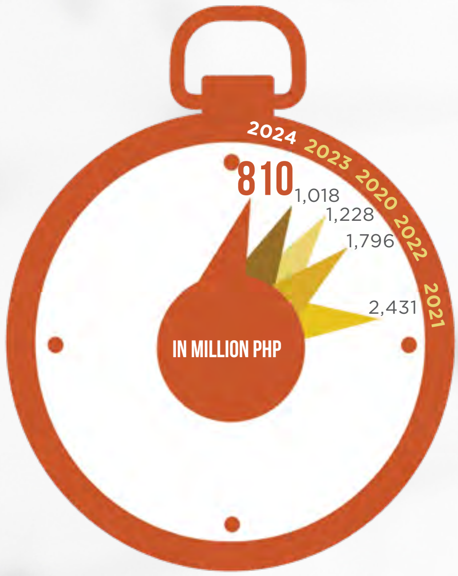
I am incredibly proud of what we have achieved in Padcal Mine and look forward to replicating this success—even exceeding shareholder expectations—in Silangan. My confidence lies in having a Board of Directors, employees, partners, shareholders, and the local communities we work with who share the passion and devotion that drives this Company forward.

As we look ahead, we do so with courage and confidence, knowing that we have the right strategy, the right assets, the right people, and, most importantly, the right principles to continue delivering on our promises.

EULALIO B. AUSTIN JR.
President and CEO

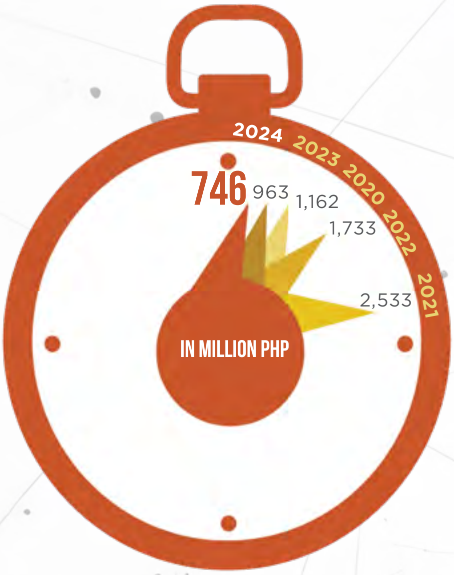


GROSS REVENUES

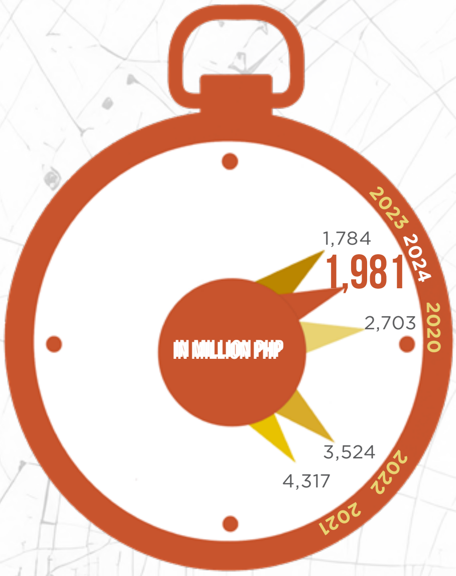


NET INCOME

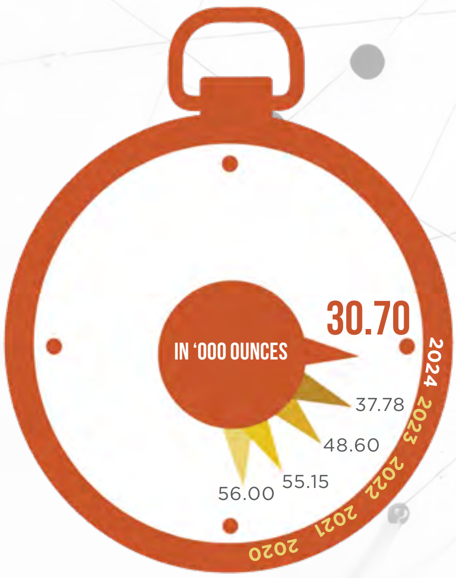
AT A GLANCE



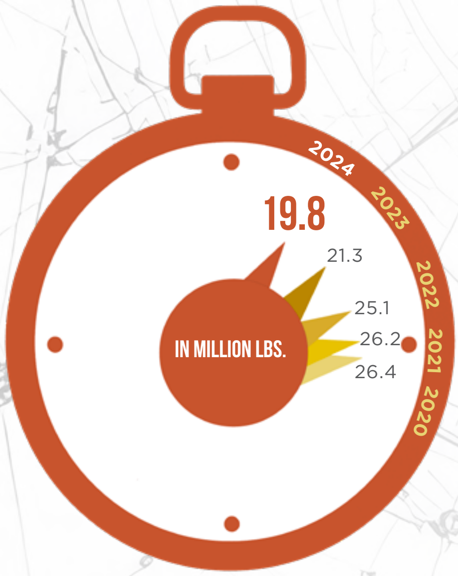
CORE NET INCOME



EBITDA



GOLD OUTPUT



COPPER OUTPUT

MINING PROPERTIES AND EXPLORATION ACTIVITIES

Since 1958, Philex has been operating the Padcal Mine, the first underground block cave operation in the Far East, demonstrating its enduring commitment as a principled and responsible miner.

Several Mineral Production Sharing Agreements (MPSAs) and applications cover the Company's mineral properties or tenements. MPSAs are mineral sharing agreements between the mining company and the government. Under these MPSAs, a mining contractor provides the necessary financing, technology, management, and personnel needed in the project. In return for granting the mining company the right to mine, the government gets a share in the production in return.

Padcal Mine

Philex's mineral properties or tenements in the Padcal Mine and its vicinity have a total area of 11,800 hectares within the municipalities of Tuba and Itogon in Benguet Province. These are all covered by existing mineral agreements and applications.

Padcal Mine, where Sto. Tomas II deposit is situated, is covered by MPSA 276-2009-CAR, valid up to January 19, 2034, with an area of 81 hectares. MPSA-276-2009-CAR was issued under the names of the heirs of Baldomero Nevada, Sr., Trinidad Nevada and Baldomero Nevada Jr. The Nevadas transferred their rights to explore, develop, and utilize the mineral property under the mineral agreements covered by MPSA-276-2009-CAR to PMC by virtue of a royalty agreement executed on August 29, 1955 for an indefinite term, in consideration of royalty payments of 1% for copper and 4% for gold and silver based on the net revenue of minerals after deducting smelting charges. In a Resolution dated January 17, 2008, the National Commission on Indigenous Peoples (NCIP) issued a Certificate Pre-Condition for MPSA-276 in relation to the Padcal Mine operations.

Contiguous to the area covered by MPSA-276-2009-CAR are two other mineral agreements covered by MPSA-156-2000-CAR and MPSA-157-2000-CAR, both issued on April 10, 2000 and valid up to April 10, 2027, Exploration Permit (EP) No. 009-2021-CAR valid until January 13, 2027 and application under EXPA-075-CAR and EXPA-078-CAR.

SUMMARY OF THE PADCAL VICINITY MINING TENEMENTS AND APPLICATIONS

Tenement	Operator / Contractor	Area (in hectares)	MPSA Date of Expiration
MPSA-156-2000-CAR	Philex	3,848	April 10, 2027
MPSA-157-2000-CAR	Philex	2,958	April 10, 2027
MPSA-276-2009-CAR	Philex	81	January 19, 2034
EP 009-2021-CAR	Philex	350	n/a
EXPA-075-CAR	Philex	262	n/a
EXPA-078-CAR (Remaining area)	Philex	4,301	n/a
Total		**11,800**	

PADCAL MINE MINERAL RESOURCES

AS OF DECEMBER 31, 2024

	Classification	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained	
					Copper (M lbs.)	Gold (ozs.)
782ML	Measured + Indicated	3.5	0.21	0.34	16.0	38,000
798ML	Measured + Indicated	55.0	0.20	0.28	240.0	480,000
Subtotal	**Measured + Indicated**	**58.5**	**0.20**	**0.28**	**256.0**	**518,000**
770-630ML	Measured + Indicated	130.0	0.17	0.31	520.0	1,300,000
Total	**Measured + Indicated**	**188.5**	**0.18**	**0.60**	**776.0**	**1,818,000**

Cut-off grade = 0.28%CuEq %CuEq = %Cu + 0.710 x g/tAu

Highlights

- Total Measured and Indicated Mineral Resource for the Padcal Mine are now estimated at 188.5 million tonnes at a grade of 0.18%Cu and 0.30 g/t Au.
- Within the active mining levels remaining resource is at 58.5 million tonnes with grades of 0.20%Cu and 0.28 g/t Au.
- Majority of the reported tonnage is below 700ML, however, this portion of the orebody is still undergoing studies to increase the probability of economic ore extraction.
- There is an overall decrease in tonnage by 1% compared to last year which is accounted for by production extraction.

Geology and Resource Estimate

The discussion of the Sto Tomas II geology with corresponding resource estimate was detailed in the 2013 report, "Technical Report, Exploration Results and Mineral Resources of the Sto. Tomas II Copper –Gold Deposit Located in Padcal, Tuba, Benguet Province, Philippines." Since then, there have been several iterations of the resource estimate to account for additional data from drilling and development samples. The latest estimation run was in July 2022 after underground validation drilling data was incorporated. This run is the basis for any subsequent remaining resource assessments made. Interpolation was computed using ordinary krigging done in a 30x30x10 block model. Variograms were made for domains based on the lithology of the orebody.

A corresponding technical report for this estimation run is in the report entitled, "August 2022 Mineral Resource Estimation (MRE) Update, Sto. Tomas II Porphyry Cu-Au deposit of Padcal Mine." Block model computations and subsequent remaining resource estimates were done using Leapfrog ARANZTM and Geovia Gems™.

Cut-off Grade

The cut-off grade was computed based on the following parameters:

Metal prices = US$ 3.90/lb Cu and US$1,900/oz Au Metal Recoveries = 80% for Cu and 80% for Au Forex (Php to USD) = 56.00 Php
Operating Cost per MT= 1,078.00 Php

Parameters used for this 2024 reporting was similar to those used in the previous report.

Remaining Resource Computation

The remaining resource as of the end of the previous year was computed by removing blocks within the mine depletion solids provided by the Mining Division as shown below. Updated depletions solids were only provided for 798ML and 760ML since bulk of the mining were taken from these sources. The 2023 depletion solids for 782 and 908ML was still used in the process to ensure accuracy of reported tonnages.

MINING PROPERTIES AND EXPLORATION ACTIVITIES

The remaining blocks were reported within the bounding mining layout at the nominated cut-off, to ensure reasonable prospects of economic extraction. Levels below 770ML, however did not use mining layouts as there are ongoing technical studies to determine the probability of economic ore extraction, and was thus only reported using the cut-off.

Comparison with Previous Statement

There was a larger decrease within the active mining levels, consistent with production. Below the active mining levels, the reported depletion, as recorded in the solids, did not show a substantial difference in the final reported tonnages when rounded off to the required significant figures. Comparing with the previous report there was an overall 1% decrease in tonnage owing to production.

Additional Notes

- Mineral Resource Estimates followed the terminology and guidelines set forth in the Philippine Mineral Reporting Code (PMRC).
- Total resources include Proved Reserves.
- All tonnage information has been rounded to reflect the relative uncertainty in the estimates; there may therefore be small differences in the totals.

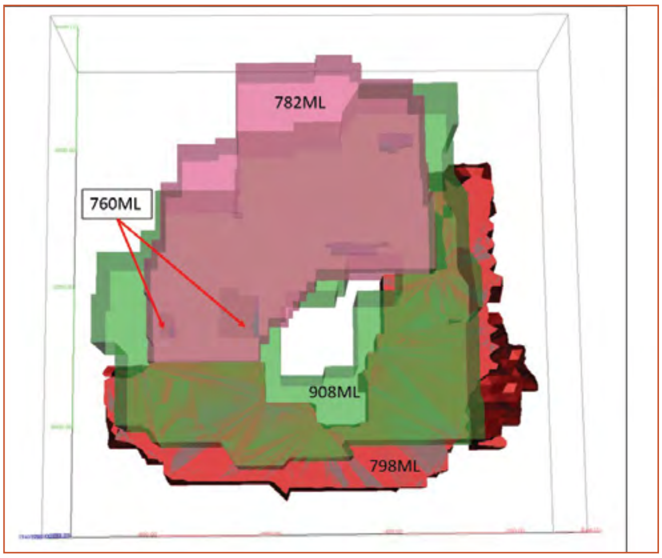


Figure 1. Mined out solids used to deplete Padcal remaining resource for 2024.

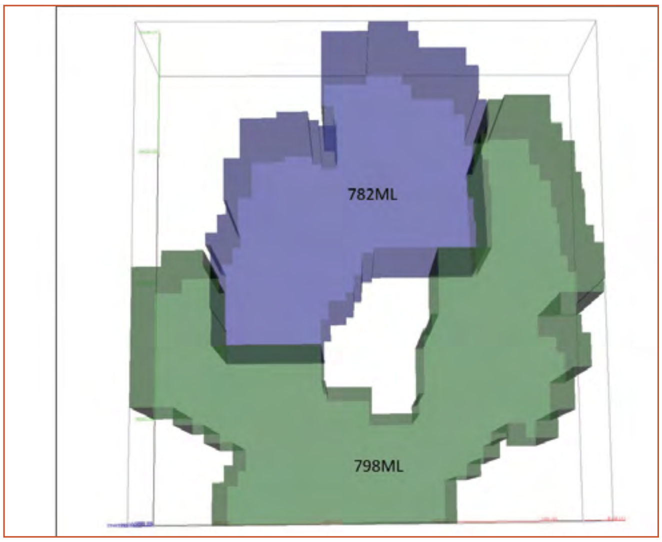


Figure 2. Mining layout solids used to report Padcal remaining resource for 2024.

This resource statement was prepared by Mr. Noel C. Oliveros, Exploration Division Manager of Philex Mining Corporation, who has sufficient experience relevant to the style of mineralization of Sto. Tomas II Porphyry Copper Deposit. Mr. Oliveros is a Competent Person for Exploration and Mineral Resource Estimation under the definition of the Philippine Mineral Reporting Code ("PMRC"). He is a professional Geologist with PRC License No. 1285 and accreditation number Geology CP-07-08-07. He has given his consent to the Public Reporting of this statement concerning Mineral Resource Estimation.

PADCAL MINE PROVED RESERVES

AS OF DECEMBER 31, 2024

Ore Sources	Tonnes (Mt)	Copper (%)	Gold (g/t)	Recoverable	
				Copper (M lbs.)	Gold (ozs.)
782ML	27.3	0.18	0.19	83.4	118,000
760ML	2.0	0.17	0.28	5.9	12,800
Total	**29.3**	**0.18**	**0.20**	**89.3**	**130,800**

Notes:

1. This Mineral Reserve Estimate was based on the *Update on Remaining Mineral Resource Estimate (MRE) for Padcal Mine* as of December 31, 2024 memo by Noel C. Oliveros, a Competent Person for Exploration and Mineral Resource Estimation.
2. Geovia GEMSTM and PCBCTM software were used in the above reserve estimate with the following parameters:

Metal Prices	Cu:	3.90 US$/lb
	Au:	1,900 US$/oz
Metal Recoveries	Cu:	80%
	Au:	80%
Forex (Php to US$)		Php56.00

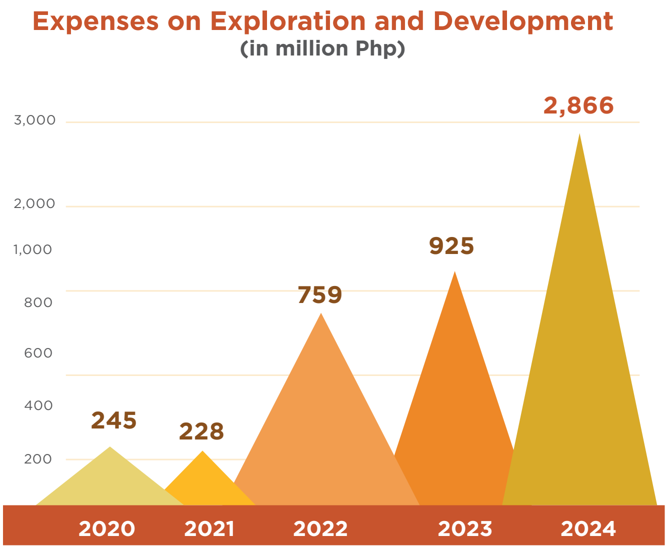
Conversion Factor for Gold grade to CuEq	0.710
Operating Cost per Tonne	Php 1,078.00
Break-even Grade	0.280

3. Using the parameters above, the resulting break-even grade is 0.280% Copper Equivalent.
4. TSF-3 will impound tailings from the Padcal Operation until end of mine life.

This estimate was prepared by Engr. Ricardo S. Dolipas II (BSEM) who is the current Vice President of Philex Mining Corporation, Padcal Operations. Engr. Dolipas II is a Competent Person under the definition of the Philippine Mineral Reporting Code (PMRC) and has 30 years of experience as to the type of deposit and style of mining. He is a licensed mining engineer with Professional Regulation Commission (PRC) registration number 0002513 and accreditation number EM-ACP-021-0002513. He has given his consent to the Public Reporting of this statement concerning Mineral Reserve Estimation.

In December 2024, the Company declared the life extension of the Padcal Mine from 2027 to up to December 31, 2028. The decision to extend the life of the mine was reached after the finalization of the technical studies that confirmed the feasibility of mining of pillars at 760-ML production level and extracting tonnages from previously developed draw points beyond 100% extraction.

MINING PROPERTIES AND EXPLORATION ACTIVITIES



Exploration and Development

Exploration and development (the equivalent of research and development for a mining company) are currently undertaken by the Company's in-house team, assisted by consultants and other service providers, like engineering and/or drilling contractors.

For 2024, the Exploration Division progressed with exploring properties within the vicinity of Padcal, as well as, continuing with the exploration of nickel tenements. In anticipation of further exploration, legal and social acceptability work for various projects were likewise carried out. No other ground exploration activities were conducted in MPSAs-156 & 157 during the year.

Exploration Projects near Padcal

Clifton Project

In line with the direction to look for alternatives to extend the mine life of Padcal, the nearby Clifton Project has undergone validation drilling for the previous year. This project is within EP-009-2021-CAR, located at around two kilometers west of the Padcal Mine. Five holes were drilled in 2024, with an aggregate meterage of 3,000 meters. Some 1,146 drill core samples were collected and prepared at the Padcal Sample Preparation Laboratory and subsequently submitted to Intertek Laboratory in Manila for multi-element analysis. Evaluation of the drilling results confirmed the presence of Cu-Au mineralization and have identified the general extents of the suspected mineralized lithology.

Further drilling is planned for this year to compute for an indicated level resource estimate which will be incorporated into studies to determine the feasibility mining the orebody.

Macawiwili

The Macawiwili Project (MPSA 278-2009-CAR), owned by Macawiwili Gold Mining and Development Company Inc. (MGMDCI) is a mining property adjacent to Philex Mining's Padcal mine site in Benguet. Geologic mapping and scout drilling commenced in 2023 and continued over to 2024 with 7 holes with an aggregate meterage of 1,588.3m completed by April 12, 2024. Evaluation of the results showed that the resulting copper and gold grades are minimal and would not translate to an economic deposit. Drill cores and drilling related data were turned over to MGMDCI on October 30, 2024.

Nickel Space

Zambales Nickel Project

With foreseen demand for nickel in the global transition to green energy, the Company has started to explore existing nickel tenements within its portfolio.

The Company's Zambales Nickel Tenement, denominated as EP-003-2023-III, was granted last September 6, 2023 by the Mines and Geosciences Bureau-Central Office (MGB-CO). It is composed of 4 parcels, with a total of 6,800 hectares, located within the political jurisdiction of Barangay Guinabon Municipality of Sta. Cruz and Barangay Pinagrealan and Barangay Uacon Municipality of Candelaria both within the Province of Zambales. Reconnaissance mapping and geochemical sampling commenced on November 15, 2023 and was completed by August 2024, covering all four parcels within the tenement. Assay results showed values which can be categorized within the low nickel, high iron market value within Parcel 1, but only within a limited extent. The other parcels yielded lower average grades.

Currently, the Department of Energy has recognized the area's hydrogen gas potential and has awarded a Service Agreement for the area which may potentially improve its economic prospectivity.

Support to Operations

In 2024, the Company's Mine Geology and Exploration Department actively pursued underground mapping and sampling as part of the geological data gathering of all newly developed openings. An aggregate survey length of 3,000m was completed with 1,000 samples collected. Active underground workings comprised the bulk of the mapping and sampling in levels 798ML Production Level, 814ML Undercut Level and 840ML Undercut Level.

The team also continued to extend technical support to mill operations through microscopic analyses of mill-stream samples, such as slide feeds, main flotation feed, cleaner tails, filter cake, and final flotation tails samples, to monitor abundance and variation in mineralogic content. Other technical works done by the Department was the annual program for geo-hazard mapping and assessment of the Sto. Tomas II Subsidence Area to determine the effect and extent of the underground operations on the surface. The activities involved are the collection of quantitative and qualitative data from the current physical and structural conditions of the grounds. Notable geological hazards and ground disturbances are mostly in the form of cracks, slide debris, slumps, creeps, rock falls, soil erosion, and slope failures/landslides. These data from the yearly monitoring are compared to previous observations to detect progressions on the observed disturbances.

For 2024, the geo-hazard mapping was conducted from November 2023 to March 2024 The geo-hazard monitoring team continuously assessed and monitored the ground condition of all mine camps and facilities focusing on detecting potential ground movements and formulating possible mitigating measures.

TSF-3

The declared mine life of Padcal is projected to extend until the year 2028. The Offset Dike (OSD) and the Offset Dike Extension will be raised from 647 mRL to 658 mRL. Although the mine life is planned up to 658 mRL, a special study was conducted to explore the feasibility of further raising TSF3 to 670 mRL. This study was carried out by Tetra Tech Coffey, the Company's Australian consultant. As a result of their assessment, Tetra Tech Coffey confirmed that numerical modeling has been performed for the proposed design profile, and the results indicate that TSF3 remains stable under both normal and seismic loading conditions. The calculated stability factors of safety exceed the minimum requirements set by ANCOLD.

Likewise, the final design for raising TSF3 from 647 mRL to 670 mRL was submitted by Tetra Tech Coffey on September 4, 2024. Additionally, Teragrail, the Company's local consultant, has certified the stability of TSF3, stating the following:

> The design of Philex's TSF-3 raise design to 670 mRL, analyzed for slope stability considering projected piezometric levels projected to 670 mRL based on current piezometric levels and well-established soil strength parameters, pass ANCOLD standards for static and post-seismic factors of stability. The certification of Slope Stability encompasses the "Offset Dike", "Offset Dike Extension", "Buttress", and "Main Embankment", as the entire structure is raised in accordance with Philex's projections and designs to 670 mRL, analysed using Limit Equilibrium Methods.

The application for an Environmental Compliance Certificate (ECC) to authorize the raising of TSF3 from 647 mRL to 670 mRL is currently in progress and is expected to be issued next year. This timeline aligns with the completion of the elevation increase under the existing approved ECC of 647 mRL.

Other Significant Projects
The Exploration team continues to evaluate existing mining assets and external prospects as the Company focuses on bringing the Silangan Project to commercial operation while complying with government requirements to maintain existing mining permits.


Padcal Mine - TSF 3

SILANGAN PROJECT


Silangan Project site

The Silangan Project, situated in Surigao del Norte, consists of the following deposits: Sta. Barbara I (formarly Boyongan) and Sta. Barbara II (formerly Bayugo).

Sta. Barbara II is subdivided into Sta. Barbara II-Silangan and Sta. Barbara II-Kalayaan, with the latter covered by a Farm-In Agreement with Manila Mining Corporation. Individual deposit areas and proposed sites for waste and storage facilities will be built within tenement scopes covered by MPSA 149-99-XIII and EP 000013-XIII. All mineral rights held by SMMCI with respect to the Silangan Project area are valid and subsisting.

The Definitive Feasibility Study (DFS) completed in July 2019 for the Sta. Barbara I ore body indicates a feasible mining project. The first phase of the project has a mineable ore reserve of 81 Million metric tons which will be mined for 22 years at a rate of 4 Million metric tons per year using Underground Sub-level cave mining based on the 2019 DFS.

A Pre-feasibility study for Sta. Barbara II orebody, which will come in as the project's second phase, is being undertaken with Ausenco's Brisbane Australia office as the lead technical consultant. The updated mineral resource estimates for all the deposits and mineable reserves estimate for Sta. Barbara I orebody, indicates a large high-grade gold and copper deposits within the tenement areas.

In January 2022, a Philippine Mineral Reporting Code (PMRC) compliant feasibility study was completed for its In-Phase mining plan, which highlights the start of ore production at 2,000 tonnes per day. The 2,000 tonnes per day starter mine will last for five years, after which on the sixth year of production, mining and processing rate will increase to 4,000 tonnes per day or 1.3 Million tonnes per year. By the ninth year, ore production and processing rates will again increase to 8,000 tonnes per day or 2.7 Million tonnes per year.

SILANGAN PROJECT

The final ramp-up will occur on the 12th year. Ore production rate starting the twelfth year up to when the mineable ore will be exhausted will be 12,000 tonnes per day or 4 Million tonnes per year. The life of mine for Phase 1-Sta. Barbara I is 28 years.

The initial capital cost to commission the In-Phase mine plan is estimated to be US$224 million, which will be spent within the 2.5 years development period. The funding of the initial capital cost has been fully secured.

SMMCI is registered with the Board of Investments (BOI) and has been granted a six-year income tax holiday on copper cathode revenues, extendable by another two years subject to meeting some conditions but not to exceed eight years. SMMCI was granted the ITH incentive as a pioneer copper cathode producer, effective the start of operations or March 2025, whichever comes first.

SMMCI secured the ISO 14001:2004 Environmental Management System (EMS) issued by Certification International Philippines Inc. (CIPI) in June 2016 and successfully transitioned to ISO 14001:2015 EMS in June 2018 that was later re-certified in February 2023. SMMCI's EMS certification will be valid through February 2026.

In December 2019, the National Commission on Indigenous Peoples issued a Certificate of Non-Overlap (CNO) attesting that the MPSA contract area did not affect or overlap with any ancestral domain.

In December 2019, SMMCI also applied for the renewal of MPSA-149 for an additional 25-year term. This was approved by the DENR Secretary in an Order dated December 7, 2020 renewing the term of MPSA-149 for an additional 25 years commencing from expiration of the initial term on December 29, 2024.

The MPSA 149-99-XIII and EP-00013-XIII that are held by SMMCI are surrounded by other tenements and applications within Surigao del Norte, as listed below:

Tenements	Operator/Contractor	Area (in Hectares)	MPSA Date of Expiration
MPSA-149-99-XIII	SMMCI	2,308	December 29, 2049
EP-000013-XIII Lot-A&B	SMMCI	5,000	n/a
EPA-XIII-012	SMMCI	2,330	n/a
EPA-000039-XIII	SMMCI	6,683	n/a
Total		**16,321**	

The mineral resource estimate at 0.5% Copper equivalent cut-off grade for Sta. Barbara I (formerly Boyongan) and Sta. Barbara II (formerly Bayugo) disclosed as of August 1, 2019, are as follows:

	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained	
				Copper (M lbs.)	Gold (M ozs.)
STA. BARBARA I (FORMERLY BOYONGAN)					
Measured	160	0.58	0.86	2,039	4.43
Indicated	119	0.44	0.48	1,151	1.84
Measured + Indicated	279	0.52	0.70	3,190	6.27
Inferred	218	0.36	0.49	1,735	3.42
Sub-Total: Sta. Barbara I	**497**	**0.45**	**0.61**	**4,925**	**9.69**
STA. BARBARA II (FORMERLY BAYUGO)					
STA. BARBARA II-SILANGAN					
Measured	161	0.60	0.61	2,113	3.17
Indicated	12	0.29	0.39	73	0.15
Measured + Indicated	172	0.57	0.60	2,186	3.31
Inferred	4	0.27	0.42	22	0.05
Sub-Total: Sta. Barbara II-Silangan	**176**	**0.57**	**0.59**	**2,208**	**3.36**
STA. BARBARA II-KALAYAAN					
Measured	118	0.43	0.47	1,124	1.79
Indicated	3	0.64	0.37	37	0.03
Measured + Indicated	120	0.44	0.47	1,160	1.82
Inferred	2	0.81	0.40	28	0.02
Sub-Total: Sta. Barbara II -Kalayaan	**122**	**0.44**	**0.47**	**1,189**	**1.84**

SILANGAN PROJECT

	Tonnes (Mt)	Copper (%)	Gold (g/t)	Contained	
				Copper (M lbs.)	Gold (M ozs.)
STA. BARBARA I AND STA. BARBARA II					
Measured	438	0.55	0.67	5,276	9.39
Indicated	133	0.43	0.47	1,260	2.01
Measured + Indicated	571	0.52	0.62	6,536	11.40
Inferred	224	0.36	0.48	1,786	3.49
Total: Sta. Barbara I and Sta. Barbara II	**795**	**0.47**	**0.58**	**8,322**	**14.9**

Notes:

1. Geovia GEMSTM software were used in the above estimate with the following parameters:

Metal Prices	Cu:	3.20 US$/lb
	Au:	1,342 US$/oz
Metal Recoveries	Cu:	85%
	Au:	95.3%

Conversion Factor for Gold grade to CuEq	0.686

Mr. Noel C. Oliveros, Exploration Division Manager and Head of the Exploration and Resource Estimation Group of Philex Mining Corporation, has given his consent to the release of this resource estimate. The resource estimate is compliant with the rules and guidelines as set forth by the Philippine Mineral Reporting Code (PMRC). Mr. Oliveros has sufficient experience in resource evaluation relevant to the style of mineralization in the Surigao Mineral District. Mr. Oliveros is a Competent Person for Exploration and Mineral Resource Estimation under the definition of the PMRC. He has given his consent to the public reporting of this estimate following the PMRC guidelines concerning Mineral Resource Estimation.

The mineable reserve for Sta. Barbara I ore body using 0.80% Copper equivalent cut-off grade declared on January 10, 2022 are as follows:

PROBABLE RESERVES

	Tonnes (Mt)	Copper (%)	Gold (g/t)	Recoverable	
				Copper (M lbs.)	Gold (M ozs.)
East Cave	37.449	0.73	1.33	494.960	1.524
West Cave	37.417	0.63	0.98	426.983	1.126
Deeps Cave	6.578	0.57	0.80	70.884	0.162
Total Reserves	**81.444**	**0.67**	**1.13**	**992.828**	**2.813**

Notes:

2. Geovia GEMSTM and PCBCTM software were used in the above estimate with the following parameters:

Metal Prices	Cu:	3.20 US$/lb
	Au:	1,342 US$/oz
Metal Recoveries	Cu:	83%
	Au:	96%
Forex (Php to US$)		Php 53.00

Conversion Factor for Gold grade to CuEq	0.700
Operating Cost per Tonne	US$ 31
Break-even Grade (%CuEq)	0.548

3. The cost per tonne of US$ 31 is the estimated operating cost based on the Feasibility study.

   Mr. Venancio Gel A. Romero, Corporate Technical Services and Business Development Division Manager of Philex Mining Corporation, has given his consent to the release of this mineable ore reserves estimate. The mineable ore reserves estimate is compliant with the rules and guidelines as set forth by the Philippine Mineral Reporting Code (PMRC). Mr. Romero has sufficient experience in mineable ore reserve estimate evaluation relevant to copper and gold deposit. Mr. Romero is a Competent Person for Mining Engineering under the definition of the PMRC. He has given his consent to the public reporting of this estimate following the PMRC guidelines concerning Mineable Ore Reserve Estimation.

SMMCI continues to pursue environmental and social acceptance as it maintains compliance with its Environmental Protection and Enhancement Program (EPEP) and Social Development and Management Programs (SDMP) which are both monitored by the Mines and Geosciences Bureau (MGB). In December 2022, Silangan Project was certified to be compliant with ISO 140001:2015 covering its mine development activities by NQA Philippines, Inc.

Permits

The project is fully permitted having obtained the Declaration of Mining Project Feasibility (DMPF) and its pre-conditions, the Environmental Compliance Certificate (ECC), Environment Protection and Enhancement Program (EPEP), Final Mine Rehabilitation and Decommissioning Program (FMRDP), Three Year Utilization and Development Work Program (3YUDWP) and Social Development and Management Program (SDMP) in 2019. A revised 3YD/UWP covering three years was submitted to the MGB Central Office in October 2021.

In December 2020, the DENR approved the renewal for another 25-year term of MPSA No. 149-99-XIII.The additional 25-year term shall commence from December 29, 2024 subject to the same terms and conditions provided under the MPSA and the applicable laws, rules and regulations that are existing or may be promulgated and the continuing compliance therewith from the date of the DENR's order up to the expiration of the initial term of MPSA No. 149-99-XIII.

The total expenditure related to the Silangan Project as of December 31, 2024 amounted to Php22.211 billion, including the Php1.438 billion incurred prior to 2009, when the project was under Anglo. The figure does not include the fair value adjustment amounting to Php5.552 billion.

Kalayaan Project

In May 2011, PMC executed a Farm-In Agreement with Manila Mining Corporation (MMC), which involved the purchase of a 5% equity interest in Kalayaan Gold-Copper Resources Inc. (KGCRI), a subsidiary of MMC that assigns the right to explore the Kalayaan properties covering 286 hectares under EP-XIII-014B. This tenement is adjacent to the north of EP-000013-XIII and is containing part of the mineralized lithologies of the Sta. Barbara II deposit.

Under the agreement, PMC was to conduct exploration activities in the property for three years but was extended for an additional three years. Exploration of the area is currently on hold pending the approval of the Third Renewal of the Exploration Period. In the event the Company declares commercial feasibility of the area within the period, it will have the right to increase its holdings in KGCRI to 60% by subscribing to an additional 55% of KGCRI's outstanding capital stock for a minimal amount and will become an integral part of the Silangan Project. The expiry of the Farm-In Agreement has been extended for several terms with the latest term to expire on May 10, 2025. The Company and MMC are in the process of further extending the Farm-In Agreement.

The Company commenced drilling in December 2011 after ground preparations, environmental mitigating measures and community-relations initiatives had been conducted. This transpired for about seven months after the signing of the Farm-In Agreement.

By September 2013, a total of 73,520 meters had been drilled, of which 66,486 meters were for resource definition and 7,034 meters for scout drilling.

In 2014, detailed logging of 57 definition drill holes of East and West Sta. Barbara II, totaling 26,104.64 meters, was completed. This activity increased the confidence in the understanding of the mineralization. In addition, magnetotellurics (MT) survey from the surface was conducted, which provided preliminary data on the hydrologic model of the Sta. Barbara I and Sta. Barbara II deposits. Data from the Kalayaan Exploration Program was utilized in the update of the MRE for the Silangan Project.

The computed resource for the portion of the deposit from within the Kalayaan Tenement is shown in the table below using the same parameters in the above-mentioned Silangan MRE.

STA. BARBARA II-KALAYAAN MRE
at 0.5%CuEq (within EP-14B-XIII)

Classification	Tonnes (Mt)	Copper (%)	Gold (g/t)	Copper (M lbs.)	Gold (M ozs.)
Measured	118	0.43	0.47	1,123.8	1.79
Indicated	3	0.64	0.37	36.6	0.03
Total Measured + Indicated	120	0.44	0.47	1,160.3	1.82
Inferred	2	0.81	0.40	28.3	0.02
Total	**122**	**0.44**	**0.47**	**1,188.6**	**1.84**


EAST PORTAL L-165
MINER'S MOTTO:
"BAR DOWN FIRST"
NOTICE
BLASTING SCHEDULE
BUS TRIP SCHEDULES

BUSINESS REVIEW

RESULTS OF OPERATIONS

Headwinds continued to beset the global mining industry in 2024, but Philex managed to navigate challenges as it continued to operate Padcal Mine and prepare for the forthcoming commercial operation of the Silangan Project in 2026.

Operating challenges brought about by low mechanical availability of mine equipment caused by stock out of major parts for unscheduled repairs, operational issues of the conveyor system, low availability of grinding and crushing equipment due to downtime from frequent repairs and power interruption caused by electrical related issues.

The Company focused on implementing operational program to bring the Padcal Mine on track to its target and improve production levels with the purchase of five units Load, Haul and Dump (LHD) equipment to increase operational LHDs at any given time, secure assistance from LHDs' suppliers for the maintenance of LHDs for the Padcal team to focus on operation and change to other suppliers of quality equipment parts to prevent frequent or unscheduled repairs.

The Company milled a total of 6,808,573 tonnes in 2024, slightly lower than the 6,852,879 tonnes in 2023, which was 8% lower than the 7,431,651 tonnes in 2022 (6% lower versus 7,945,879 tonnes in 2021).

PRODUCTION

	2024	2023	2022	2024 vs. 2023 (%)	2023 vs. 2022 (%)
Tonnes Milled	6,808,573	6,852,879	7,431,651	(1)	(8)
Copper Concentrates (DMT)	47,823	50,116	57,421	(5)	(13)
Gold					
Ounces	30,702	37,784	48,567	(19)	(22)
Head Grade (g/t)	0.197	0.236	0.269	(16)	(12)
Recovery	71%	73%	75%	(2)	(3)
Copper					
Pounds	19,779,755	21,298,421	25,085,952	(7)	(15)
Head Grade (%)	0.170	0.180	0.190	(6)	(5)
Recovery	78%	78%	80%	(1)	(3)

BREAKDOWN OF REVENUES

(In Php millions, except for metric units and prices)

	2024	2023	2022	2024 vs 2023 (%)	2023 vs 2022 (%)
Gold					
Revenues (Php M)	3,772	3,958	4,625	(5)	(14)
Ounces Produced	30,702	37,784	48,567	(19)	(22)
Realized Price (US$/oz)	$2,172	$1,928	$1,790	13	8
Copper					
Revenues (Php M)	4,992	4,538	5,383	10	(16)
Pounds Produced	19,779,755	21,298,421	25,085,952	(7)	(15)
Realized Price (US$/lb)	$4.47	$3.79	$3.96	18	(4)
Silver Revenues (Php M)	75	70	80	7	(12)
Foreign Exchange Rate (Php/US$1)	Php57.42	Php55.72	Php54.91	3	1
Gross Revenues (Php M)	8,839	8,566	10,088	3	(15)
Net Revenues (Php M)	8,183	7,726	9,262	6	(17)

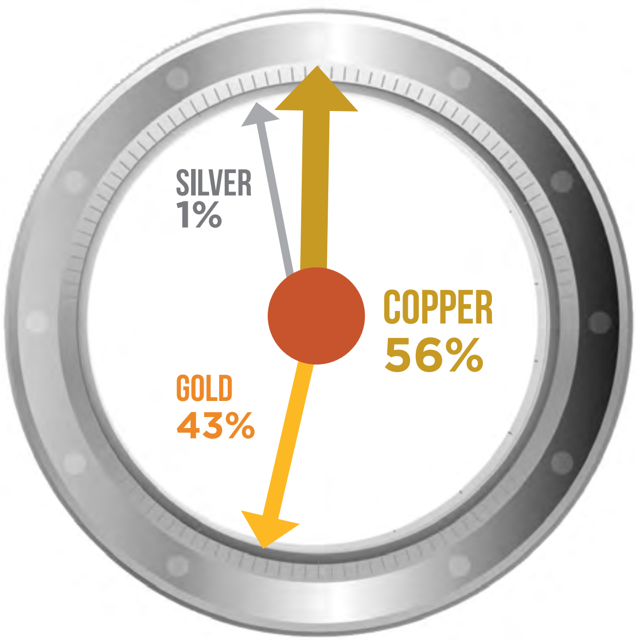
Gross Revenues

Gross revenues generated in 2024 amounted to Php8.839 billion, 3% higher than the Php8.566 billion in 2023, which was 15% lower than the Php10.088 billion in 2022 (2022 was 4% lower than revenues in 2021 of Php10.488 billion). The increase in gross revenues in 2024 was a result of higher metal prices that cushion the impact of lower metal output.

From 2021 to 2023, the yearly decline in revenues was brought about by the decreasing metal output for gold and copper as well as the impact of copper price that averaged lower in 2023 and 2022.

Copper revenues comprised 56% of total revenues while gold revenues were at 43% level with the remaining 1% attributable to silver.

CONTRIBUTION TO TOTAL REVENUES



RESULTS OF OPERATIONS

Gold

Gold revenues amounting to Php3.772 billion were 5% lower than the Php3.958 billion in 2023, which was 14% lower than the Php4.625 billion in 2022 (2022 was 5% lower than revenues of Php4.885 billion in 2021). The decrease in gold revenues was mainly attributable to the 19% decrease in gold output with partial offset from favorable gold prices that averaged 13% higher at US$2,172 per ounce compared with US$1,928, US$1,790 and US$1,785 for years 2023, 2022, and 2021, respectively. Gold production decreased to 30,702 ounces in 2024 from 37,784 ounces in 2023, 48,567 ounces in 2022, and 55,149 ounces in 2021, mainly from lower tonnage and continuously declining gold grades sourced from the periphery of the ore body of the ageing Padcal Mine.

Copper

Copper revenues amounted to Php4.992 billion in 2024, 10% higher than the Php4.538 billion in 2023, which was 16% lower than the Php5.383 billion in 2022 (2022 was 2% lower than Php5.516 billion in 2021). The significant increase in copper price offset the impact of lower copper production resulting to an increase in copper revenues. Copper production was at 19,779,755 pounds in 2024, 7% lower versus 21,298,421 pounds in 2023, which was 15% lower than the 25,085,952 pounds in 2022 (2022 was 4% lower than the 26,200,259 pounds in 2021). On the other hand, copper price averaged significantly higher at US$4.47 per pound in 2024 compared with US$3.79 per pound in 2023, which was lower than the US$3.96 per pound in 2022 (2022 was 7% lower compared with US$4.24 per pound in 2021).

BREAKDOWN OF REVENUES BY METALS
(In Php Million)

	2024	2023	2022
Gold	3,772	3,958	4,625
Copper	4,992	4,538	5,383
Silver	75	70	80
Total	**8,839**	**8,566**	**10,088**

Silver

Silver, accounting 1% of total revenues, contributed Php75 million in 2024, 7% higher than the Php70 million in 2023, which was 12% lower than the Php80 million in 2022 (2022 was slightly lower compared with Php87 million in 2021).

The favorable foreign exchange rate (forex) that averaged Php57.42 to US$1 in 2024, Php55.72 in 2023 and Php54.91 in 2022, which was also significantly higher than the average Forex in 2021 of Php49.87 contributed positively to Gross Revenues as the Company being a 100% exporter benefits from higher forex.

In 2024, Revenues, net of smelting charges, increased by 6% to Php8.183 billion from Php7.726 billion in 2023, which was 17% lower than the Php9.262 billion in 2022 (2022 was 5% lower than the Php9.797 billion in 2021).

As part of the risk management strategy, the Company regularly monitors the prices of gold and copper in the world market as a basis of assessing the need to enter into hedging contracts to mitigate the risk of the potential impact of fluctuations of the metal prices to the Company's revenues.

The Company recognized hedging losses of Php25 million on gold hedging contracts and hedging gain of Php828,000 for copper for 2023.

Operating Costs and Expenses

Operating cost and expenses (Opex), which included Production Costs, Excise Tax and Royalties, and Depletion, Depreciation and Amortization, and General and Administrative Expenses (GAE), were at Php7.299 billion in 2024, 9% higher than the Php6.673 billion in 2023, which was 6% lower than the Php7.120 billion in 2022 (2022 was higher by 8% than the Php6.598 billion in 2021).

The increase in Opex in 2024 was mainly from the elevated prices of materials and supplies and higher Depletion, Amortization and Depreciation primarily from additional capital expenditures in 2024. For 2023, lower tonnage and lower revenue-related cost were factors in the lower Opex despite the increase in Production Costs from higher power rates that started in July 2022, prices of material and supplies, and maintenance costs.

For 2022, the 8% increase in Opex was mainly due to higher Production Costs on account of the increase in the cost of materials and supplies and logistics expenses influenced by inflationary pressures and depreciation of the Peso currency against US dollar, as well as the effect of the higher coal prices that directly impacted power generating cost starting the latter part of the third quarter in 2022. Similarly, Depletion, Amortization and Deprecation also increased in 2022 as an effect of the reversal of provisions on impairment of mining assets in 2021.

Production Costs increased by 8% in 2024 at Php5.610 billion compared with Php5,209 billion in 2023, which was 7% higher compared with Php4.865 billion in 2022, (2022 was 8% higher than the Php4.488 billion in 2021). The increase in 2024 Production Costs was primarily a result of elevated prices of materials and supplies while 2023 Production Costs was affected by higher power costs that increased by 20% despite lower tonnage. Power Costs was also the main reason for the increase in the 2022 Production Costs in addition to the significant increase in commodity prices of materials and supplies such as diesel fuel and lubricants, and higher maintenance costs of mill equipment.

Depletion, Amortization and Depreciation increased by 30% at Php905 million compared wtih Php698 million in 2023, which was 51% lower compared with the Php1.413 billion in 2022 (2022 was 16% higher than the Php1.218 billion in 2021). The increase was from additional capital expenditures on mine development, tailings storage facility and additional equipment in 2024. On the other hand, the decrease in 2023 was brought about mainly by the extension of mine life to year 2027 and the lower tonnage production in 2023. For 2022, the increase was mainly from the impact of further reversal of previously recorded provision on impairment of mining assets following the extension of Padcal's life of mine in 2021.

General and Administrative Expenses (GAE) slightly increased in 2024 at Php260 million from a downward trend in the previous years at Php242 million in 2023, Php250 million in 2022, and Php253 million in 2021. Overall, changes in GAE represented mainly by manpower costs at the Head Office.

Excise Taxes and Royalties amounted to Php524 million in 2024, compared with Php523 million in 2023, which was 12% lower compared with Php592 million in 2022 (2022 was 7% lower than the Php639 million in 2021). Changes on Excise Taxes and Royalties are revenue driven.

Smelting Charges in 2024 significantly decreased by 22% at Php656 million from Php840 million in 2023, which was slightly lower compared with Php826 million in 2022 (2022 was 19% higher than the Php691 million in 2021). Treatment and Refining Charges (TCRC) drastically decreased in 2024 contributing to the 22% decrease in Smelting Charges.

RESULTS OF OPERATIONS

Production Cost per Tonne, consisting of cash and non-cash (representing Depletion, Amortization and Depreciation), increased by 11% to Php954 from Php862, which slightly increased compared with Php845 in 2022 (2022 was 18% higher than the Php718 in 2021). The increase in 2024 was from higher materials and supplies while both for 2023 and 2022 were primarily from higher power rates as well as maintenance costs.

Operating Cost per Tonne, consisting of Production Costs, Deprecation, Amortization and Depreciation, Excise Taxes and Royalties, and Smelting Charges, also slightly increased by 6% in 2024 at Php1,127 compared with Php1,061 in 2023, which slightly increased compared with Php1,036 in 2022 (2022 significantly increased by 17% versus the Php886 in 2021).

Break-even Operating Cost (using co-production method) per ounce of gold and per pound of copper were higher by 18% and 16%, respectively, in 2024 at US$1,938 per ounce gold and US$3.76 per pound copper compared with the 2023 costs of US$1,639 per ounce gold and US$3.22 per pound copper, also both higher than the US$1,347 per ounce gold and US$2.98 per pound copper in 2022 (2022 break-even operating cost for gold and copper were higher than the US$1,202 per ounce gold and US$2.85 per pound copper in 2021).

There was no significant change in the cost allocation from 2022 to 2024 which was based on the revenue contribution of gold and copper thus no significant impact on the higher breakeven costs. The increase was primarily on higher operating costs caused by the increase in Production Costs on account of higher materials and supplies, and increase in Depletion, Amortization and Depreciation in 2024 while power rates caused the increases in 2023 and 2022.

BREAK-EVEN COSTS

(In Php million)

	2024	2023	2022
Production Cost	5,610	5,209	4,865
Depletion, Amortization and Depreciation	905	698	1,413
Total Production Cost	6,515	5,907	6,278
Excise Tax and Royalties	524	523	592
Smelting Charges	656	840	826
Total Operating Cost	7,695	7,270	7,696
Breakeven Costs			
Production Cost Per Tonne (Php)	954	862	845
Operating Cost Per Tonne (Php)	1,127	1,061	1,036
Operating Cost Per Ounce of Gold (US$)	1,938	1,639	1,347
Operating Cost Per Pound of Copper (US$)	3.76	3.22	2.98

NET OTHER INCOME (CHARGES)

(In Php million)

	2024	2023	2022
Gain on modification of financial liability – net of impairment, other provisions, reversals and gain	273	-	126
Interest income	66	58	25
Interest expense	(144)	-	-
Foreign Exchange Gain (Losses) – Net	(107)	22	83
Share in Net Losses of Associates	(5)	(31)	(27)
Others – Net	101	49	(20)
Total	**213**	**99**	**187**

The Company recorded Net Other Income of Php213 million in 2024, compared with Php99 million in 2023 and Php187 million in 2022 from a net other charges of Php399 million in 2021. The Net Other Income in 2024 consisted mainly of the Php273 million gain on the modification of financial liability and interest income of Php66 million while 2023 comprised mainly of Php58 million net interest income and Foreign Exchange (Forex) Gain of Php22 million, and 2022 was primarily from the Reversal of (Provisions for) Impairment Losses – Net of Other Provisions and Reversals of the Php126 million, Forex Gain of Php83 million, and Interest Income of Php25 million.

In 2024, the further extension of the maturity date of the convertible notes issued by Silangan Mindanao Exploration Co., Inc., a subsidiary of Philex, from December 19, 2025 to June 18, 2027 resulted to the Company recording a gain amounting to Php273 million. This was following the gain of Php500 million that was recorded in 2022 as a result of the first extension of the CN's maturity term from December 19, 2022 to December 18, 2025. The 2022 gain was offset by the provisions on possible impairment of Php290 million on its mining assets and Php84 million on possible inventory obsolescence, resulting to a net amount of Php126 million.

Interest expense on medium-term loans and short-term loans availed in May 2023 and May 2024, respectively, amounted to Php114 million in 2024. Interests for the same 2023 medium-term loan were previously capitalized.

The Company recorded a net Forex loss of Php107 million in 2024 on the restatement of dollar denominated loans at a higher closing forex as of December 31, 2024. Forex gain amounted to Php22 million in 2023 and Php83 million in 2022 mainly from the benefit of higher forex on dollar denominated money placements, net of the unrealized forex loss recognized on the restatement of dollar denominated short-term loans at cut-off date.

The Company also recorded Share in Net Losses of Associates of Php5 million, Php31 million and Php27 million for 2024, 2023 and 2022, respectively, all much lower than the Php529 million in 2021 which included PXP Energy's impairment provision of the carrying value of it soil and gas assets related to Peru Block Z-38. The overall Net Other Income amounted to Php213 million in 2024, compared with Php99 million and Php187 million in 2022.

Core Net Income, EBITDA and Consolidated Net Income

The Company's Core Net Income in 2024 amounted to Php746 million, 22% lower than the Php963 million in 2023, which was significantly lower by 44% than the Php1.733 billion in 2022 (2022 was 32% lower than the Php2.533 billion in 2021).

The continuing drop in Core Net Income from 2021 to 2024 was due mainly from the decrease in revenues brought about by lower metal production from declining ore grades and increase in operating costs particularly materials and supplies and depletion, amortization and depreciation in 2024 and power costs in 2023 and 2022. The favorable effect of higher level of gold prices and forex partially negated the impact of lower metal output and lower copper prices that greatly affected the level of revenues.

On the other hand, EBITDA increased by 11% to Php1.981 billion from Php1.784 billion in 2023, which was 49% lower than the Php3.525 billion in 2022 (2022 was 18% lower than the Php4.317 billing in 2021). The Company's core net income and EBITDA exclude non-recurring transactions to clearly reflect and provide results based on the normal operating parameters of the business. Non-core items consisted mainly of Forex gain (losses) and net provisions for impairment of assets.

RESULTS OF OPERATIONS

The operating challenges of meeting production targets and increases in global prices of materials and supplies resulted to a lower Consolidated Net Income (the same as the Net Income Attributable to the Equity Holders as income attributable to non-controlling interest was nil) of Php810 million, 20% lower than the Php1.018 billion, which was 43% lower than the Php1.796 billion in 2022 (2022 was lower than the Consolidated Net Income of Php2.431 billion in 2021).

RECONCILIATION OF CORE NET INCOME TO CONSOLIDATED NET INCOME

(In Php million)

	2024	2023	2022
Core Net Income	746	963	1,733
Non-Recurring Gains (Losses)			
Net Tax Effect of Aforementioned Adjustments	(22)	33	(146)
Foreign Exchange Gain (Losses)	(107)	22	83
Net Provisions for Impairment of Assets	193	-	126
Net Income Attributable to Equity Holders	810	1,018	1,796
Consolidated Net Income	**810**	**1,018**	**1,796**
EBITDA	1,981	1,784	3,524

Total Capital Expenditures and Deferred Exploration Costs amounted to Php5.302 billion in 2024 compared with Php2.266 billion in 2023 from Php1.778 billion in 2022 (versus Php979 million in 2021).

Padcal operations accounted for 27% of total actual spending at Php1.423 billion as compared with Php1.202 billion in 2023 and Php1.015 billion in 2022 (versus Php758 million in 2021). The capital expenditures for Padcal included the acquisition of mine and mill equipment to augment Padcal's ageing machinery and equipment, mine development works to increase ore source and maintenance works to ensure stability of the existing tailings storage facility.
Silangan Project comprised 71% of the capital expenditures amounting to Php3.784 billion in 2024 compared with Php949 million in 2023 and Php749 million in 2022 (versus Php214 million in 2021).

The Company started implementing the development program in the 2022 In-Phase Mine Plan feasibility study thus the increase in capital expenditures for Silangan from 2022 to 2024. The expenditures included construction works at the boxcut, portal and main access decline of the underground mine and ventilation shaft, bulk earthworks for the process plant, TSF construction, additional land banking, and acquisition of initial equipment. A total of Php1.013 billion was spent in 2024 for machinery and equipment compared with Php138 million in 2023 as part of the development phase program.

Other mining exploration projects amounted to Php95 million in 2024 compared with Php114 million in 2023 and Php13 million in 2022 (versus Php6 million in 2021). These activities included expenditures related to scout drilling as well as confirmatory drilling works on various and expenses in compliance with regulatory requirements.

FINANCIAL CONDITION SUMMARY
(In Php millions except ratios)

	2024	2023	2022
Cash and Cash Equivalents	4,059	3,814	3,925
Non-Current Assets	46,230	39,209	36,836
Total Assets	53,274	45,411	43,259
Loans and Bonds Payable - Current	2,892	1,883	1,617
Non-Current Liabilities	14,454	8,804	7,631
Equity Attributable to Equity Holders of Parent Company	32,582	31,688	30,870
Non-Controlling Interests	(0.3)	(0.3)	(0.3)
Total Equity	32,582	31,688	30,869
Liquidity Ratios			
Current Ratio	1.13	1.26	1.35
Quick Ratio	0.85	0.86	0.95
Solvency and Debt to Equity Ratios			
Debt-to-Equity Ratio	0.64	0.43	0.40
Solvency Ratio	0.08	0.13	0.26
Financial Leverage Ratios			
Asset-to-Equity Ratio	1.64	1.43	1.40
Profitability Ratios			
Return on Assets	1.64%	2.30%	4.22%
Return on Equity	2.52%	3.25%	6.24%
Net Profit Margin	9.90%	13.18%	19.39%

CAPITAL EXPENDITURES AND DEFERRED EXPLORATION COSTS
(In Php millions)

	2024	2023	2022
Padcal Mine			
Mine Development	641	598	458
Tailings Pond Structures	88	157	181
Machinery and Equipment	694	447	376
	1,423	**1,202**	**1,015**
Silangan Project			
Deferred Exploration Costs	2,770	811	745
Machinery and Equipment	1,013	138	4
	3,784	**949**	**749**
Mine Exploration Projects	95	114	13
Total	**5,302**	**2,266**	**1,778**
By Recording			
Deferred Exploration Costs	2,866	925	759
Property, Plant and Equipment	2,436	1,341	1,020
Total	**5,302**	**2,266**	**1,178**

REGULATORY
RISK MANAGEMENT

By its very nature, mining inherently involves significant risks. Thus, risk management is a critical aspect in mining operations as it involves proactively identifying, analyzing, and mitigating potential hazards to ensure the safety of personnel, safeguard against environmental hazards such as tailings dam failures and groundwater contamination, as well as maintain operational efficiency.

At Philex, effective risk assessment not only is a crucial process for preventing accidents, reducing financial losses, and fostering stakeholder trust, but an imperative that ultimately contributes to the long-term sustainability of the Company and the mining industry.

Philex is committed to managing risks in a proactive and effective manner across the organization. This commitment is embodied in the Philex Group Risk Management Philosophy Statement:

> *The Philex Group shall undertake a Risk Management Program that will mitigate or eliminate identified physical, socioecological, and economic risks inherent in its mining business, thereby ensuring a productive and profitable operation.*
>
> *Accordingly, the Philex Group employs a comprehensive, integrated risk management program, effected across all levels of the organization, with the goal of identifying, analyzing and managing the Group's risks to an acceptable level, so as to enhance opportunities, reduce threats, and thus sustain competitive advantage. The Group believes that an effective risk management program will contribute to the attainment of objectives of Philexand its subsidiaries, thereby creating value for the business and its stakeholders.*

Business Risks
The Company faces various types of risks in the course of its mining operations. These are:

Regulatory Risks


Regulatory risks are changes in regulations, policies, and law that will affect the mining industry and the Company in particular.

The current administration of President Ferdinand Marcos Jr. has given strong signals it will support the mining industry. Enforcement and compliance with environmental laws will be pushed.

Philex has been in the forefront of right and principled mining. It was instrumental in bringing to the country Canada's Towards Sustainable Mining Initiative, an endeavor was adopted by the Chamber of Mines of the Philippines (COMP) and is currently being observed.

While there is no assurance of a regulatory risk-free environment for the mining industry, Philex is ready to adjust and comply, as well as work with regulatory agencies in promoting fair rules and regulations.


Site visit

Strategic Risks

Strategic risks are internal and external events and scenarios that could impede the organization's ability to achieve its strategic objectives and long-term growth targets.

Mining operations are constrained by an ore body's life of mine and sustainability depends largely on the pipeline of commercially viable mining deposits. There can be no assurance that the exploration of mining tenements, where the Company has legal and valid interests in, will result in the establishment of commercially viable mining operations. Strategic risks may include:

- Failure to further extend Padcal's life of mine beyond December 31, 2028;
- Delay in the start of the commercial operations of the Silangan project
    - Completion of the decline to the ore body and production levels
    - Completion of the tailings storage facility
    - Delivery and installation of the various process plant packages and ability of the general contractor to complete the process plant

Financial Risks

Financial risks are events that could have an impact on the Company's financial performance, cash flows, and financial position. These may include:

- Ability of the Company to achieve both production and financial targets due to the volatility of metal prices, higher operating costs worsened by the impact of global inflation, and operational and technical challenges related to Padcal's aging equipment and facilities.
- Possible write-off of mine and mining assets: The Company maintains critical mining equipment spare parts and supplies that may not be totally used at the end of mine life. It also has a number of mining tenements in various areas nationwide. These assets are the subject of provisions, which can have material impact on the Company's financial position. Philex is constantly exploring joint ventures or farm-in/out agreements, with interested parties, to reflect its fair value in the balance sheet.

Operational Risks

Operational risks are developments that could disrupt normal operations and affect the overall occupational health and safety performance at Padcal Mine, whether natural or man-made. These may include:

- Declining ore-grade situation and tonnage due to the mature state of the Padcal ore body continues to be a risk that will have a material impact on the ability of the Company to meet its metal targets. Marginal ore grades are inherent within the fringes of the mineral body, contributing to lower overall metal output. Less valuable mineral

REGULATORY RISK MANAGEMENT

concentrations are typically encountered when extracting ore away from the core of the deposit.

- Acts of insurgency threats: The Company has increased vigilance among residents within the camp and coordinated with various groups to identify and deter possible threats.
- Adverse underground conditions at Padcal mine: The unpredictable ground conditions inherent in an underground operation, coupled with the presence of bouldery ore and risks of mud rush events, impacted operations, resulting in lower tonnage and metal output in the past. These were recently addressed with the installation of new equipment and commissioning of other sub-mining levels.
- The risk of operations stoppage can happen due to the failure of the aging critical mine and mill equipment that may have no available replacements or spare parts more so with the challenges brought about by supply chain disruptions due to the Russia-Ukraine war and the Israel-Hamas conflict in the Middle East.

Environmental, Natural and Social Risks

Being in a natural resource operation, the Company is inherently subject to potential environmental, natural and social concerns. The Company is also subject to Philippine laws and regulations governing the environmental and social impact of its operations. Potential risks may include:

- Environmental incidents: To manage the risk, the Company puts a great amount of effort and invests resources into environmental protection and rehabilitation through its Environmental Protection and Enhancement Program. This is in addition to ensuring compliance with all applicable environmental laws and regulations, including the Clean Water Act. As a manifestation of its commitment to responsible and sustainable mineral resource development, the Company has adopted an environmental policy statement, which is consistent with ISO 14001 Certification on Environmental Management Systems. It maintains annual pollution liability insurance coverage to address environmental pollution-related events.
- Natural calamities: Natural disasters, such as earthquakes, floods and landslides, could hamper operations and damage the Company's assets such as the Tailings Storage Facilities, facilities, and surrounding infrastructure; block access to its mining assets; injure personnel; and result in the suspension of its operations for an undeterminable period of time. All these events could materially and adversely affect the Company's business, financial condition, results of operations, and prospects. The Company is covered by a comprehensive insurance policy, including business interruption coverage, to respond to such eventualities and disruptions.
- Social License to Operate: The Company ensures strict compliance with all the applicable social laws, rules, and regulations on mining. In addition, the Company strongly adheres with its Social Development Management Program, and oftentimes exceeds the requirements set by the government, through the provision of health, educational, livelihood, and public infrastructure services to its host and neighboring communities, to constantly secure community endorsement and public approval for its operations. The Company adheres to the principles of ISO 26000:2010 Guidance on Social Responsibility, an international guideline, to assess and address sustainability concerns and effectively strengthen its social license to operate.

STATEMENT ON THE ADEQUACY OF INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM

JOINT AUDIT AND BOARD RISK COMMITTEES' STATEMENT ON THE ADEQUACY OF THE COMPANY'S INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM PHILEX MINING CORPORATION

In compliance with the Audit Committee and the Board Risk and Oversight Committee Charters, we confirm that:

1. An Independent Director (ID) chairs the Audit Committee and the Board Risk and Oversight Committee, and that the Committees have two IDs as members;
2. The Audit Committee and the Board Risk and Oversight Committee held five {(5) and two (2) meetings, respectively, during the year 2024;
3. The Audit Committee reviewed and approved all audit services provided by SGV & Co. to the Philex Group, and related fees for such services;
4. The Audit Committee discussed with Philex Mining Corporation's (PMC's) Internal Audit Group and SGV & Co. the overall scope and plans of their respective audits, as well as the results of their examinations, evaluation of PMC and subsidiaries' internal controls, and the overall quality of the PMC Group's financial reporting;
5. The Audit Committee deliberated with SGV & Co. on matters required under the prevailing applicable Auditing Standards. The Committee received written disclosures and letter from SGV & Co. as required by the prevailing Independence Standards {statement of Independence) and discussed with the same its independence from PMC Group and PMC Group management;
6. The Audit Committee and the Board Risk and Oversight Committee conducted a review of the effectiveness of the Company's internal control and risk management systems. Based on both Committees' review, in conjunction with the Internal Auditor's report, the Audit Committee and the Board Risk and Oversight Committee confirmed that the internal controls and enterprise risk management of PMC are adequate and effective;
7. In the performance of the Audit Committee's oversight responsibilities, the Committee reviewed and discussed the audited financial statements of Philex Group, as of and for the year ended December 31, 2023, with the PMC Group's management, who has the primary responsibility for the financial statements, and SGV & Co., the PMC Group's independent auditor, who is responsible for expressing an opinion on the conformity of PMC Group's audited financial statements with the Philippine Financial Reporting Standards (PFRS);
8. Based on the reviews and discussions referred to above, in concurrence with the PMC Group's management and SGV & Co., and subject to the limitation of its roles and responsibilities, the Audit Committee recommended to the Board of Directors the inclusion of the Company's consolidated financial statements, as of and for the year ended December 31, 2024 in the Company's Annual Report to the stockholders and report to the Philippine SEC via SEC Form 17-A; and
9. Based on the review of SGV & Co.'s performance and qualifications, with due consideration of management's recommendation, the Audit Committee recommended to the board the appointment of SGV & Co. as PMC Group's independent external auditor for the year 2024.

Respectfully submitted,
(Signed)

Board Risk Oversight Committee and Audit Committee

Oscar J. Hilado Committee Chairman Independent Director	Wilfredo A. Paras Member	Marilyn A. Victorio-Aquino Member	Joseph H.P. Ng Member

REGULATORY
CORPORATE GOVERNANCE

As a responsible and principled miner, Philex is committed to upholding the highest standards of corporate governance as a key pillar of sustainable growth, long-term value creation, and stakeholder trust.

CORPORATE GOVERNANCE CONFIRMATION STATEMENT

As a publicly listed Philippine company, Philex conforms to the corporate governance rules, requirements, and regulations of the Philippine Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). The Company is committed to the highest standards of corporate governance and continues to benchmark its procedures against internationally-recognized best practices. To ensure constant improvement, PMC monitors developments in corporate governance to uphold the Company's corporate governance framework, processes, and practices in accordance to global standards.

The Company also advocates an ethical corporate culture guided by its core values of integrity, teamwork, respect for individuals, work excellence, and corporate social and environmental responsibility. In relation to this, PMC has adopted a Revised Manual on Corporate Governance (RMCG), which was completed and approved by the Board on May 30, 2017, substantially adopting the SEC-issued Code of Corporate Governance for Publicly Listed Companies (Corporate Governance Code).

A. RIGHTS OF SHAREHOLDERS

The Company respects the rights of all shareholders, in accordance with the Corporation Code of the Philippines, the Company's Articles of Incorporation, By-Laws, and RMCG.

A.1. Basic Shareholders Right

Dividend Policy

We recognize the right of stockholders of record to receive dividends as inherent in the ownership of shares.

The Company's dividend policy is to distribute up to 25% of core net income as dividends should the circumstances allow for its declaration, and to pay dividends within 30 days from declaration and approval.

In February 2024, the Board approved the declaration of cash dividend:
Amount: Two Centavos (P0.02) per share
Record Date: March 15, 2024 and
Payment Date: March 27, 2024.

The Board also approved on February 26, 2025 cash dividend as follows:
Amount: Php0.02 per share
Record Date: March 12, 2025
Payment Date: March 24, 2025.

A.2. Right to Participate in Decisions

The Company's shareholders have the right to participate in decisions concerning fundamental corporate changes. The following corporate actions require the vote of shareholders holding at least 66.67% of the Company's outstanding capital stocks:

1. Amendment to the Articles of Incorporation
2. Increase in capital stock
3. Sale or disposition, including the constitution of a mortgage or a pledge, of all or substantially all of the Company's assets
4. Investment of corporation funds for a purpose other than the Company's primary purpose
5. Waiver of pre-emptive rights for specific transactions
6. Mergers and consolidations

During the Annual General Stockholders' Meeting (AGM) held on 09 July 2024, shareholders exercised these rights via personal casting of votes or online voting, the results of which were disclosed immediately after the Stockholders' Meeting in the Company's website under: *https://www.philexmining.com.ph/minutes-of-all-general-or-special-stockholders*

A.3. Right to Participate Effectively and Vote

Philex shareholders have the right to participate and vote in the general shareholders' meetings. The Company ensures that shareholders are informed of the rules, including the voting procedures that govern the general shareholders' meetings.Shareholders have the opportunity to approve remuneration, in terms of profit sharing, which is contained in the Company's By-Laws. Any amendment to the By-Laws will require a vote of a majority of the total outstanding capital stock.

Philex also respects and recognizes the right of minority shareholders to nominate directors. This right is corollary to the right to vote, which is guaranteed under the Corporation Code of the Philippines and recognized in the Company's By-Laws and RMCG. Under the Company's By-Laws, shareholders may submit nominations to the Board of Directors' Nominations Committee. The deadline for submission of nominations is on the 30th day of April of each year, or such other date as may be determined by the Board of Directors.

For 2024, the deadline for nominations was on April 23, 2024, which was announced by the Company on February 29, 2024. All shareholders have the right to vote each year for the following:

1. Election of directors
2. Approval of the minutes of shareholders' meetings held in the previous year
3. Approval of the annual report and the audited financial statements
4. Selection of election inspectors for the ensuing year
5. Selection of the external auditors
6. Ratification and approval of the acts of the Board of Directors and executive officers

Voting Procedures

Voting is done by balloting and shareholders are entitled to vote either in person or by proxy. Shareholders who are present and did not submit proxies before the meeting are given ballots upon registration. In the case of proxies submitted prior to the meeting, the proxy designated by the shareholder to represent them at the shareholders' meeting is provided with ballots for casting in accordance with the shareholders' instructions, as indicated in the proxy. Proxies and ballots will be tabulated by the Company's stock transfer agent, the Stock Transfer Services, Inc. (STSI), and the results of the tabulation will be announced for the relevant items on the agenda during Stockholders' Meeting and will be disclosed at the Company's website right after the meeting.

An independent party, SGV & Co., assisted in the tabulation of the proxies and the ballots. The voting and tabulation procedures are further explained in the Company's Notice of Annual General Shareholders' Meeting. The Corporate Secretary will likewise explain the voting procedures at the start of the meeting that will form part of the minutes of the ASM which will be posted in the Company's website.
The Company has also initiated an online voting mechanism for certificated shareholders since 2016 to allow voting in absentia. The procedures for online voting are disclosed in the Notice to Annual General Stockholders' Meeting – Definitive Information Statement (DIS) sent to shareholders 30 days before the scheduled AGM. In 2024, online voting mechanism was made available from June 19 to 01 July 01, 2024.

Stockholders' Meeting

The Company recognizes the right of all shareholders to attend all scheduled shareholders' meetings. Regular shareholders' meetings are held annually in June in accordance with the Company's By-Laws. It also serves as a venue to ask questions and raise relevant issues or concerns. On the other hand, special meetings, as needed, shall be held at any time and for any purpose. The 2024 Annual General Meeting of Stockholders (AGM), originally scheduled for June 27, was postponed to July 9 due to the unavailability of directors and certain officers and other unforeseeable circumstances. The meeting was subsequently held at the Grand Ballroom in the Grand Hyatt Manila, Bonifacio Global City, Taguig.

The minutes of the AGM are posted in the Company's website within five business days from the date of the meeting. The minutes consist of the open forum during the AGM, voting results per agenda, the resolutions taken up during the AGM, and the attendance of directors and key officers. As a matter of practice, the members of the Board, the Chairman, the President and Chief Executive Officer (CEO), Audit Committee Chairman, Risk Committee Chairman, Corporate Governance Officer, Internal Relations Officer, representatives of the external auditors, and other key officers and employees are present during the scheduled meetings of the shareholders.

They shall have the opportunity to make a statement, should they desire to do so, and will be available to respond to appropriate questions.

Minutes of the 2024 AGM were posted in the Company website, *https://www.philexmining.com.ph/minutes-of-all-general-or-special-stockholders*

Disclosure and Release of Notice of AGM to Shareholders

The Company disclosed to the PSE the Company's SEC Form 2024 Definitive Information Statement (DIS) on 18 June 2024.

For 2024, the AGM was announced 29 February 2024, months before the actual date of the meeting and the Notice of AGM Meeting with the agenda to Shareholders was published in at least two major newspapers of general circulation and online news platforms, all for two consecutive days (June 17 and 18). This was also disclosed to the SEC and Philippine Stock Exchange.

A.4. Markets for Corporate Control

In cases of mergers, acquisitions, and/or takeovers requiring shareholders' approval, the Board, as a matter of practice, appoints an independent party to evaluate the fairness of the terms and conditions of such transactions. Furthermore, in cases of mergers and acquisitions, the CEO and the Chief Finance Officer (CFO), together with external financial and technical consultants, prepare a detailed recommendation for consideration by the Board.

An independent consultant or independent financial advisor and legal counsel is retained to review the terms and conditions of contracts and to evaluate the merits of each specific transaction. In 2024, there were no cases of mergers, acquisitions, and/or takeovers that required shareholders' approval.

A.5. Institutional Investors

The exercise of ownership rights by all shareholders, including institutional investors, is recognized by PMC. The Philippine Social Security System (SSS with 19.27% shareholdings) is the only institutional investor with a share ownership greater than 5% as of December 31, 2024. The Company does not have any shareholders owning more than 50%.

B. EQUITABLE TREATMENT OF SHAREHOLDERS

B.1. Shares and Voting Rights

PMC has only one class of common shares, each entitled to one vote. Cumulative voting, which enhances the ability of minority shareholders in voting for the election of directors, is allowed.

B.2. Notice of AGM (Definitive Information Statement)

The Notice of AGM contains the resolutions to be passed by shareholders for each item on the agenda at the AGM. There is no bundling of several items into the same resolution. For wider appreciation, all Company notices and circulars are written and published in English. The Notice of AGM also provides the following information:

1. The profiles of each director seeking election or reelection, which includes details such as age, academic qualification, date of first appointment, experience, and directorships in other listed companies
2. External auditors seeking appointment or reappointment are clearly identified
3. Dividend policy
4. Amount of dividends paid and any dividends payable
5. Readily available proxy statements
6. Online voting instructions

The Notice of is also available in the Company's website through the following link: *https://www.philexmining.com.ph/notice-of-stockholders-meetings*

B.3. Insider Trading and Abusive Self-Dealing Policies

Trading Blackouts

The Company strictly enforces and monitors compliance with its policy on insider trading, which prohibits the trading of Company securities during prescribed periods by the following covered persons:

1. Members of the Board of Directors;
2. Members of the Management Teams; and
3. Employees who have been made aware of undisclosed material information with respect to the Company and its operations.

The blackout period begins 30 calendar days prior to the disclosure of the annual financial results until two full trading days thereafter. For the quarterly results, the blackout period begins 15 calendar days before the structured disclosure until two full trading days after the date of the disclosure. In cases of non-structured disclosures of other material information, employees in possession of price-sensitive information are reminded not to trade in the Company's shares from the time they come into possession of any material information and up to two full trading days after the information is disclosed to the public.

In 2024, there were no cases of Insider Trading and Abusive Dealing during Trading Blackouts that were reported nor received by the Company.

Policy on Dealings in Company Shares of Stocks

The Company's revised Policy on Dealings in Company Shares of Stocks is available in the following link in the Company website: *https://www.philexmining.com.ph/build/assets/Amended-Policy-on-Dealings-in-Company-Shares-of-Stock.pdf.* This prohibits directors and employees from benefiting from any knowledge which is not generally available to the market.

Under the Revised Policy on Dealings in Company Shares of Stock, approved on June 25, 2014, all concerned directors, officers, and/or employees are required to report to the Chief Compliance Officer all respective dealings in Company shares within two business days, and for the Company to disclose the same within three business days from the date of the transaction.

In 2024, there were no reported violations of the Company's Policy on Dealings in Company Shares of Stocks.

B.4. Related Party Transactions by Directors and Key Executives

The Company strictly adheres to the guidelines covering security dealings to comply with existing government regulations and to promote fairness. Changes in the personal shareholdings of directors and key company officers resulting from open-market transactions, or the grant of shares from incentive-based schemes implemented by the Company, are reported to the SEC and the PSE within the specified deadlines.

On 26 April 2017, the Board approved the creation of a Related Party Transaction (RPT) Committee and its Charter. The RPT Committee was chaired by Mr. Wilfredo A. Paras, an Independent Director.
The Board likewise approved the amendment in the RPT policy, which requires the RPT Committee to review RPT transactions, instead of the CG Committee, and to revise the RPT definition.

For purposes of this Policy, a Material and/or Significant RPT is defined as those transactions with a Related Party which involve an aggregate amount or value equal to or greater than Php50 million over a 12-month calendar year period .

All material and/or significant RPT are subject to the review and endorsement of the RPT Committee with the concurrence of all Independent Directors prior to the approval of the Board to ensure that they are in the best interests of the Company and its shareholders in accordance with the Company's RPT policy.

Conflict of Interest Policy

Adopted on February 26, 2014, the Conflict of Interest Policy is available in the following link in the Company website: *https://www.philexmining.com.ph/build/assets/Conflict-of-Interest-Policy.pdf*

The directors, employees, or consultants concerned shall inhibit themselves from any direct or indirect participation or involvement at any stage of the transactional process flow where they are conflicted. These persons are also not allowed to sign any paper or document related to the transaction. The Company shall not, directly or indirectly through any subsidiary or affiliate, grant or arrange for any credit, or extensions thereof, in the form of personal loans to any directors or officers, unless allowed by applicable laws and regulations.

In 2024, there was no case of violation of the Conflict of Interest Policy reported by Company directors, employees, and consultants.

B.5. Protecting Minority Shareholders from Abusive Actions

Philex respects the rights of minority shareholders and develops policies towards ensuring that the Board, in all cases, shall consider corporate interest above all, as a whole. The key guidelines include:

1. Emphasis on the fiduciary responsibilities of the Board, the officers of the Company and its shareholders, as well as the duties of care and exercise of prudence
2. Avoidance of conflicts of interest and prompt disclosure of potential conflict
3. Prompt, full, and fair disclosure of material information
4. Formulation of other policies towards prevention of actions that will favor the controlling interest or major shareholders at the expense of the minority shareholders
5. Adoption of policies on Related Party Transactions which ensures that:
    - Related Party Transactions, that can be classified as financial assistance to entities that are considered as the Company's subsidiaries, are all disclosed in the Company's financial statements
    - Related Party Transactions should be conducted in a way that ensures fair and at-arm's-length dealings.

In 2024, the Company complied with all the key guidelines discussed above.

C. ROLE OF STAKEHOLDERS

C.1. Respecting Rights of Stakeholders

Customers

Customer health and safety is important for all businesses and remains the utmost priority of Philex. In line with its Code of Business Conduct and Ethics issued on February 26, 2014, the Company upholds fair and transparent dealings with its customers. All transactions and business relationships with customers are covered by contracts and comply with existing laws and regulations in the country.

As part of the Company's commitment to the welfare of its customers, company representatives and its customers meet annually to review and discuss the terms of the new or existing contract, as well as to identify areas for improvement in the delivery of goods and other related aspects.

The following are the activities conducted to ensure the health and safety of the Company's customers:

1. Product Safety

Prior to shipment, concentrates (the product) undergo a thorough chemical analysis required by the customers (mainly IXM S.A. and Pan Pacific Copper Co., Ltd.,) to ensure that these are free from foreign materials and impurities that may be deleterious to customers' health and operations.

The Company insures the product at 110% of its value with an internationally-recognized insurance company, in favor of the customers, and shall provide the customers with a certificate signed by the insurance company indicating the details of the coverage.

The Company ensures that the quality of concentrates for shipment to the customers is suitable for ocean transportation in bulk and meets the requirements of the International Maritime Organization Code of Safe Practice for Solid Bulk Cargoes.

In 2024, the Company satisfied the conditions for the 10 shipments of copper concentrates to Pan Pacific Copper Co. ,and IXM S.A.

2. Shipment Safety
PMC assumes the obligation of providing the vessels suitable for the shipment of the concentrates, with the following specifications and conditions:
- Single deck bulk carrier, seaworthy in all respects
- With clear holds and hatchway suitable for normal grab discharge
- Classified as 100A at Lloyd's of London or equivalent;
- Compliant with the ISM code
- No more than 20 years of age
- Able to meet berth accommodation restrictions

The Company shall notify the buyer of the date of the actual shipment, which includes confirming the name of the vessel, weight of concentrates loaded, stowage plan, and estimated time of arrival at the port of unloading, with due consideration to the suitability of weather conditions for a safe travel.

In 2024, all of the Company's 10 shipments of concentrates followed and complied with the guidelines cited above.

3. Customer Safety
The Company ensures that it follows the International Maritime Solid Bulk Cargoes Code on the Transportable Moisture Limit of the Company's Copper Concentrate.

Aside from the Company's Assay Analysis Report and Certification for Non-Dangerous/Non-Hazardous Goods of the Philex Copper Concentrate, the Company also provides the Material Safety Data Sheet which the Customer demands before any shipment is made.

The Company also commissions a third-party consultant to test the aggregate sample of the Company's concentrates to make sure that no hazardous chemicals are to be found in the concentrates for shipment to Japan or Korea.

Vendor Relations
Philexs Policy on Vendor Relations, released on February 26, 2014, is available in the following link in the Company website: https://www.philexmining.com.ph/wp-content/uploads/2017/05/Vendor-Relations-Policy.pdf

Under this policy, the Company shall promote and implement standards of relationships with suppliers that embody the principles and core values as defined in the code. Directors, employees, and consultants shall maintain the Company's reputation for equal opportunity and honest treatment of suppliers in all business transactions through the following guidelines:
1. Seek and maintain mutually beneficial relationships with suppliers that uphold the Company's principles and core values.
2. Give qualified suppliers adequate, fair, and equal opportunity to bid on goods and services
3. Accredit suppliers based on established criteria
4. Generally, implement competitive bidding.

In the event that it will be for the best interest of the Company to enter into strategic partnerships with suppliers, the Company may apply the Negotiated Contract (NC) option. Transparency in all these transactions shall be maintained at all times. The following are the Company's activities and programs aimed at Implementing the Vendor Relations Policy:
1. For vendor accreditation:
- Prospective vendors must accomplish detailed forms that require information regarding their financial condition, ownership, product lines, agreements with respective principals/OEM, experience, and expertise.
- For new vendors seeking accreditation, a New Vendor Accreditation Application Form (NVAAF) must be filled up. Existing vendors, on the other hand, must update their information periodically through the submission of a duly accomplished

Existing Vendor Information Update Form (EVIUF).

- A review of each vendor's selected financial ratios is undertaken as part of the accreditation process.
- Vendors must submit a written statement confirming that all information provided are true and correct, that they will comply with terms of contract and that they will avoid conflict of interest and observe ethical and fair practices.

2. Purchases will be made on the basis of a competitive bidding.
3. The Company shall monitor risk indicators that may impact its supply chain operations to avoid delays or the stoppage of operations.

In 2024, the Company did not receive any reports of violations of the Company's Vendor Relations Policy related to Conflict of Interest and Gift Policy violation. Furthermore, a reminder e-mail was sent to all employees to reinforce compliance and awareness.

Environment

DAO No. 2010-21 mandates the implementation of the Annual Environmental Protection and Enhancement Program (EPEP) which provides the link between mineral resource utilization and environmental protection and enhancement commitments.

Pursuant to Republic Act 7942, the minimum required budget for the Annual EPEP ranges from 3-5% of the Direct Mining and Milling Costs of the Company. In 2024, the Company spent 7.56% of the direct mining and milling costs, as shown in the table.

The Company also invests heavily on the ongoing environmental management programs at the Silangan, Bulawan, and Sibutad project sites. In the Silangan project, it invested Php57.7 million for its environmental management program which includes the costs of ambient air and water monitoring, soil erosion control and prevention, the establishment of new tree plantations, as well as the maintenance and protection of established reforestation areas within the project sites.

2024 ANNUAL ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAM
(In Php million)

Land Resource Management	110
Water Resources Management	97
Hazardous and Toxic Waste Management	5
Air Quality Management	0.8
Conservation Values	1
Environmental Research	3
MRFC Meetings and MMT Monitoring Activities	1
Total	**219**

The approved Annual Environmental Protection and Enhancement Program (AEPEP) of SMMCI and the implementation of the approved Final Mine Rehabilitation and/or Decommissioning Program (FMRDP) of PGPI are submitted, approved, and monitored by the Mines and Geosciences Bureau (MGB) of the DENR.

Social Development and Management Program (SDMP) Compliance with DENR Regulations

Pursuant to R.A. 7942's Implementing Rules and Regulations (IRR), DAO 2010-21 Sec.134:

- The amount of SDMP should be equivalent to at least 1.5% of a mining company's total operating costs, with allocation on Development of Host and Neighbouring Communities (DHNC) Information Education Communication (IEC) and Development of Mining Technology and Geo-Sciences (DMTG).
- The SDMP shall be, in consultation and in partnership with the host and neighbouring communities, actively promoting and covering all social development plans, projects, and activities of the Contractor/Permit Holder/Lessee towards enhancing the development of the host and neighboring communities.

In 2024, the Company spent Php109 million for its mandated SDMP as shown in the table below:

2024 SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM (SDMP) (In Php million)	
Human Resources and Capacity Development	1
Health	5
Education	39
Livelihood	2
Public Infrastructure	25
Socio-Cultural Development	4
Use of Mine Camp Facilities	61
Information, Education, Communication	16
Development of Mining Technology & Geosciences	10
Total	**109**

Including carry-over project expenses from 2023

SDMP Implementation

Philex-Padcal Mine

Philex's 2024 SDMP has provided support to its host and neighboring communities through its Health, Education, Livelihood, Public Infrastructure, and Socio-cultural programs collectively known as "HELPS." Interventions include:

- improved access to quality health services for the host and neighboring communities
- education program that has significantly reduced household expenses while Philex scholars continue to serve as role models in their own communities
- livelihood projects and assistance that led to better agroforestry production and thereby an increase in income
- infrastructure development and the provision of various equipment that lowered farm inputs, resulting to increased household savings
- development and improvement of water systems that ensured water availability for the community's household and farms

Silangan Project

Silangan Mindanao Mining Co., Inc. (SMMCI) remains true to its commitment for the development of its host and neighboring communities. In 2024, SMMCI spent a total of Php5, million in implementing various programs, projects and activities (PPAs) under its SDMP.

A more detailed discussion of the SDMP implementation in the Padcal Mine and in the Silangan Project can be found on **Philex's 2024 Sustainability Report** accessible via its website: https://www.philexmining.com.ph/sustainability-report

Anti-Corruption Programs and Procedures

The Company formulated a Code of Business Conduct and Ethics which upholds professionalism and ethics in business dealings and transactions. In relation to this, the Company have Vendor Relations Policy and Policy on Gifts, Entertainment, and Sponsored Travel.

Policy on Gifts, Entertainment and Sponsored Travel

Issued on February 26, 2014, the Company's Policy on Gifts, Entertainment, and Sponsored Travel is available on the Company's website through the following link: https://www.philexmining.com.ph/wp-content/uploads/2017/05/Policy-on-Gifts-Entertainment-and-Sponsored-Travels.pdf

Under this Policy, directors, employees, and consultants shall refrain from putting themselves in situations or acting in a manner that could significantly affect the objective, independent, or effective performance of their duties and responsibilities in the Company. Directors, employees, and consultants who have received gifts, entertainment, and sponsored travel from any third party, with whom the Company does business or proposes to do business, whether directly or indirectly, shall inform their donor that these were received in behalf of the Company and shall be handled in accordance with Company policy (PhpP4,000.00 limit). Sponsored travel from third parties requires disclosure and prior approval from the superior, and this approval shall conform to the terms of this policy.

In 2024, the Company did not receive any report of violations of the Company's Policy on Gifts, Entertainment, and Sponsored Travel.

Supply Chain Management Conduct

Supply chain professionals shall maintain reputation beyond reproach and in accordance with the Institute of Supply Management (ISM) and the Philippine Institute for Supply Management (PISM) Standards of Conduct, aligned with industry best practices.

To promote this endeavor, a Supply Chain Management Conduct Policy has been adopted since 2012 to avoid impropriety in the conduct of purchasing supplies and services. The policy also contains provisions to avoid conflict of interest where an employee has an interest in another company dealing with the PMC, among others.

The Vendor Relations Policy puts emphasis on the decorum required when dealing with suppliers. The Policy on Gift and Gratuities is specific on tokens, particularly during the Christmas season, where suppliers are discouraged to give lavish gifts and tokens. This reminder is relayed to suppliers every November through an official letter from the Company.

In 2024, there was no report of violations of the Company's Supply Chain Management Conduct Policy.

Creditors

As a matter of policy, the Company upholds the rights of its creditors by publicly disclosing all material information, such as earning results and risk exposures, related to but not limited to loan covenants. Corporate disclosures, controls, and procedures include periodic reports to major lenders, such as the latest financial statements, among others.

The Company honors all of its legal and valid obligations. No known case has been filed before a court by any creditor for non-payment of loans or financial obligations. The Company's good credit standing augurs well for the renegotiation of major contracts amidst unstable regulatory environment and declining ore grades.

Programs and Activities

The rights of major creditors are protected by publicly disclosing all material information, such as earnings results and risk exposures relating to loan covenants. PMC's disclosures, controls, and procedures also include periodic reports to creditors, such as the latest certified financial statements, among others. The Company also conducts regular investors', analysts', and press briefings for updates on the Company's operations and current financial position. In 2024, the Company submitted structured and unstructured disclosures and news clarifications including periodic reports to creditors, such as the latest certified financial statements, among others.

C.2. Effective Redress for Violation of Stakeholders' Rights

The Company provides contact details, via the Company's website, which stakeholders (e.g., customers, suppliers, general public, etc.) can use to voice their concerns and/or complaints for possible violation of their rights.

In 2024, there were no reports of violations of shareholders' rights received through different communication channels.

C.3. Performance-Enhancing Mechanisms for Employees

Employee Development Programs

The Company respects the dignity and human rights of its employees, including the rights guaranteed by existing labor laws. It promotes safety, non-discrimination, environmental awareness, and commitment in the workplace, and supports programs that champion the engagement and development of employees.

The Compensation Philosophy and Principles of the Company are as follows:

- Pay for performance
- Pay for competencies and skills
- Pay competitively versus local competitors and other comparative companies
- Provide a total rewards package that includes pay, benefits, employee recognition, employee development, and a work environment conducive to high performance
- Benchmark against an effective performance management process

The Company's Stock Option Plan (SOP), which was approved by the Board on April 27, 2011, covers managers in accordance with the above philosophies and principles:

1. Enable qualified participants who are largely responsible for the further growth and development of the Philex Group of Companies to obtain an ownership interest in the Company.
2. Encourage long-term commitment to the Group
3. Motivate them to continue their efforts in contributing to the long-term financial success of the Group.
4. Encourage other talents needed for the business to join the Group.

A more detailed discussion can be found on **Philex's 2024 Sustainability Report** accessible via its website: https://www.philexmining.com.ph/sustainability-report

Environment, Health, and Safety Programs

The Company has unwavering commitment to improving health and safety performance by adopting best practices in the workplace and critical controls to prevent fatalities, minimize injuries, and eliminate occupational diseases, towards a goal of zero harm. On a regular basis, the management implements a risks review of safety procedures and health programs at its operations and exploration sites. The review includes material safety, occupational health, environmental, and community risks to assess whether adequate risk-based controls are in place, how effective they are, and what priority actions would be required to substantially improve the EHS performance of the sites.

The Company's Padcal Mine was first ISO14001 certified in 2002. In July 2021, the mine's Integrated Management System was upgraded with the certification on the International Standard on Occupational Health and Safety, ISO 45001:2018. A Surveillance Audit was done by TUV Nord in September 2024 and the certificates are valid until July 2027. Similarly, Silangan Mindanao Mining Corporation (SMMCI), was certified ISO 14001:2004 on June 1, 2016. It maintained the International Environmental Management System Standard and successfully transitioned to ISO14001:15 on June 4, 2018. SMMCI was re-certified by United Kingdom Accreditation Service (UKAS) on February 17, 2023 and valid until February 17, 2026.

A more detailed discussion can be found on **Philex's 2024 Sustainability Report** accessible via its website: https://www.philexmining.com.ph/sustainability-report

Site Safety Policy

Having a certificate on Occupational Safety and Health Standards (OSHAS 18001), the Company adheres to a Site Safety Policy and is committed to the highest levels of health and safety programs to ensure every stakeholder's safety, and espouses loss prevention as a way of life. PMC strives to maintain a sound and safe working place to prevent injury, illness, property damage, and loss to processes in compliance with all relevant legislations and the preservation of the environment as well.

Safety Performance

Personnel health and safety is of paramount concern and regarded with utmost priority. In 2024, the Company reported for its Padcal Mine zero LTA-F incident, one incident in 2023, two incidents in 2022 same as in 2021. Meanwhile, in terms of Lost Time Accident Non-Fatal events, there were seven in 2024, eight incidents in 2023 and ten in 2022 (versus eight in 2021).

While it is a difficult task to maintain a "zero-harm" record due to the presence of uncertainties that could contribute to the level of risk in terms of health and safety, the Company is constantly reviewing of safety policies and procedures. Various initiatives are being reassessed based on the present situation and are being implemented to minimize the occurrence of accidents and injuries in the workplace. Third-party experts are likewise engaged when necessary to assess existing safety performance and identify risk areas.

C.4. Means of Communication of Illegal or Unethical Whistle Blowing Policy

In accordance with the Company's adherence to the principles of good governance, the Company adopted a Whistle Blowing Policy that provides a clear process for employees to report complaints or concerns regarding violations of corporate governance rules, accounting issues, or offenses under the Company's existing Code of Discipline or equivalent policy.

Confidentiality

All (whistleblower) complaints, including the identity of the whistleblower, witnesses, and employees named in the complaint, will be treated as confidential, unless the Company is otherwise required or compelled by law to release information.

Anonymous Reporting

Any (whistleblower) complaint must be coursed or filed through any of the various reporting channels. To aid further investigation of the (whistleblower) complaint, a whistleblower who makes or files a (whistleblower) complaint anonymously may opt to provide means by which he or she can be contacted without compromising his or her anonymity.

Protection from Retaliation

Subject to the provisions of Malicious Allegations, and without prejudice to legally-mandated courses of action to protect one's right, baseless and illegal retaliation against any whistleblower or witness is prohibited and will be dealt with in accordance with this Policy, other relevant Company policies and rules, and applicable laws. A whistleblower or witness who will identify himself shall be protected from retaliation.

Malicious Allegations

In case the Appropriate Investigating Unit (AIU), to which a (whistleblower) complaint has been referred to, should determine that, after investigation, the whistleblower and/or witness has made baseless, untruthful, fabricated, malicious, or vexatious allegations, and particularly if he/she persist in making such, disciplinary action may be taken against the whistleblower and witness in accordance with pertinent Company policies and rules and applicable laws in order to protect the good name of the persons that may have been unjustly accused or implicated.

For the purposes of this Policy, the AIU is a committee which shall be composed of representatives from Internal Audit, Human Resources, Legal, Security or from relevant units as necessary.
In 2024, the appropriate Company official did not received any whistleblowing report. The policy is available in the Company's website: *https://www.philexmining.com.ph/wp-content/uploads/2017/05/Whistle-Blowing-Policy.pdf*

D. DISCLOSURE AND TRANSPARENCY

D.1. Transparent Ownership Structure

The list of registered stockholders owning 5% or more of the Company's stock as of December 31, 2024 is shown in the table below.

D.2. Quality of Annual Report

The Company's Annual Report contains the following information, which can be found on the sections and pages specified below:

- Major Business Risks: pages 38-40
- Corporate Objectives: pages 4-5
- Key Performance Indicators (Financial and Non-Financial): page 6
- Dividend Policy: pages 42-43
- Details of Whistle Blowing Policy: page 66
- Biographical Details of Directors: pages 70-75
- Training and/or Continuing Education Programs Attended by Directors: page 65
- Number of Board of Directors Meetings and Attendance during the Year: page 62
- Remuneration of Each Director: page 65
- Corporate Governance Confirmation Statement: page 42

REGISTERED STOCKHOLDERS OWNING 5% OR MORE OF THE COMPANY'S STOCK
As of December 31, 2024

Title of Class	Name and Address of Record Owner and Relationship to Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	%
Common	Asia Link B.V. Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands	Asia Link B.V. (See Note 1)	Non-Filipino	1,023,275,990	17.70
Common	Social Security System Loans and Investment Office, 7/F SSS Building, Diliman, Quezon City	Social Security System (See Note 2)	Filipino	1,114,298,352	19.27
Common	PCD Nominee Corp. 37/F Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City	(See Note 3)	Filipino/ Non-Filipino	1,520,171,202	31.56
Common	Two Rivers Pacific 10/F Net One Center, 26th Street corner 3rd Avenue, Bonifacio Global City, Taguig	Two Rivers Pacific Holdings Corp. (See Note 4)	Filipino	864,799,776	14.96
Common	First Pacific Mining Limited	First Pacific Mining Limited (See Note 1)	Filipino	312,908,501	5.41

Notes

1. Asia Link B.V. and First Pacific Mining Limited are a wholly-owned subsidiaries of First Pacific Company Limited (FPC).
2. Total shares held by the Social Security System (SSS) is inclusive of 147,265,583 shares lodged under PCD Nominee Corporation as of December 31, 2024.
3. PCD Nominee Corporation (PCD) is a nominee of the Philippine Depository & Trust Corporation and the registered owner of the shares recorded in the books of the Company's stock transfer agent. PCD is private entity organized by major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions.
4. Total shares held by Two Rivers Pacific Holdings Corp. is inclusive of 125,928,266 shares lodged under PCD Nominee Corporation as of December 31, 2024.

D.3. Disclosure of Related Party Transactions

Related Party Transactions

The Company's significant related party transactions as of December 31, 2024, 2023, 2022 and 2021, which are under terms that are no less favorable than those arranged with third parties, and account balances are as follows:

a. Advances from PMC to SMMCI and SMECI

PMC, owning directly and indirectly 100% of SMMCI and SMECI, provides the funds to SMMCI, through SMECI since 2011 and directly thereafter, for the Silangan Project's expenditures since the Company's acquisition of Anglo American's interest in the Silangan Project in 2009. These advances, which were intended for conversion into equity, amounted to Php3.889 billion as of December 31, 2024 compared with Php3.785 billion as of December 31, 2023 and Php3.673 billion as of December 31, 2022 (versus Php2.527 billion as at end 2021). Portion of the PMC advances to SMECI and SMMCI amounting to Php792 million and Php1.459 billion, respectively, were settled in 2022.

b. Issuance of Convertible Notes to Asia Link B.V. and SSS by SMECI

In December 2014, SMECI and PMC, as the co-issuer, issued 8-year convertible notes (CNs) to Asia Link B.V. and Social Security System (SSS) with a face value of Php7.2 billion at 1.5% coupon rate p.a. payable semi-annually. Based on original terms, the CNs were convertible into 400,000 common shares of SMECI at Php18,000 per share one year after the issue date.

In December 2022, Asia Link B.V. and SMECI agreed, with the consent of PMC, to a 3-year extension from the original maturity of the convertible note held by Asia Link B.V. from December 19, 2022 to December 18, 2025, the same which can be further extended for another 3 years, at 1.5 year intervals, at the sole option of SMECI and PMC. The extension was made in support of the fund-raising activities for the development of the Silangan Project of SMECI under its subsidiary, SMMCI. With respect to the convertible note held by SSS, the same was settled at maturity date, consistent with the agreement with the related equity conversion option classified as part of the Group's equity reserves.

In December 2024, the convertible note held by Asia Link B.V. was further extended for another 1.5 years from December 19, 2025 up to June 18, 2027. The gain recognized as a result of this modification amounted to Php273 million in 2024 compared with Php500 million in 2022, which amounts were included in the Group's consolidated income.

The carrying value of CN amounted to Php6.343 billion as of December 31, 2024, compared with Php6.250 billion as of December 31, 2023 from Php5.908 billion as of December 31, 2022 (versus Php8.652 billion as at end 2022).

c. Investment in SMECI and SMMCI

In October 2022, a subscription agreement was entered between PMC and SMECI wherein PMC subscribed 75,787 new shares from SMECI with a total consideration of Php2.580 billion. The subscription price was taken from PMC's proceeds from Philex SRO. Subsequently, SMECI invested the net proceeds in SMMCI to support the capital expenditures and development of the Silangan Project in exchange for 38,609 SMMCI shares.

In December 2022, PMC subscribed additional shares from SMECI consisting of 101,471 new shares with total subscription price of Php2.649 billion, which proceeds were used by SMECI to settle its liabilities and additional subscription of 33,708 shares in SMMCI.

d. SMMCI Syndicated Loan Facilities
In November 2023, SMMCI, together with the Parent Company and SMECI (serving as the guarantor and share collateral security guarantor, respectively), entered into an Omnibus Loan and Security Agreement (OLSA) with local banks. This agreement, covering an approximately US$100 million, included a loan facility denominated in US Dollar of up to US$60 million and another loan facility denominated in Philippine Pesos of up to Php2.2 billion. In February 2024, a Deed of Accession was signed by SMMCI with additional local banks acceding to the terms of the OLSA for an additional loan facility of approximately US$70 million, completing the debt portion of the Silangan Project funding of US$170 million. The total loan commitment of US$170 million comprises of a U.S. Dollar facility for US$102 million and Philippine Pesos facility for Php3.374 billion.

On June 3, 2024, SMMCI made the initial drawdown of US$61.2 million from the US. Dollar Facility and Php2.244 billion from the Philippine Pesos Facility. As of December 31, 2024, total outstanding loan amounted to Php5.831 billion.

e. Loans Granted by Philex Mining to PXP Energy Corporation
In March 2022, PXP Energy Corporation (PXP Energy), an associate of PMC through a 30.4% interest, issued Promissory Notes (PNs) to PMC amounting to US$375,000 and US$225,000 or a total of US$600,000, payable on demand and subject to an interest of 3.5% p.a. over LIBOR (6 months), payable quarterly. As of December 31, 2024, total loans receivable from PXP Energy amounted to Php31 million.

D.5. Audit Fees

Audit and Audit-Related Fees

For the past three fiscal years, the Company's Independent Auditor was engaged primarily to express an opinion on the financial statements of the Company and its subsidiaries. The audit, however, included the auditors providing assistance to the Company in the review of its income tax return in as far as ensuring the agreement of the reported income and costs and expenses in the return with the recorded amounts in the books.
The procedures conducted for this engagement included those that are necessary under auditing standards generally accepted in the Philippines but did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses. The audit fees for these services for the entire Philex Group (excluding PXP Energy group) Php5.6 million in 2024, Php5.2 million in 2023, Php4.90 million in 2022 (versus Php4.73 million in 2021).

Tax Fees

The Company has not engaged the Independent Auditor for any tax-related services for 2024 as well as in the three prior years.

All Other Fees

The Independent Auditor was engaged by the Company to review and report on the Interim Financial Statements as at September 30, 2021 and issue a Comfort Letter in relation to the Company's Stock Right Offering in 2022. Total fees for these engagements amounted to Php5.5 million.

The Independent Auditor was also engaged by Silangan Mindanao Mining Company Inc. (SMMCI), a subsidiary of PMC, to re-confirm or re-evaluate in 2020 the previously issued opinion on the outstanding value-added tax receivable of SMMCI based on the

DIRECTORS' AND OFFICERS' DEALINGS IN COMPANY SHARES

As of December 31, 2024

Beneficial Owner	Nature of Ownership	Number of Shares as of Dec. 31, 2023	Number of Shares As of Dec. 31 2024	% Change
Directors				
Manuel V. Pangilinan	Direct	4,655,000	4,655,000	0.08
Eulalio B. Austin Jr.	Direct	2,545,266	1,360,937	0.02
	Indirect	-	1,184,329	0.02
Barbara Anne C. Migallos	Indirect	241,622	241,622	-
Diana V. Pardo -Aguilar	Direct	1	1	-
Santiago Dionisio R. Agdeppa	Direct	1	1	-
Manuel L. Argel Jr.	Direct	1	1	-
Marilyn A. Victorio-Aquino	Direct	500,100	500,100	-
Oscar J. Hilado	Direct	173	173	-
Joseph Ng	Direct	1	1	-
Ping Cheun Chan (Richard Chan)	Direct	1	1	-
Wilfredo A. Paras	Direct	1	1	-
Officers				
Romeo B. Bachoco	Indirect	600,000	600,000	-
Victor A. Francisco	Indirect	159,847	159,847	-
Winston S. Cruz	Indirect	-	-	-
Ricardo S. Dolipas II	Direct	750	750	-
All Directors and Key Officers as a group		**8,702,014**	**8,702,764**	**0.13**

existing registration of the SMMCI with the Board of Investments. The engagement fee amounted to Php400 thousand. Other than such engagement, the Company has not engaged to do other engagements in 2021 and in the three prior years.

All audit and non-audit engagements were approved by the Company's Audit Committee.

Audit Committee's Approval of Policies and Procedures

Prior to the commencement of this year-end audit work, the Independent Auditor presented their program and schedule to the Company's Audit Committee, which included discussion of issues and concerns regarding the audit work to be done. At the completion of this audit works, the Company's audited financial statements for the year were likewise presented by the external auditors to the Audit Committee for committee approval and endorsement to the full Board for final approval.

Changes in and Disagreements with Independent Auditor on Accounting and Financial Disclosures

There was no change in the Company's independent auditors during the two most recent calendar years or in any subsequent interim period. Mr. Peter John

R. Ventura is the current audit engagement partner for the 2024 and 2023 audit, preceding Mr. Alexis C. Zaragoza who was the Company's audit engagement partner from 2018 to 2022.
There has been no disagreement with the Independent Auditor on accounting and financial disclosure.

D.6. Medium of Communications

The Company communicates with shareholders through formal channels such as annual and quarterly reports, published announcements, shareholders meetings and press releases. These reports aim to keep shareholders and the investor community informed about business developments. To further enhance effective communication, the Company also maintains an official website.

Quarterly Reports

https://www.philexmining.com.ph/sec-form-17-q/

Philex addresses various information requirements of the investing public through the Investor Relations Division. The Company dutifully accomplishes and submits quarterly and annual reports on or even before the deadline prescribed by the regulatory agencies.

In 2024, the Company submitted to the PSE and filed with the SEC the required quarterly reports on or before the prescribed deadline.

Company Website

https://www.philexmining.com.ph/

The Company is committed to the highest standards of disclosure, transparency, and fairness in information dissemination. The Company provides the public with strategic, operating, and financial information through adequate and timely disclosures to the regulatory authorities, such as the SEC and the PSE. Along with regular periodic reports, PMC discloses all material information about the Company that may have an impact on the valuation, stock price, and trading volume of its securities. All financial and non-financial disclosures are immediately posted on the Company Disclosures section in the Company's website.

Analysts' Briefings

http://www.philexmining.com.ph/company-presentations/

Analysts' briefings, physical or via teleconference, are conducted on a regular basis to provide timely updates on the financial and operating performance as well as Company strategies, industry updates, project status and other concerns raised by the investment community. Copies of the analysts' briefings materials, as well as investor presentations, can be found in the above link in the Company's website.

Media Briefings and Press Conferences

https://www.philexmining.com.ph/category/news-related,press-releases,photo-releases/
https://www.philexmining.com.ph/category/PHOTO-releases/

The Public and Regulatory Affairs Group handles the Company's public, media, and government relations functions. Media briefings are conducted after the Annual Shareholders' Meeting. Copies of the media releases can be found in the above link in the Company's website.

D.7. Timely Filing and Release of Annual and Quarterly

Financial Reports

The Company's 2024 audited consolidated financial statements in compliance with Best Corporate Practices was filed on February 28, 2025.

The Company's SEC Form 17-A (Annual Report) was released on 15 April, 2025 to the PSE and the SEC. The true and fair representation of the Audited Financial Statements and the Annual Report has been affirmed by the Chairman of the Board of Directors, the President/CEO, and the CFO in the Statement of Management Responsibility.

Company Website

The Company's website provides the following information through the links indicated:
Information Website Links:

- Business operations: *http://www.philexmining.com.ph/padcal/*
- Financial Statements/Reports (Current and Prior Years): *http://www.philexmining.com.ph/financials/*
- Materials provided in briefings to analysts and the media: *http://www.philexmining.com.ph/company-presentations/*
- Shareholding structure: *https://www.philexmining.com.ph/shareholding-structure/*
- Group corporate structure: *http://www.philexmining.com.ph/corporate-structure/*
- Downloadable Annual Report: *http://www.philexmining.com.ph/sec-form-17-a/* *http://www.philexmining.com.ph/annual-reports/*
- Notice of the Annual Stockholders' Meetings: *http://www.philexmining.com.ph/notice-of-stockholdersmeetings/*
- Minutes of the Annual Stockholders' Meetings: *http://www.philexmining.com.ph/minutes-of-all-generalor-special-stockholders meetings/*
- Company's By-Laws and Articles of Incorporation: *http://www.philexmining.com.ph/by-laws-and-articles-ofincorporation/*

D.8. Investor Relations

The contact details of the officer responsible for investor relations are as follows:

Mr. Romeo B. Bachoco
Treasurer, Chief Finance Officer,
Chief Compliance Officer,
Corporate Governance Officer and Chief Risk Officer
Telephone No.: (632) 8631-1381 to 88
Email: philex@philexmining.com.ph

E. Board Duties and Responsibilities

Corporate Governance Manual

The Board approved and adopted the Company's Manual on Corporate Governance on April 27, 2010, which was revised on February 23, 2011.

On June 25, 2014, the Board approved the further revision of the Manual on Corporate Governance in compliance with SEC Memorandum Circular No. 9, Series of 2014, also known as the "Amendment to the Revised Code of Corporate Governance."

On May 30, 2017, the Board approved and adopted the further revision of the Revised Manual on Corporate Governance (RMCG) substantially adopting the SEC-issued Code of Corporate Governance for Publicly Listed Companies (Corporate Governance Code).

Decisions that Require Board Approval

The types of decisions that require the approval of the Board pertain to the Company's business transactions that extend beyond the management of extraordinary corporate affairs, but not above the limits of its authority as provided by law.

Roles and Responsibilities of the Board

Each director has a three-fold duty of obedience, diligence, and loyalty to the corporation he/she serves. A director shall:

1. Act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-Laws, and under existing laws, rules, and regulations.
2. Exercise best care, skill, and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Company.
3. Act in the best interest of the Company and for the common benefit of the Company's shareholders and other stakeholders.

REGULATORY
CORPORATE GOVERNANCE

Faithful compliance with the principles of good corporate governance is the paramount responsibility of and shall start with the Board. Furthermore, the Board is required to exercise corporate powers, conduct the business, and control the properties of the Company in compliance with the corporate governance principles instituted in the Company's RMCG.

On May 30, 2017, the Board approved the Company's Board Charter which sets forth the Board's purposes, authority, duties and responsibilities, structures, and procedures in accordance with the SEC-issued Code of Corporate Governance. The Company's Board Charter is available in the following link in the Company's website: *https://www.philexmining.com.ph/wp-content/uploads/2017/01/A-Board-Charter_Final.pdf*

Vision and Mission

The Company's vision is to be a highly respected, world-class natural resource company, committed to deliver excellent value to its investors, employees, and other stakeholders.

Its mission is to become a responsible mining corporation that discovers and processes minerals and energy resources for the use of society.

The Company also advocates an ethical corporate culture guided by its core values of integrity, teamwork, respect for individuals, work excellence, and corporate social and environmental responsibility.

Code of Business Conduct and Ethics

The details of the Company's Code of Business Conduct and Ethics, approved last February 26, 2014, are available in the following link in the Company website: *https://www.philexmining.com.ph/code-of-business-conduct-and-ethics/*

E.2. Board Structure

Board Structure and Composition

The Board is composed of 11 members: 2 executive directors, 7 non-executive directors, and 2 independent directors. It reflects a diverse mix of backgrounds, skills, and experiences relevant to the mining industry and corporate governance.

As of 2024, the Board includes:

- 3 female directors
- 1 member of an Indigenous Peoples (IP) group
- 2 lawyers with expertise in regulated industries
- 3 professionals with financial expertise, including mergers and acquisitions, taxation, capital markets, and fundraising
- 3 industry experts in mining operations and community development

This diversity ensures that each director contributes unique insights while collectively exercising independent judgment to promote the Company's long-term interests.

Chairman of the Board

The Chairman of the Board, Mr. Manuel V. Pangilinan, serves as a key steward of the Company, and provides guidance, oversight and strategic direction to ensure the board's effective governance.

He establishes a well-defined agenda before each board meeting together with the Corporate Secretary and the Compliance Officer. He also discusses issues in a timely manner, taking into account proposals and recommendations of the President and CEO and the management. In addition, the chairman maintains an open line of communication, facilitating the free flow of information between the Board and management.

Independent Directors

The Board has two independent non-executive directors: Mr. Oscar J. Hilado and Mr. Wilfredo A. Paras. Except for their shareholdings, they have no business ties or relationships with the Company that could, or could appear to, affect their ability to make impartial decisions in their roles.

Board Committees

To ensure the effective discharge of its duties, the Board has established eight standing committees:

Audit Committee

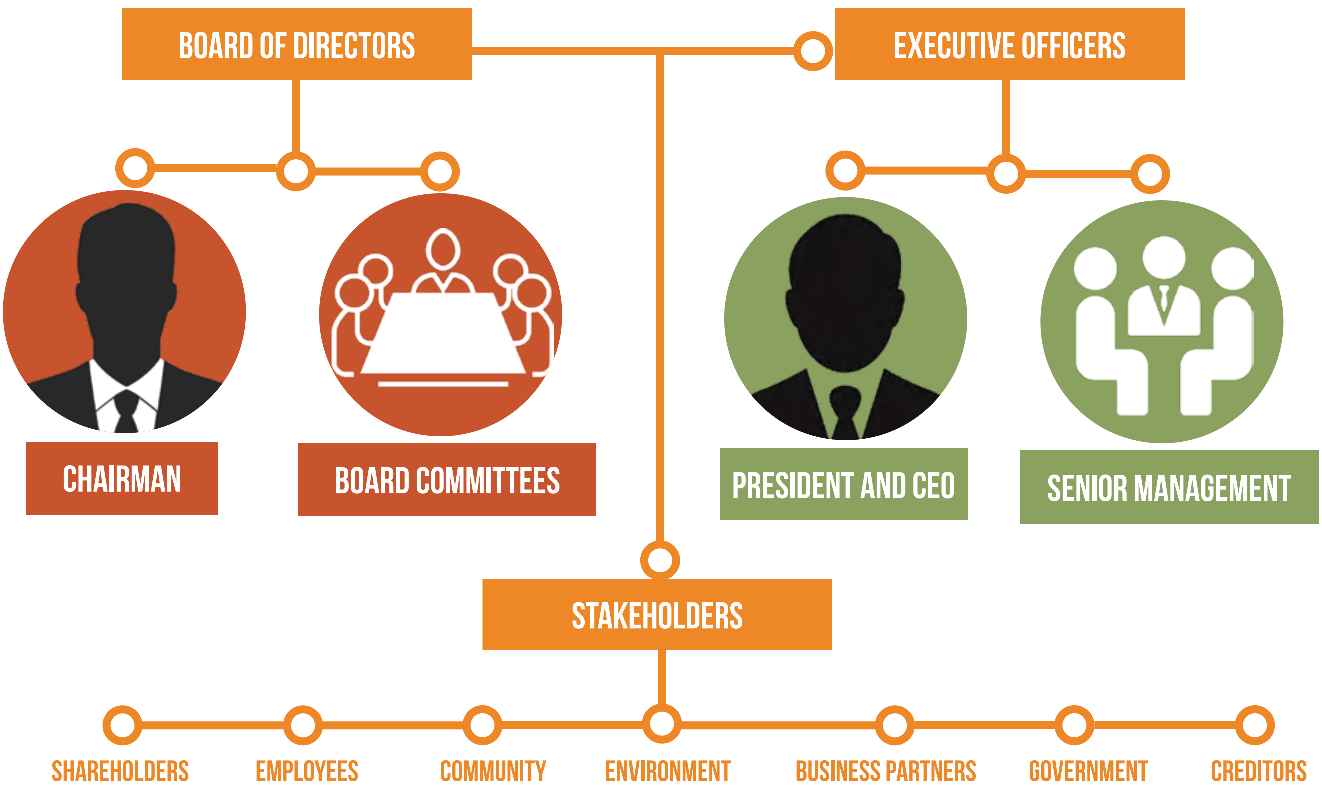
The Audit Committee assists the Board in its oversight of the integrity of the Company's accounting and financial reporting principles and policies, compliance with legal and regulatory requirements, and the Company's audit process and the performance of the Company's internal audit organization and External Auditor, among others.

The Committee is composed of five members: chaired by an independent director (ID), a certified public accountant and a doctorate in Business Management, Mr. Oscar J. Hilado. Its members are: Mr. Wilfredo A. Paras (ID) and Atty. Marilyn A. Victorio-Aquino. In 2024, it had five meetings.

AUDIT COMMITTEE (MEETINGS ATTENDED/NO. OF MEETINGS)	
Oscar J. Hilado Chairman, ID	5/5
Wilfredo A. Paras Member, ID	5/5
Marilyn A. Victorio-Aquino Member	5/5
Joseph H.P. Ng Member	5/5
Anita B. Quitain Member*	2/2
Santiago Dionisio R. Agdeppa Member**	3/3

***Comm. Quitain resigned as Director effective 11 April 2024.**
****Atty. Santiago Dionisio R. Agdeppa was elected at the Annual Stockholders' Meeting held on 9 July 2024.**

PHILEX'S CORPORATE GOVERNANCE STRUCTURE



ATTENDANCE IN BOARD MEETINGS FOR 2024

Directors	02/29 R	04/25 R	05/30 S	07/09 R	07/09 O	07/25 R	11/05 R	11/28 R	Summary	%
Manuel V. Pangilinan (Chairman)	X	X	☺	☺	☺	☺	☺	☺	6/8	75%
Eulalio B. Austin Jr.	☺	☺	☺	☺	☺	☺	☺	☺	8/8	100%
Marilyn A. Victorio-Aquino	☺	☺	☺	☺	☺	☺	☺	☺	8/8	100%
Joseph Ng	☺	☺	☺	☺	☺	☺	☺	☺	8/8	100%
Richard Chan	☺	☺	☺	☺	☺	☺	☺	☺	8/8	100%
Barbara Anne C. Migallos	☺	☺	☺	☺	☺	☺	☺	☺	8/8	100%
Manuel L. Argel Jr.	☺	☺	☺	☺	☺	☺	☺	☺	8/8	100%
Anita B. Quitain*	☺	X							1/2	50%
Santiago Dionisio R. Agdeppa**					X	☺	☺	☺	3/4	75%
Diana V. Pardo-Aguilar	☺	☺	☺	☺	☺	☺	☺	☺	8/8	100%
Oscar J. Hilado (ID)	☺	☺	☺	☺	☺	☺	☺	☺	8/8	100%
Wilfredo A. Paras (ID)	☺	☺	☺	☺	☺	☺	☺	☺	8/8	100%

**Comm. Anita B. Quitain resigned as Director of the Corporation effective 11 April 2024.*
***Atty. Santiago Dionisio R. Agdeppa was elected at the Annual Stockholders' Meeting held on 9 July 2024.*

Legend: R - Regular Board Meeting; S - Special Board Meeting; O - Organizational Board Meeting

Board Risk Oversight Committee (BROC)

The BROC assists the Board in assessing and managing enterprise risks, including financial, regulatory, strategic and operational risks, and ensuring that there is an effective and integrated risk management process developed for the benefit of the Company and its shareholders, discharging other duties and powers as may be delegated to the Committee by the Board, subject to such limitations as the Board may determine.

The BROC is composed of individuals who have been executive directors, president and lawyers of various corporations gaining relevant knowledge on the different aspects of risks and risk management. The BROC is chaired by Mr. Oscar J. Hilado (ID). Its members are: Mr. Wilfredo A. Paras (ID), Atty. Marilyn A. Victorio-Aquino, Mr. Joseph H.P. Ng, and Ret. Judge Manuel L. Argel Jr. In 2024, the Committee had two meetings.

BOARD RISK OVERSIGHT COMMITTEE (MEETINGS ATTENDED/NO. OF MEETINGS)	
Oscar J. Hilado Chairman, ID	2/2
Wilfredo A. Paras Member, ID	2/2
Marilyn A. Victorio-Aquino Member	2/2
Joseph H. P. Ng Member	2/2
Manuel L. Argel Jr. Member	2/2

Related Party Transactions (RPT) Committee

The Committee helps the Board in reviewing all material related party transactions of the Company. It is responsible for evaluating, on a continuing basis, existing relationships between and among businesses and counterparties to ensure that all related parties are regularly identified, RPTs, as defined under the RPT Policy, are monitored, and subsequent changes in relationships with counterparties are captured.

Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board.

The RPT Committee is composed of three members, chaired by Mr. Wilfredo A. Paras (ID), and with Mr. Oscar J. Hilado (ID) and Atty. Marilyn A. Victorio-Aquino as members. The RPT Committee did not hold any meeting in 2024.

Corporate Governance Committee

The Corporate Governance Committee assists the Board in performing the Company's corporate governance duties as required under the CG Manual, Code of Corporate Governance of the SEC, and the Corporate Governance Guidelines and the listing rules of the PSE. Management regularly consults the Committee on matters relating to corporate governance.

The Committee is composed of four members, all of whom are members of the Board: Atty. Marilyn A. Victorio-Aquino (chairman), and members Mr. Oscar J. Hilado (ID) , Mr. Wilfredo A. Paras (ID), and Ret. Judge Manuel L. Argel Jr. The Committee did not hold any meeting in 2024.

Finance Committee

The Finance Committee held two meetings in 2024 to discuss and evaluate the management's recommendations for a possible hedging position. It reviewed and made appropriate recommendations to the Board regarding the financial operations of the Company and other funding strategies for Board consideration. Financial risks such as credit and concentration risks, liquidity, market (foreign currency, interest rate, equity price and commodity price risk) and derivative financial instruments (gold and embedded derivatives) were likewise elevated to the Finance Committee for review.

The Finance Committee is composed of five members, all of whom are members of the Board: Mr. Joseph H. P. Ng (chairman), and members Mr. Oscar J. Hilado (ID), Atty. Marilyn A. Victorio-Aquino, Mr. Eulalio B. Austin, Jr., and Mr. Santiago Dionisio A. Agdeppa.

Nominations Committee

The Nominations Committee assists the Board in dealing with matters relating to the appointment and removal of directors. It is also responsible for formulating the Company's nomination policy for the Board's consideration, and the implementation of the same.

The Committee is composed of four members, all of whom are members of the Board: Mr. Manuel V. Pangilinan (chairman), and members Mr. Wilfredo A. Paras (ID), Atty. Marilyn A. Victorio-Aquino, and Mr. Joseph H. P. Ng.

FINANCE COMMITTEE (MEETINGS ATTENDED/NO. OF MEETINGS)	
Joseph H.P. Ng Chairman	2/2
Oscar J. Hilado Member, ID	2/2
Eulalio B. Austin Jr. Member	2/2
Marilyn A. Victorio-Aquino Member	2/2
Diana V. Pardo-Aguilar Member	2/2

NOMINATIONS COMMITTEE (MEETINGS ATTENDED/NO. OF MEETINGS)	
Manuel V. Pangilinan Chairman	1/1
Wilfredo A. Paras Member, ID	1/1
Marilyn A. Victorio-Aquino Member	1/1
Joseph H.P. Ng Member	1/1

Compensation Committee

Management regularly consults the Compensation Committee on matters involving the remuneration packages of directors and officers, which include, without limitation, basic salaries, deferred compensation, and any other compensation payments made by the Company.

The Committee is composed of four members, all of whom are members of the Board. It is chaired by and independent director, Mr. Wilfredo A. Paras, with members, Mr. Oscar J. Hilado (ID), Mr. Richard P.C. Chan, and Atty. Santiago Dionisio R. Agdeppa.

The Compensation Committee did not hold any meeting in 2024.

Silangan Oversight Committee

The Silangan Oversight committee met on October 28, 2024 to review and discuss all matters related to the Silangan project.

The Silangan Oversight Committee is composed of five members, all of whom are members of the Board. It is chaired by Mr. Eulalio B. Austin Jr. with members, Atty. Marilyn A. Victorio-Aquino, Mr. Joseph H. P. Ng, Mr. Richard P.C. Chan, and Ret. Judge Manuel L. Argel Jr.

SILANGAN OVERSIGHT COMMITTEE (MEETINGS ATTENDED/NO. OF MEETINGS)	
Eulalio B. Austin Jr. Chairman	1/1
Marilyn A. Victorio-Aquino Member	1/1
Joseph H.P. Ng Member	1/1
Richard P. C. Chan Member	1/1
Manuel L. Argel Jr. Member	1/1

E.3. Board Processes

Attendance

The Board has a predetermined schedule of meetings at the beginning of the calendar year. Discussions during these meetings are open, and independent views are given due consideration. As necessary, the Board likewise holds meetings through telecommunications or other electronic media. A separate meeting of non-executive directors without the presence of the CEO or any of the executive officers is held at least once a year.

Access to Information

The Company regularly sends soft copies of the complete set of Board materials to directors via e-mail at least five days in advance. The hard copies are physically distributed on the day of the Board meeting or earlier upon request.

Corporate Secretary

The Corporate Secretary is Atty. Barbara Anne C. Migallos, a Filipino and a resident of the Philippines. She brings with her many years of relevant experience in the corporate law and legal practice, and has sufficient understanding of the financial reporting rules, standards, and practices. The Company's Corporate Secretary plays a significant role in supporting the Board in discharging its responsibilities. Among her functions are safekeeping and the preservation of the integrity of the minutes of the meetings; informing the members of the Board of the agenda of their meetings; ensuring that the members have accurate information; and ensuring that all Board procedures, rules, and regulations are strictly followed by the members.

Board Appointments and Re-election

The directors are elected by the shareholders at the Annual General Meeting. Each director shall serve a one-year term and until their successors are elected and qualified. Any vacancy in the Board before the end of the term shall be filled in accordance with applicable law and rules. As needed, the Board may use professional search firms to fill in the vacancies of the Board. The guidelines are in the link: *https://www.philexmining.com.ph/wp-content/uploads/2017/05/Guidelines-on-Search-Screening-and-Selection-of-Directors.pdf*

Board Evaluation

The Company conducts an annual performance evaluation of the Board, its committees, and individual directors. The results of these evaluations are used to enhance Board effectiveness and align performance with strategic goals.

Director Training and Orientation

All new directors undergo an orientation program that includes meetings with key officers and site visits to provide operational insights. Continuing education is conducted regularly to keep directors informed on developments in corporate governance, business strategy, risk management, and emerging issues. In 2024, directors participated in governance enhancement programs featuring SEC-approved speakers and relevant industry topics.

Remuneration Matters

Remuneration Policy

There are no arrangements for additional compensation of directors other than that provided in the Company's By-Laws, which provides compensation to the directors, at the Board's discretion to determine and apportion, as it may deem proper, an amount of up to 1.5% of the Company's net income before tax of the preceding year. In 2024, a total of Php10.632 million was paid to all executive and non-executive directors.

E.5. Board Performance

The Company has Board Performane Assessment Policy to enable the Board to periodically identify overall strengths and specific areas for improvements. The results of the assessment will provide important feedback and views from the members of the Board, which will collectively form part of the Company's overall strategy, future directions, or endeavors.

The Board shall include in the Performance Appraisal the assessment of the Chief Audit Executive, Chief Risk Officer and Chief Compliance Officer. Directors will be requested to complete a standard self-assessment.

INDIVIDUAL DIRECTOR REMUNERATION

Name	Position	Amount (in Php millions)
Manuel V. Pangilinan	Chairman	0.831
Eulalio B. Austin Jr.*	President & CEO	0.941
Marilyn A. Victorio-Aquino	Non-Executive Director	1.091
Pin Cheung Chan	Non-Executive Director	0.941
Oscar J. Hilado	Independent Director	1.121
Barbara Anne C. Migallos	Executive Director	0.941
Joseph Ng	Non-Executive Director	1.151
Wilfredo A. Paras	Independent Director	1.121
Manuel L. Argel Jr.	Non-Executive Director	0.340
Diana V. Pardo-Aguilar	Non-Executive Director	0.320
Santiago D. Agdeppa	Non-Executive Director	0.486
Anita B. Quitain	Non-Executive Director	0.701
Rolando Macasaet	Non-Executive Director	0.460
Bai Norhata M. Alonto	Non-Executive Director	0.184
TOTAL		**10.632**

The amount paid to Mr. Eulalio B. Austin Jr. is included in his compensation as President and Chief Executive Officer.

The different forms and criteria can be viewed in the following links in the Company's website: https://www.philexmining.com.ph/wp-content/uploads/2017/05/Board-Performance-Appraisal-Assessment-Policy.pdf

https://www.philexmining.com.ph/wp-content/uploads/2017/01/Board-Assessment-of-CAE-Chief-Risk-Officer-and-Chief-Compliance-Officer-CG-Com.pdf

STANDARD SELF-ASSESSMENT OF DIRECTORS		
Performance Evaluation	Self-Assessment	Evaluated By
Board of Directors	/	Individual Director
Individual Director	/	Individual Director
Board Committees	/	Member of the Committee
President & CEO	n/a	Individual Director
Chief Audit Executive	n/a	Audit Committee Members
Chief Compliance Officer	n/a	CG Committee Members
Chief Risk Officer	n/a	BROC
Corporate Governance Officer	n/a	CG Committee Members

Directors' and Officers' Orientation and Training Policy

On April 26, 2017, the Board of Directors of the Company approved the amendment to the Directors' and Officers' Orientation and Training Policy to include the required number of eight hours orientation for new directors and four hours of continuing education for all directors. The said policy may be accessed through the following link in the Company's website: https://www.philexmining.com.ph/wp-content/uploads/2017/01/B-PX_Directors-Orientation-Policy_Final.pdf

All new directors undergo an orientation program that includes meetings with key officers and site visits to provide operationsl insights. Continuing education is conducted regularly to keep the directors informed on developments in corporate governance, business strategy, risk management, and emerging issues.

Whistleblowing and Related Party Transactions

The Company upholds a strong ethical culture supported by clear policies on whistleblowing and related party transactions (RPTs). The whistleblowing policy guarantees confidentiality and protection from retaliation. RPTs are reviewed by the RPT Committee to ensure transparency, fairness, and arm's-length dealings.

Stakeholder Engagement and Sustainability

Philex recognizes the importance of inclusive governance that considers the interests of all stakeholders. The Company promotes social and environmental responsibility as part of its mission and values, and publishes an annual Sustainability Report detailing its environmental, social, and governance (ESG) initiatives.

2024 GOVERNANCE SUMMARY

- **Orientation program** including a meeting with the Corporate Secretary and key officers, as well as a mine visit for the first-time director, Mr. Manuel L. Argel Jr., to provide an overview of the Company's business and overall operations

- **Qualifications of Directors/Independent Directors** nominees reviewed and screened in preparation for the Annual Stockholders' Meeting

- **Top 10 Risks and mitigation plan** reviewed

- **2023 Integrated Annual Corporate Governance Report** (I-ACGR) submission (the 2024 I-ACGR will be submitted on or before May 30, 2025).

- **Annual Stockholders' Meeting** held July 9, 2024

- **In-House Corporate Governance Enhancement for Directors and Officers** held on September 27, 2024, with participants from other MVP group of companies. The seminar featured the following SEC-approved topics and speakers: "Building a Data-Driven Business," "Leveraging AI and Big Data Growth" by guest speaker, Dr. Erika Fille T. Legara, managing director and chief AI and Data Officer at the Center for AI research (CAIR), and "Become an Insurgent: Re-focus and Re-energize Your Business Strategy, Organization and Culture for Success" by keynote speaker, Mr. David Morey, Chairman and CEO of DMG Global and bestselling author of the books "The Underdog Advantage," "The Leadershop Campaign," "Creating Business Magic," and "Innovating Innovation").

- **Winner of the Best Mining Forest 2024 - Exploration Category award** given by the DENR-MGB, demonstrating Philex's unwavering commitment to environmental stewardship

- **Two Golden Arrow Award** given by the Institute of Corporate Directors (ICD) for being among top-performing publicly listed companies in the Philippines that have achieved a score of at least 80 points in the ASEAN Corporate Governance Scorecard (ACGS). Philex has maintained this top-tier standing since 2015, receiving a Golden Arrow Award each year, and most recently in 2024.

- **2023 Annual Report and Sustainability Report** published separately

PHILEX
BOARD OF DIRECTORS

MANUEL V. PANGILINAN
Chairman, Non-Executive Director

EULALIO B. AUSTIN JR.
President & Chief Executive Officer, Executive Director

BARBARA ANNE C. MIGALLOS
Corporate Secretary, Executive Director

JOSEPH H. P. NG
Non-Executive Director

MARILYN A. VICTORIO-AQUINO
Non-Executive Director

RICHARD P.C. CHAN
Non-Executive Director

OSCAR J. HILADO
Lead Independent Director

WILFREDO A. PARAS
Independent Director

DIANA V. PARDO-AGUILAR
Non-Executive Director

JESUS P. SALE JR.
Non-Executive Director

MANUEL L. ARGEL JR.
Non-Executive Director
(January 16, 2024 - January 2, 2025)

SANTIAGO DIONISIO R. AGDEPPA
Non-Executive Director
(July 9, 2024 - January 1, 2025)

PROFILES OF THE BOARD OF DIRECTORS

MANUEL V. PANGILINAN

Chairman, Non-Executive Director, 78

Business and Professional Background: Chairman of the Board of Directors of Philex since November 28, 2008 and Chief Executive Officer from December 2009 to April 2013 ⌖ Director, Philex Gold Philippines, Inc. (PGPI) ⌖ Chairman, President, and CEO of PLDT, Inc.; Smart Communications, Inc.; Manila Electric Company; Metro Pacific Investments Corporation; PLDT Communications; and Energy Ventures, Inc. ⌖ Chairman, Silangan Mindanao Mining Company, Inc.; PXP Energy Corporation; Maynilad Water Services, Inc.; Metro Pacific Tollways Corporation; NLEX Corporation; Landco Pacific Corporation; ePLDT; Global Business Power Corporation(wholly owned by Meralco PowerGen Corporation); Terra Solar Philippines, Inc. (wholly owned subsidiary of SP New Energy Corporation); Metro Pacific Health (largest group of private hospitals and other healthcare facilities with 23 hospitals such as Makati Medical Center, and Cardinal Santos Medical Center); Mediaquest Holdings,Inc.; and Associate Broadcasting Corporation (TV 5) ⌖ Vice Chairman, Roxas Holdings, Inc. ⌖ Director, Axelum Resources Corporation ⌖ Served as Managing Director of First Pacific Company Limited since its founding in 1981-1999, appointed Executive Chairman until June 2003 then named Managing Director and CEO, his current post ⌖ Currently President Commissioner, P.T. Indofood Sukses Makmur Tbk and PT Nusantara Infrastructure Tbk in Indonesia.

Directorship in Other Listed Companies in the Philippines:

- Chairman, PLDT, Inc.
- Vice Chairman and Non-Executive Director, Roxas Holdings, Inc.
- Chairman, Manila Electric Company
- Chairman, PXP Energy Corporation

Civic Duties: Chairman, Philippine Business for Social Progress; PLDT-Smart Foundation, Inc.; One Meralco Foundation Inc.; Metro Pacific Foundation Inc. ⌖ Co-Chairman, Philippine Disaster Resiliance Foundation ⌖ Director, Philippine Business for Education ⌖ Chairman of the Board of Trustees, San Beda College ⌖ Co-Chairperson of the Board of Trustees, Stratbase Albert Del Rosario Institute and the U.S.-Philippine Society ⌖ Chairman, MVP Sports Foundation, Inc. ⌖ Chairman Emeritus, Samahang Basketball ng Pilipinas

Honors and Recognitions: Philippine Air Force rank of Lieutenant Colonel (Res) in a promotion list approved by the Philippine President in July 2021 ⌖ awarded the Order of Lakandula with the rank of Bayani by the Office of the President of the Philippines in 2010 ⌖ First Honorary Doctorate Degree in Management by the Asian Institute Management in 2016 ⌖ Honorary Doctorate in Science by the Far Eastern University in 2010, in Humanities by Holy Angel University in 2008, by Xavier University in 2007, and by San Beda College in 2002 in the Philippines

He was formerly Chairman of the Board of Trustees of the Ateneo de Manila University and was a member of the Board of Overseers of the Wharton School.

Academic Background: Graduated Cum Laude from the Ateneo de Manila University with a Bachelor of Arts degree in Economics ⌖ Master of Business Administration degree from Wharton School of Finance and Commerce at the University of Pennsylvania, 1968

EULALIO B. AUSTIN JR.
President and Chief Executive Officer, Executive Director, 63

Business and Professional Background: Director of the Company and PGPI since June 29, 2011 and reelected on July 9, 2024 ⟡ President and Chief Operating Officer on January 1, 2012 and President and CEO of the Company on April 3, 2013

Previous positions: Senior Vice President for Operations and Padcal Resident Manager in 2011, Vice President & Resident Manager for Padcal Operations from 2004-2010, Mine Division Manager (Padcal) from 1999-2003, Engineering Group Manager in 1998, and Mine Engineering & Draw Control Department Manager from 1996-1998.

Directorship in Other Listed Companies in the Philippines:

- PXP Energy Corporation, Non-Executive Director

Professional Affiliations: Member of the Board of Trustees, Member of the Executive Committee of the Board of Trustees, Chairman of the Membership Committee, and the Towards Sustainable Mining Initiative Committee, Chamber of Mines of the Philippines ⟡ Competent Person for Copper and Gold Deposit, Philippine Society of Mining Engineers under the PMRC guidelines

Recognitions: 2021 Outstanding Professional of the Year in the Field of Mining Engineering by the Professional Regulation Commission of the Philippines ⟡ Most Outstanding Engineer of the Philippine Society of Mining Engineers (PSEM) in 2016, aside from being the Founding President of PSEM's Philex Chapter ⟡ awarded CEO of the Year on Mining by The Asset on December 14, 2015 in Hong Kong ⟡ Asia Pacific Entrepreneurship Awardee by the Enterprise Asia, November 2016

Academic Background: Graduated from Saint Louis University in Baguio City, with a Bachelor of Science degree in Mining Engineering ⟡ placed eighth at the 1982 Professional Board Examination for mining engineers ⟡ took his Management Development Program at the Asian Institute of Management in 2005 and his Advance Management Program at Harvard Business School in 2013

BARBARA ANNE C. MIGALLOS
Corporate Secretary, Executive Director, 70

Business and Professional Background: Elected to the Board of Directors of the Company and PGPI on June 26, 2013, re-elected on July 9, 2024 ⟡ has been the Company's Corporate Secretary since 1998, and is also the Corporate Secretary and former Director of PXP Energy Corporation, and Corporate Secretary of Silangan Mindanao Mining Co., Inc. ⟡ Managing Partner, Migallos & Luna Law Offices ⟡ Director, Mabuhay Vinyl Corporation since 2000, Philippine Resins Industries since 2001, Corporate Secretary of Eastern Telecommunications Philippines, Inc. since 2005, Nickel Asia Corporation since 2010, and Alliance Select Foods International, Inc. since 2015 ⟡ professional lecturer in Corporation Law, Securities Regulation and Commercial Laws at the De La Salle University College of Law, where she Chairs the Commercial Law Department

Directorship in Other Listed Companies in the Philippines:

- Non-Executive Director, Mabuhay Vinyl Corporation

Academic Background: Graduated Cum Laude from the University of the Philippines, with a Bachelor of Arts degree ⟡ Bachelor of Laws degree, Cum Laude (Salutatorian), also at the University of the Philippines ⟡ placed third in the 1979 Philippine Bar Examination

PROFILES OF THE
BOARD OF DIRECTORS

JOSEPH H. P. NG
Non-Executive Officer, 61

Business and Professional Background: Appointed Director on January 30, 2019 and re-elected on July 9, 2024 ⌖ joined First Pacific in 1988 from PriceWaterhouse's audit and business advisory department in Hong Kong, appointed Associate Director in April 2019, served as Executive Vice President of Group Finance and occupied several senior positions within First Pacific Group, including as the Head of Finance of its regional telecom division and a director of a number of its telecom joint ventures in India, Indonesia and China ⌖ Commissioner of PT Indofood Sukses Makmur Tbk and Director of PacificLight Power Pte Ltd.

Directorship in Other Listed Companies in the Philippines:
- PXP Energy Corporation, Non-Executive Director

Academic Background: Received an MBA and a Professional Diploma in Accountancy from Hong Kong Polytechnic University

Professional Affiliations: Member, Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, and the Institute of Chartered Accountants in England and Wales

MARILYN A. VICTORIO-AQUINO
Non-Executive Officer, 68

Business and Professional Background: Elected to the Board of the Company and PGPI on December 7, 2009, and reelected on July 9, 2024 ⌖ joined First Pacific as Assistant Director in 2012 and has been appointed as Associate Director since 2018 ⌖ currently holds various positions in Philippine subsidiaries and affiliates of First Pacific and Metro Pacific Investments Corporation (an affiliate of First Pacific), including a Director in PLDT Inc.; Maya Bank, Inc.; PXP Energy Corporation; Philex Gold Philippines, Inc.; and Silangan Mindanao Mining Company, Inc. ⌖ Director in Lepanto Consolidated Mining Company ⌖ Director of the Philippine Stock Exchange since June 2023

Directorship in Other Listed Companies in the Philippines:
- Non-Executive Director, PXP Energy Corporation
- Non-Executive Director, Lepanto Consolidated Mining Company
- Executive Director, PLDT, Inc.
- Non-Executive Director, Philippine Stock Exchange

Academic Background: Graduated Cum Laude (salutatorian) from the University of the Philippines with a Bachelor of Laws Degree in 1980 ⌖ placed second in the Philippine Bar Examinations, was admitted to the Philippine Bar in 1981

Professional Affiliations: Member of the International Pacific Bar Association, Women Lawyers Circle, Federacion International De Abogadas, Philippine Bar Association, and Integrated Bar of the Philippines

RICHARD P.C. CHAN
Non-Executive Director, 55

Business and Professional Background: Appointed as Director on January 30, 2019 and re-elected on July 9, 2024 ⌖ joined First Pacific in 1996 from KPMG ⌖ Prior to his appointment as Executive Vice President, Group Financial Controller in April 2019, was Vice President, Group Financial Controller ⌖ has experience in auditing, accounting, finance and management spanning a diverse range of business activities

Professional Affiliations: Certified Public Accountant (Practising), a CF the Chinese University of Hong Kong, CFA Charterholder and Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants

Academic Background: Received a BBA (Hons) degree from Hong Kong Baptist University and an MBA from the Chinese University of Hong Kong.

OSCAR J. HILADO
Lead Independent Director, 87

Business and Professional Background: Independent Director of the Company since December 7, 2009 and re-elected on July 9, 2024 ⌖ Chairman, Philippine Investment Management (PHINMA) ⌖ Chairman Emeritus of Phinma Corporation ⌖ Vice-Chairman of Phinma Property Holdings Corporation and Union Galvasteel Corporation ⌖ Chairman of the Executive Committee, Phinma Corporation and Rockwell Land Corporation ⌖ Director, A. Soriano Corporation; Roxas Holdings, Inc.; Smart Communications, Inc.; Philippine Cement Corporation; Union Insulated Panel Corporation; Phinma Hospitality Inc.; Phinma Education Holdings, Inc.; Araullo University, Inc.; Cagayan de Oro College, Inc.; University of Iloilo, Inc.; University of Pangasinan, Inc.; Southwestern University; United Pulp and Paper Company, Inc.; Digital
Telecommunications Philippines, Inc.; Seven Seas Resorts and Leisure Inc.; Beacon Venture Holdings, Inc., Manila Cordage Company, and Adviser of Metro Pacific Investments Corporation United Pulp and Paper Company, Inc.; Digital Telecommunications Philippines, Inc.; Seven Seas Resorts and Leisure Inc.; Beacon Venture Holdings, Inc., Manila Cordage Company, and Adviser of Metro Pacific Investments Corporation

Directorship in Other Listed Companies in the Philippines:

- Chairman Emeritus, PHINMA Corporation
- Independent Director, A. Soriano Corporation
- Independent Director, Rockwell Land Corporation
- Independent Director, Roxas Holdings, Inc.

Academic Background: Certified Public Accountant ⌖ completed his undergraduate studies at the De La Salle College-Bacolod in 1958 ⌖ obtained a Master's degree in Business Administration from the Harvard School of Business Administration (Smith Mundt/Fulbright Scholar) in 1962 ⌖ received a Doctorate in Business Management, Honoris Causa, from the De La Salle University in 1992 ⌖ Doctorate of Laws, Honoris Causa from the University of St. La Salle in 2003

WILFREDO A. PARAS
Independent Director, 78

Business and Professional Background: Independent Director since June 29, 2011 and was re-elected on July 9, 2024 ⌖ currently Independent Director of RLC REIT Inc. ⌖ Senior Adviser to the Board of Trustees of Dualtech Training Foundation Inc. ⌖ Teaching Fellow at the Institute of Corporate Directors Inc. ⌖ previously Executive Vice-President, Chief Operating Officer and Director of JG Summit Petrochemical Corporation; President and Director of PT Union Carbide Indonesia; Managing Director of Union Carbide Singapore; Business Director, Union Carbide Asia Pacific; and President, Union Carbide Philippines.

Directorship in Other Listed Companies in the Philippines:

- Independent Director, RL Commercial REIT, Inc.

Academic Background: Completed his undergraduate studies at the University of the Philippines in 1969 with Bachelor of Science, Industrial Pharmacy ⌖ Master in Business Administration at the De La Salle University in 2001 ⌖
also completed an Executive Program at the University of Michigan at Ann Arbor, Michigan, USA

PROFILES OF THE
BOARD OF DIRECTORS

WILFREDO A. PARAS
Independent Director, 78

Business and Professional Background: Independent Director since June 29, 2011 and was re-elected on July 9, 2024 ⟡ currently Independent Director of RLC REIT Inc. ⟡ Senior Adviser to the Board of Trustees of Dualtech Training Foundation Inc. ⟡ Teaching Fellow at the Institute of Corporate Directors Inc. ⟡ previously Executive Vice-President, Chief Operating Officer and Director of JG Summit Petrochemical Corporation; President and Director of PT Union Carbide Indonesia; Managing Director of Union Carbide Singapore; Business Director, Union Carbide Asia Pacific; and President, Union Carbide Philippines.

Directorship in Other Listed Companies in the Philippines:
- Independent Director, RL Commercial REIT, Inc.

Academic Background: Completed his undergraduate studies at the University of the Philippines in 1969 with Bachelor of Science, Industrial Pharmacy ⟡ Master in Business Administration at the De La Salle University in 2001 ⟡ also completed an Executive Program at the University of Michigan at Ann Arbor, Michigan, USA

DIANA V. PARDO-AGUILAR
Non-Executive Director, 61

Business and Professional Background: first appointed as Director of the Company on November 13, 2019 and re-appointed on July 9, 2024 ⟡ appointed as Commissioner of the Social Security System (SSS) from August 2010 up to the present, chairs the Risk and Investments Committee of SSS, and sits as Member of the Audit Committee and the Information Technology & Coverage and Collection Committee ⟡ appointed Vice Chairperson (2024-present) and Director of Security Bank Corporation since April 2017, and Chairs the Trust Committee ⟡ Chairperson of SB Capital Investment Corporation since August 2016 ⟡ Independent Director of Medical Doctor's Inc. of Makati Medical Center since July 2018 and Chairperson of the Audit and Risk Committee since September 2018 ⟡ Director, Science Park of the Philippines since June 2020 ⟡ concurrent Board positions: Chairperson, Board of Trustees of La Salle Greenhills since September 2021; Member of De La Salle Philippines Investment Committee since July 2018; Chairperson of Investment Committee since December 2024; Member of La Salle Institute's International Economic Council (IEC) in Rome since October 2022 ⟡ Member of the Board of Governors, Employers Confederation of the Philippines since December 2018 ⟡ Consultant Advisor to the Board of Philippine Seven Corporation since January 2015 ⟡ Treasurer, Asian Holdings Corporation since 1994

Directorship in Other Listed Companies in the Philippines:
- Director, PXP Energy Corporation
- Director, Security Bank Corporation

Academic Background: Masters degree in Business Administration major in International Business and Finance from Pepperdine University California ⟡ Bachelor of Science in Computer Studies from De La Salle University

JESUS P. SALE JR.
Non-Executive Director, 62

Business and Professional Background: appointed Director on February 26, 2025 ⟡ Commissioner of the Social Security System (SSS) since March 26, 2024, representing the Workers' Group ⟡ Chairperson, Social Security Commission's Audit Committee and member of various committees of SSC: Benefits and Environment Committee, Societal and Governance (ESG) Oversight Committee, Risk Management and Actuarial Oversight Committee,and SSS Governance Committee ⟡ Nominee Director in the Board of AIA Tower Condominium Corporation, representing SSS ⟡ Vice President for Internal Affairs of the Associated

Marine Officers and Seamen's Union of the Philippines (AMOSUP), a Filipino seafarer organization affiliated with the International Transport Workers Federation (ITF) ⌖ President, Mariners Home, Incorporated, a wholly owned subsidiary of AMOSUP, and concurrently serving as the Administrator of various AMOSUP trust funds ⌖ admitted to the practice of law on April 12, 1996 and served in various capacities in the Bangko Sentral ng Pilipinas (BSP) from 1986 to 2002, including at the Department of Economic Research, the Office of the General Counsel and Legal Services, the Office of the Monetary Board, and as Board Secretary and Legal Counsel of the Central Bank Board of Liquidators

Academic Background: Earned his Juris Doctor from the College of Law, University of the Philippines ⌖ Master of Arts in Development Economics from the Center for Development Economics, Williams College, Massachusetts, USA ⌖ Bachelor of Arts in Economics, School of Economics, University of the Philippines, graduating cum laude

MANUEL L. ARGEL JR.
Non-Executive Director

Business and Professional Background: served as a member of the Board of Directors of the Company from January 16, 2024 until January 2, 2025.

SANTIAGO DIONISIO R. AGDEPPA
Non-Executive Director

Business and Professional Background: served as the representative director of the Social Security System in the Company's Board of Directors from July 9, 2024 until January 1, 2025 and was replaced by Mr. Jesus P. Sale Jr.

PHILEX MINING

SENIOR EXECUTIVES

EULALIO B. AUSTIN JR.
President & Chief Executive Officer

BARBARA ANNE C. MIGALLOS
Corporate Secretary

ROMEO B. BACHOCO
Treasurer, Chief Finance Officer, Chief Compliance Officer, Corporate Governance Officer and Chief Risk Officer

WINSTON S. CRUZ
Vice President, Legal General Counsel and Data Protection Officer

RICARDO S. DOLIPAS II
Vice President - Padcal Operations

VICTOR A. FRANCISCO
Vice President, Environment and Community Relations

PARALUMAN M. NAVARRO
Assistant Vice President, Corporate Finance

VENANCIO GEL A. ROMERO
Silangan Project Lead
Division Manager, Corporate Technical Services & Business Development

NOEL C. OLIVEROS
Division Manager, Exploration

SILANGAN MINDANAO MINING CO. INC.
DIRECTORS & SENIOR EXECUTIVES

MANUEL V. PANGILINAN
Chairman of the Board

EULALIO B. AUSTIN JR.
President & Chief Executive Officer
Executive Director

BARBARA ANNE C. MIGALLOS
Corporate Secretary

MICHAEL T. TOLEDO
Chief Operating Officer
Executive Director

MARILYN A. VICTORIO-AQUINO
Non-Executive Director

ROMEO B. BACHOCO
Treasurer and Chief Finance Officer
Executive Director

PARALUMAN M. NAVARRO
Financial Controller

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philex Mining Corporation

Opinion

We have audited the consolidated financial statements of Philex Mining Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with accounting principles generally accepted in the Philippines applied on the basis described in Note 2 to the consolidated financial statements.

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 audits 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 each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Deferred Exploration Costs

As at December 31, 2024, the carrying value of the Group's deferred exploration costs amounted to ₱33.69 billion. Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceeds the recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether there is any indication of impairment.

The Group's disclosures about deferred exploration costs are included in Notes 1 and 12 to the consolidated financial statements.

Audit response

We obtained management's assessment on whether there is any indication that deferred exploration costs may be impaired. We reviewed the summary of the status of each exploration project as of December 31, 2024. We reviewed the contracts and agreements, and the budget for exploration and development costs. We inspected the licenses/permits of each exploration project to determine that the period for which the Group has the right to explore in the specific area has not expired, will not expire in the near future, and will be renewed accordingly. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Recoverability of the Carrying Values of Property, Plant and Equipment and Investments in Associates

The carrying values of the Group's property, plant and equipment and investments in associates amounted to ₱4.87 billion and ₱3.75 billion, net of previously recognized impairment losses, as of December 31, 2024. The impairment on the Group's property, plant and equipment mainly relates to mine and mining properties. Under PAS 36, *Impairment of Assets*, an entity is required to assess whether indicators for impairment exist and if they exist, an impairment test is required. As the Group's operating mine, the Padcal Mine, is nearing the end of its mine life, the Group's net assets exceeding its market capitalization, and the Group's associates have observed continued decline in market share price, the carrying values of these assets may not be fully recovered. We consider this as a key audit matter because the assessment of the recoverability of the carrying values of property, plant and equipment and investments in associates require significant judgment and involves estimation and assumptions about future production levels and costs, as well as external inputs such as metal, oil and gas prices, discount rate, and foreign currency exchange rates.

The Group's disclosures about property, plant and equipment and investments in associates are included in Notes 9 and 11 to the consolidated financial statements, respectively.

INDEPENDENT AUDITOR'S REPORT

Audit response

We reviewed management's assessment of the recoverability of the carrying values of property, plant and equipment and investments in associates by evaluating whether indicators for potential impairment exist. We compared the assumptions used in forecasting the future cash flows against the budget business plans, published forecasted metal, oil and gas prices, forecasted foreign exchange rates and historical production costs. We compared the forecasted production quantities against the estimated ore, oil and gas reserves declared in the competent persons' reports. We involved our internal specialist to assist us in testing the parameters used in the determination of the discount rate against market data.

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, 2024 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, 2024 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 accounting principles generally accepted in the Philippines applied on the basis described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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 Peter John R Ventura.

SYCIP GORRES VELAYO & CO.

Peter John R. Ventura

Peter John R. Ventura
Partner
CPA Certificate No. 0113172
Tax Identification No. 301-106-741
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-158-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10465400, January 2, 2025, Makati City

February 26, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(AMOUNTS IN THOUSANDS, EXCEPT PAR VALUE PER SHARE)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱4,058,409**	₱3,814,350
Accounts receivable (Note 6)	**1,256,616**	405,641
Inventories (Note 7)	**952,362**	1,245,128
Other current assets (Note 8)	**777,244**	737,399
Total Current Assets	**₱7,044,631**	₱6,202,518
Noncurrent Assets		
Property, plant and equipment (Note 9)	**4,872,233**	3,356,714
Deferred exploration costs (Notes 12 and 20)	**33,688,616**	30,721,524
Investments in associates (Note 11)	**3,745,711**	3,575,019
Pension asset - net (Note 21)	**142,269**	180,388
Financial assets measured at FVOCI (Notes 10 and 30)	**192,966**	177,394
Other noncurrent assets (Note 13)	**3,587,830**	1,197,785
Total Noncurrent Assets	**46,229,625**	39,208,824
TOTAL ASSETS	**₱53,274,256**	₱45,411,342
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 16)	**₱3,180,852**	₱2,768,034
Short-term loans payable (Note 14)	**2,429,490**	1,605,730
Current portion of long-term debt (Note 15)	**462,760**	276,850
Subscription payable	**2,767**	2,767
Income tax payable	**54,920**	41,638
Dividends payable (Note 28)	**107,849**	224,257
Total Current Liabilities	**6,238,638**	4,919,276
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 15)	**12,584,136**	7,246,489
Deferred tax liabilities - net (Note 27)	**1,867,141**	1,555,037
Provision for losses	**2,342**	2,342
Total Noncurrent Liabilities	**14,453,619**	8,803,868
Total Liabilities	**20,692,257**	13,723,144

Forward

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(AMOUNTS IN THOUSANDS, EXCEPT PAR VALUE PER SHARE)

	December 31	
	2024	2023
Equity		
Capital stock - ₱1 par value (Note 28)	**₱5,782,399**	₱5,782,399
Additional paid-in capital	**2,885,163**	2,885,163
Retained earnings (Note 28)		
Unappropriated	**9,985,424**	9,287,207
Appropriated	**10,500,000**	10,500,000
Net revaluation surplus	**1,849,971**	1,849,971
Equity conversion option (Note 15)	**857,863**	857,863
Equity reserves (Note 15)	**367,655**	367,655
Effect of transactions with non-controlling interests	**77,892**	77,892
Share in cumulative translation adjustment of an associate (Note 11)	**176,080**	–
Net unrealized gain on financial assets measured at FVOCI and derivatives (Note 10)	**99,861**	80,346
Equity attributable to equity holders of the parent company	**32,582,308**	31,688,496
Non-controlling interests (Note 28)	**(309)**	(298)
Total Equity	**32,581,999**	31,688,198
TOTAL LIABILITIES AND EQUITY	**₱53,274,256**	₱45,411,342

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

(AMOUNTS IN THOUSANDS, EXCEPT PAR VALUE PER SHARE)

	Years Ended December 31		
	2024	2023	2022
REVENUES (Note 17)	**₱8,182,983**	₱7,726,058	₱9,261,576
COSTS AND EXPENSES (Note 18)			
Production costs	**5,609,795**	5,209,185	4,864,929
Depletion, amortization and depreciation	**904,629**	698,416	1,413,250
Excise taxes and royalties	**523,978**	522,500	591,905
General and administrative expenses	**260,392**	242,418	249,640
	7,298,794	6,672,519	7,119,724
OTHER INCOME (CHARGES)			
Gain on modification of financial liability - net of impairment, other provisions and reversals (Notes 7, 9 and 15)	**272,608**	–	125,664
Interest expense (Note 14)	**(113,679)**	–	–
Foreign exchange gain (loss) - net (Note 23)	**(107,126)**	22,043	82,703
Interest income (Note 5)	**65,876**	58,381	25,045
Share in net losses of associates (Note 11)	**(5,388)**	(30,658)	(26,804)
Others - net	**100,984**	49,268	(19,705)
	213,275	99,034	186,903
INCOME BEFORE INCOME TAX	**1,097,464**	1,152,573	2,328,755
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)			
Current	**196,895**	253,330	838,743
Deferred	**90,381**	(118,759)	(305,501)
	287,276	134,571	533,242
NET INCOME	**₱810,188**	₱1,018,002	₱1,795,513
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	**₱810,199**	₱1,018,008	₱1,795,517
Non-controlling interests (Note 28)	**(11)**	(6)	(4)
	₱810,188	₱1,018,002	₱1,795,513
Basic/Diluted Earnings Per Share (Note 29)	**₱0.14**	₱0.18	₱0.34

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(AMOUNTS IN THOUSANDS)

	Years Ended December 31		
	2024	2023	2022
NET INCOME	**₱810,188**	₱1,018,002	₱1,795,513
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Share on other comprehensive income of an associate (Note 11)	**176,080**	–	–
Gain (loss) on fair value of derivatives (Note 16)	**8,283**	(1,791)	17,556
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain on financial assets measured at FVOCI (Note 10)	**11,232**	27,267	19,995
Remeasurement gain (loss) on pension asset - net (Note 21)	**4,888**	(145,186)	2,095
Income tax effect on remeasurement gain (loss) on pension asset - net (Notes 21 and 27)	**(1,222)**	36,297	(524)
	199,261	(83,413)	39,122
TOTAL COMPREHENSIVE INCOME	**₱1,009,449**	₱934,589	₱1,834,635
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**₱1,009,460**	₱934,595	₱1,834,639
Non-controlling interests (Note 28)	**(11)**	(6)	(4)
	₱1,009,449	₱934,589	₱1,834,635

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

(AMOUNTS IN THOUSANDS)

	Equity Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 28)	**Additional Paid-In Capital**	**Retained Earnings** (Note 28)		**Net unrealized gain on financial assets measured at FVOCI and derivatives** (Notes 11 and 23)	**Share in Cumulative Translation Adjustment of an Associate** (Note 11)	**Equity Conversion Option** (Note 15)	**Equity Reserves** (Note 15)	**Net Revaluation Surplus** (Note 4)	**Effect of Transactions with Non-controlling Interests**	**Subtotal**	**Non- controlling Interests** (Note 28)	**Total**
			Unappropriated	**Appropriated**									
BALANCES AT JANUARY 1, 2022	₱4,940,399	₱1,143,981	₱6,943,648	₱10,500,000	₱17,319	₱–	₱1,225,518	₱–	₱1,849,971	₱77,892	₱26,698,728	(₱288)	₱26,698,440
Net income	–	–	1,795,517	–	–	–	–	–	–	–	1,795,517	(4)	1,795,513
Other comprehensive income (loss)	–	–	1,571	–	37,551	–	(367,655)	367,655	–		39,122	–	39,122
Total comprehensive income (loss)	–	–	1,797,088	–	37,551	–	(367,655)	367,655	–	–	1,834,639	(4)	1,834,635
Issuance of shares (Note 28)	842,000	1,741,182				–	–	–	–		2,583,182	–	2,583,182
Declaration of dividends (Note 28)	–	–	(247,000)	–	–	–	–	–	–	–	(247,000)	–	(247,000)
BALANCES AT DECEMBER 31, 2022	₱5,782,399	₱2,885,163	₱8,493,736	₱10,500,000	₱54,870	₱–	₱857,863	₱367,655	₱1,849,971	₱77,892	₱30,869,549	(₱292)	₱30,869,257
Net income	–	–	1,018,008	–	–	–	–	–	–	–	1,018,008	(6)	1,018,002
Other comprehensive income (loss)	–	–	(108,889)	–	25,476	–	–	–	–	–	(83,413)	–	(83,413)
Total comprehensive income (loss)	–	–	909,119	–	25,476	–	–	–	–	–	934,595	(6)	934,589
Declaration of dividends (Note 28)	–	–	(115,648)	–	–	–	–	–	–	–	(115,648)	–	(115,648)
BALANCES AT DECEMBER 31, 2023	**₱5,782,399**	**₱2,885,163**	**₱9,287,207**	**₱10,500,000**	**₱80,346**	**₱–**	**₱857,863**	**₱367,655**	**₱1,849,971**	**₱77,892**	**₱31,688,496**	**(₱298)**	**₱31,688,198**
Net income	–	–	**810,199**	–		–	–	–	–	–	**810,199**	**(11)**	**810,188**
Other comprehensive income	–	–	**3,666**	–	**19,515**	**176,080**	–	–	–	–	**199,261**	–	**199,261**
Total comprehensive income	–	–	**813,865**	–	**19,515**	**176,080**	–	–	–	–	**1,009,460**	**(11)**	**1,009,449**
Declaration of dividends (Note 28)	–	–	**(115,648)**	–	–	–	–	–	–	–	**(115,648)**	–	**(115,648)**
BALANCES AT DECEMBER 31, 2024	**₱5,782,399**	**₱2,885,163**	**₱9,985,424**	**₱10,500,000**	**₱99,861**	**₱176,080**	**₱857,863**	**₱367,655**	**₱1,849,971**	**₱77,892**	**₱32,582,308**	**(309)**	**₱32,581,999**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(AMOUNTS IN THOUSANDS)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,097,464**	₱1,152,573	₱2,328,755
Adjustments for:			
Depletion, amortization and depreciation (Note 20)	**920,495**	711,847	1,428,200
Gain on modification of financial liability - net of impairment, other provisions, reversals and gain (Notes 7, 9 and 15)	**(272,608)**	–	(125,664)
Unrealized foreign exchange losses (gains) - net	**70,115**	(4,821)	55,221
Interest income (Note 5)	**(65,876)**	(58,381)	(25,045)
Movement in pension assets - net	**43,007**	15,151	13,979
Share in net losses of associates (Note 11)	**5,388**	30,658	26,804
Operating income before working capital changes	**1,797,985**	1,847,027	3,702,250
Decrease (increase) in:			
Accounts receivable	**(609,353)**	159,306	(113,699)
Inventories	**292,766**	(94,039)	859,375
Input VAT and other current assets	**(478,439)**	(633,844)	(328,169)
Increase in accounts payable and other current liabilities	**421,101**	79,336	220,026
Net cash flows generated from operations	**1,424,060**	1,357,786	4,339,783
Income taxes paid	**(195,183)**	(325,543)	(895,635)
Interest received	**65,876**	58,381	25,045
Net cash flows generated from operating activities	**1,294,753**	1,090,624	3,469,193
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in deferred exploration costs (Notes 12 and 32)	**(2,563,171)**	(856,479)	(896,947)
Additions to property, plant and equipment (Note 9)	**(2,473,764)**	(1,354,029)	(1,026,920)
Increase in other noncurrent assets	**(1,939,881)**	(23,491)	(237)
Net cash flows used in investing activities	**(6,976,816)**	(2,233,999)	(1,924,104)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of short-term bank loans (Note 14)	**1,710,028**	–	–
Availment of long-term bank loans (Note 15)	**5,835,216**	1,382,500	–
Stocks rights offering (Note 28)	**–**	–	2,583,182
Payments of:			
Short-term bank loans (Note 14)	**(968,508)**	–	–
Long-term bank loans (Note 15)	**(288,143)**	(110,600)	–
Dividends (Note 28)	**(232,056)**	(234,737)	(356,067)
Debt issuance cost (Note 15)	**(121,820)**	–	–
Convertible bonds (Note 15)	**–**	–	(2,741,009)
Net cash flows generated from (used in) financing activities	**5,934,717**	1,037,163	(513,894)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**252,654**	(106,212)	1,031,195
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(8,595)**	(4,734)	3,338
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,814,350**	3,925,296	2,890,763
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱4,058,409**	₱3,814,350	₱3,925,296

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

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

Corporate Information

Philex Mining Corporation (PMC; the Ultimate Parent Company) was incorporated on July 19, 1955 in the Philippines and is listed in the Philippine Stock Exchange on November 23, 1956. The Parent Company's Philippine Securities and Exchange Commission (SEC) registration was renewed on July 23, 2004 after reaching 50 years corporate life. The Parent Company and its subsidiaries (collectively, the Group) are primarily engaged in large-scale exploration, development and utilization of mineral resources.

The Parent Company's registered business address is 2nd Floor LaunchPad, Reliance Street corner Sheridan Street, Mandaluyong City, Metro Manila.

Status of Business Operations

Padcal Mine Operations

The Parent Company has the Padcal Mine as its main source of revenue. The Padcal Mine produces copper concentrates containing gold, copper and silver.

The Parent Company continues to explore various globally-accepted mining practices and employ engineering interventions as well as operational efficiency improvements.

On June 25, 2021, the Padcal Mine life has been extended until December 31, 2024. Subsequently, on December 7, 2022, the life of Padcal Mine has been extended for another three (3) years up to December 31, 2027. Further, on December 5, 2024, based on a completed study after recalibrating the mining plan, the life of the Padcal Mine is extended for another year from December 2027 to 2028.

On top of the mineable reserves declared for the 2027 mine life, additional tonnage from the mining of pillars at the 760-ML Production Level with good grades, and tonnage from previously developed draw points beyond one hundred percent extraction, also with good grades, led to the extension of the mine life to 2028. Price sensitivity analyses were applied on the remaining reserves, which further confirmed the economic viability of extending the mine life.

Philex Gold Philippines, Inc. (PGPI)

PGPI operated the Bulawan Mine in Negros Occidental from 1996 to 2002, when it was decommissioned due to unfavorable metal prices. PGPI currently holds 98.9% of Lascogon Mining Corporation (LMC).

Silangan Mindanao Mining Co. Inc. (SMMCI)

SMMCI finalized the definitive feasibility study (DFS) for an underground sub-level cave mining method for the Silangan Project. The DFS that was approved at the Parent Company's board meeting in July 2019 covering 81 Million tonnes (Mt) of ore reserves of the Boyongan deposit carrying high-quality copper and gold grades from a total mineral resource of 571 Mt. Financial advisers were engaged to secure funding for the project to proceed with its development plan.

Also, in July 2019, the Silangan Copper-Gold Project was granted an Environmental Compliance Certificate (ECC) for underground sub-level cave mining method. Following the grant of ECC, the Department of Environment and Natural Resources (DENR), through the Mines and Geosciences

Bureau (MGB), in a letter dated September 26, 2019, has approved the underground sub-level cave mining method in connection with the previously issued Order dated April 10, 2015 approving the Declaration of Mining Project Feasibility (DMPF) of the Silangan Copper-Gold Project under MPSA No. 149-99-XIII.

The approval of the underground sub-level cave mining method under the DMPF included the ECC Three Year Development and/or Utilization Work (3YD/UWP) Program for second-half (2H) of 2019 to first-half (1H) of 2020, the Environmental Protection and Enhancement Program (EPEP), Final Mine Rehabilitation and Decommissioning Plan (FMRDP) and Social Development and Management Program (SDMP). A revised 3YD/UWP covering three (3) years was submitted to MGB Central Office on December 27, 2020.

In December 2020, the DENR approved the renewal for another 25-year term of Mineral Production Sharing Agreement (MPSA) No. 149-99-XIII. The additional 25-year term shall commence from December 29, 2024 subject to the same terms and conditions provided under MPSA No. 149-99-XIII and the applicable laws, rules and regulations that are existing or may be promulgated and the continuing compliance therewith from the date of the DENR's order up to the expiration of the initial term of MPSA No. 149-99-XIII.

In July 2021, the Board of Directors (BOD) of the Parent Company has approved the In-Phase Mine Plan of the Silangan Project. With the plan, the capital expenditure requirement will be made in stages, and to be funded from a variety of sources including internally-generated cash and through equity and debt financing.

In January 2022, the Parent Company completed the In-Phase Mine Plan feasibility study and updated the mineable reserve estimate for the Boyongan deposit in accordance with the 2012 Philippine Mineral Reporting Code ("PMRC"). Under the In-Phase Mine Plan of the Silangan Project, Silangan is expected to commence operation with a starter sub-level cave mine using copper and gold leaching processes with ore production of 2,000 tonnes per day or 700 thousand tonnes per year for the first five (5) years, then ramp up to 4,000 tonnes per day or 1.3 Mt per year up to year 8. Starting year nine (9) when copper flotation circuit will be added to the process plant, ore production and processing rates will further increase to 8,000 tonnes per day or 2.7 Mt per year before the final ramp up to 12,000 tonnes per day or 4 Mt per year on year 12. Based on the study, the life of mine for the Boyongan deposit under Phase 1 is 28 years with estimated total mineable reserves of 81 Mt at 0.67% copper and 1.13 grams per tonne gold, containing estimated metals of 2.8 million ounces of gold and 993 million pounds of copper. The initial capital to develop the starter mine over 2.5 years is estimated at US$224 million.

In August 2022, the Parent Company completed the stock rights offering (SRO) as part of the funding plan for the financing of the development of the Silangan Project under SMMCI. The net proceeds of the SRO were invested as equity in SMMCI through SMECI in October 2022 (see Note 28).

In November 2023, SMMCI, together with the Parent Company and SMECI (serving as the guarantor and share collateral security guarantor, respectively), entered into an Omnibus Loan and Security Agreement (OLSA) with the local banks. This agreement included a loan facility denominated in US dollars amounting to up to US$60 million and another loan facility denominated in Philippine Pesos, amounting to ₱2.2 billion, or approximately US$100 million in total.

On February 27, 2024, SMMCI signed a Deed of Accession for an additional US$70 million with the local banks. The signing of the agreement completes the total loan facility of US$170 million needed to bring the Silangan Project into commercial operation (see Note 15).

The Front End Engineering and Design ("FEED") works for the mine, process plant and tailings storage facility were completed by third quarter of 2022. Excavation and earthmoving works for the mine boxcut started in 2022, and by April 30,2023, the stabilization of the "benches" or slope was completed.

Further, the construction of the East Portal canopy was completed on March 31, 2023. The completion of the boxcut and the portal ushered in the development of the main access decline to the orebody starting May 1, 2023 and was completed upon reaching chainage 552 meters by end of September 2024. Meanwhile, the construction of the West Portal canopy was completed on August 31, 2023 and will be used as an additional access to the ore body in year 2031. The construction of the ventilation exhaust shaft started in May 2024 and is now at 41 meters. The balance of 69 meters is targeted by end of March 2025. The main decline and the exhaust shafts will provide fresh air flow, remove the contaminated air and lower the heat and humidity of working in the underground mine for the initial period of the mine. The drilling of 10 additional dewatering wells, one geotech hole to de-risk spiral decline location and additional 14 hydro monitoring holes drilling were completed in March 2023. The 12 dewatering wells were all commissioned in September 2024. The dewatering activities continues at the existing old decline via face pumping and pumps installed at the existing ventilation shaft and service borehole as part of the risk mitigation procedures.

Ausenco Services Pty Ltd, from Brisbane Australia, was awarded the scope of Engineering, Procurement, construction management and commissioning contract on January 22, 2024, for the copper leaching-gold leaching process plant. The bulk earthworks for the process plant have been tendered and was awarded by first quarter of 2024. The tender process for the general contractor of the process plant had started in February 2024 and was awarded to EEI Corporation in July 2024. Galeo Equipment Corporation completed the bulk excavation of the process plant pad in September 2024. As of February 26, 2025, EEI Corporation is working on the SAG Mill, crusher, copper leaching, gold leaching and tailings thickening areas. The installation of the SAG Mill, a major equipment of the process plant will commence in March 2025 and will be completed a month later.

The contract for the Tailings Storage Facility (TSF) construction was awarded to Galeo Equipment Corporation in February 2024. Construction of the main embankment is now at 54% completion as of February 26, 2025. Construction is based on the detailed design completed by Tetra Tech Coffey of Australia, SMMCI's consultant on TSF. SMMCI has full control over the lands necessary for the first 5 years of operation and about 99% control over all lots for the 28 years of mine, including those under long-term leases.

The project is slated for initial production by first quarter of 2026.

Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 are authorized for issuance by the Parent Company's BOD on February 26, 2025.

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

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for mine products inventories that are measured at net realizable value (NRV), and for financial assets measured at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency, rounded off to the nearest thousands, except when otherwise indicated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards, except for the Parent Company's mine product inventories that are measured at NRV which was permitted by the Philippine SEC.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the new standards in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements of the Group:

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

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

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

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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*

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2024 and 2023. The Group's subsidiaries and the respective nature of their businesses are as follows:

Subsidiaries	Nature of Business
PGPI	Incorporated in the Philippines on August 9, 1996 as a wholly-owned subsidiary of Philex Gold Inc. (PGI) and became a wholly-owned subsidiary of PGHI on April 27, 2010. In 2015, PGPI was acquired and 100% owned by the Parent Company. PGPI was primarily engaged in the operation of the Bulawan Mine and the development of the Sibutad Project both on care and maintenance status since 2002. PGPI currently owns 98.9% of the outstanding shares of LMC.
LMC	Incorporated in the Philippines on October 20, 2005 to engage in exploration, development and utilization of mineral resources, particularly the Lascogon Project in Surigao del Norte.
SMECI	Incorporated in the Philippines on October 12, 1999 primarily to engage in the business of large-scale exploration, development and utilization of mineral resources; currently the holding company of SMMCI.
SMMCI	Incorporated in the Philippines on January 4, 2000 primarily to engage in the business of large-scale exploration, development and utilization of mineral resources, principally the Silangan Project.
Fidelity Stock Transfers, Inc. (FSTI)	Incorporated in the Philippines on December 28, 1981 to act as a stock transfer agent and/or registrar of client corporations. The company is currently in dormant status.
Philex Land, Inc. (PLI)	Incorporated in the Philippines on February 26, 2007 to own, use, develop, subdivide, sell, exchange, lease, and hold for investment or otherwise, real estate of all kinds including buildings, houses, apartments and other structures. PLI is currently in liquidation. On March 9, 2021, the SEC approved the amendments of the Articles of Incorporation shortening its life until March 31, 2021.
Philex Gold Holdings, Inc. (PGHI)	Incorporated in the Philippines on August 28, 1996 to serve as an intermediary holding company through which its subsidiaries and the Parent Company conduct large-scale exploration, development and utilization of mineral resources. PGHI owned 100% of the outstanding shares of PGPI effective April 27, 2010. In 2015, PGHI sold 100% of its ownership in PGPI to the Parent Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

The ownership of the Group over the foregoing companies in 2024 and 2023 are summarized as follows:

	Percentages of Ownership	
	Direct	Indirect
PGHI	100.0	–
PGPI	100.0	–
LMC	–	98.9
SMECI	100.0	–
SMMCI	–	100.0
FSTI	100.0	–
PLI	100.0	–

Financial Assets

Initial Recognition and Measurement

The Group's financial assets are in the nature of financial assets at FVTPL, FVOCI and amortized cost (debt instruments).

Subsequent Measurement

The Group's financial asset at FVTPL pertains to trade receivables that are subject to provisional pricing. These receivables are measured at FVTPL, with subsequent changes in fair value recognized in the consolidated statement of income each period until final settlement.

The Group's financial assets at FVOCI pertain to investments in quoted and unquoted shares of stock. Changes in fair value are recognized in the consolidated statements of comprehensive income with no recycling to profit or loss, and cumulative changes in the fair value of the financial asset is closed to retained earnings upon disposal.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in statements in income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash in banks, short-term deposits, trade receivables (not subject to provisional pricing) and loans receivable.

Financial Liabilities

Initial Recognition and Measurement

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

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

The Group has no financial liabilities carried at FVTPL as at December 31, 2024 and 2023.

Subsequent Measurement (Loans and borrowings and payables)

The Group's financial liabilities at amortized cost applies to accounts payables and other current liabilities, short-term loans payable, long-term debt, and dividends payable.

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

Inventories
Mine products inventory, which consist of copper concentrates containing copper, gold and silver, are stated at NRV. Materials and supplies are valued at the lower of cost and NRV.

NRV for mine products inventory is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. In the case of materials and supplies, NRV represents the current replacement cost.

Costs of materials and supplies comprise all costs of purchase and other costs incurred in bringing the materials and supplies to their present location and condition. The purchase cost is determined on a moving average basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Value-added Tax (VAT)

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

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

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depletion and depreciation and accumulated impairment in value, if any. Land is stated at cost, less any impairment in value.

The initial cost of property, plant and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use and any estimated cost of dismantling and removing the property, plant and equipment item and restoring the site on which it is located to the extent that the Group had recognized the obligation to that cost. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of income as incurred.

When assets are sold or retired, the cost and related accumulated depletion and depreciation, and accumulated impairment in value are removed from the accounts and any resulting gain or loss is recognized in the consolidated statements of income.

Depletion or amortization of mine and mining properties is calculated using the units-of-production method based on estimated recoverable reserves.

Depreciation of other items of property, plant and equipment is computed using the straight-line method over the estimated useful lives of the assets or mine life whichever is shorter as follows:

	No. of Years
Buildings	10 to 40
Building improvements	5 to 10
Machinery and equipment	2 to 20
Surface structures	10

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 recoverable reserves, useful lives, and depreciation and depletion methods are reviewed periodically to ensure that the estimated recoverable reserves, periods and methods of depletion and depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

Property, plant and equipment also include the estimated costs of rehabilitating the Parent Company's Padcal Mine for which the Group is constructively liable. These costs, included under land, buildings and improvements, are amortized using the units-of-production method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

Level and block development (included as part of mine and mining properties) and construction in progress are stated at cost, which includes the cost of construction, plant and equipment, other direct costs and borrowing costs. Block development and construction in progress are not depleted nor amortized until such time as these are completed and become available for use.

Deferred Exploration Costs

Expenditures for exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource) are deferred as incurred and included under "Deferred exploration costs" account in the consolidated statements of financial position. If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures, and subsequent mine development costs are capitalized as part of the mine and mining properties account classified under property, plant and equipment. Prior to reclassification, deferred exploration costs are assessed for impairment.

A valuation allowance is provided for unrecoverable deferred exploration costs based on the Group's assessment of the future prospects of the exploration project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or when the project is abandoned, the deferred exploration costs associated with the project and the related impairment provisions 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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for intended use or sale are capitalized as part of the asset. Borrowing costs consist of interest on borrowed funds used to finance the construction of the asset and other financing costs that the Group incurs in connection with the borrowing of funds. The capitalization of borrowing costs: (i) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (ii) is suspended during the extended periods in which active development, improvement and construction of the assets are interrupted; and (iii) ceases when substantially all the activities necessary to prepare the assets are completed.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Investments in Associates

The Group holds an interest in associates, Lepanto Consolidated Mining Company (Lepanto) and PXP Energy Corporation (PXP). The financial statements of these associates are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognizing the Group's share of the profit or loss of the investees after the date of acquisition.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its shares 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 associate are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share in net losses of associates' in the consolidated statement of income.

Impairment of Non-financial Assets

The Group's non-financial assets include property, plant and equipment, deferred exploration costs, investments in associates and input VAT. The Group assesses at each reporting date whether there is indication that a noncurrent non-financial asset or Cash Generating Unit (CGU) may be impaired. If any indication exists, or when an annual impairment testing for such items is required, the Group makes an estimate of their recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use (VIU), and is determined for an individual item, unless such item does not generate cash inflows that are largely independent of those from other assets or group of assets or CGUs. When the carrying amount exceeds its recoverable amount, such item is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows to be generated by such items are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU. Impairment losses of continuing operations are recognized in the consolidated statements of income in the expense categories consistent with the function of the impaired asset.

An assessment is made at least on each consolidated statements of financial position date as to whether there is indication that previously recognized impairment losses may no longer exist or may have decreased. If any indication exists, the recoverable amount is estimated, and a previously recognized impairment loss is reversed only if there has been a change in the estimate in the asset's or CGU's recoverable amount since the last impairment loss was recognized. If so, the carrying amount of the item is increased to its new recoverable amount which cannot exceed the impairment loss recognized in prior years. Such reversal is recognized in the consolidated statements of income unless the asset or CGU is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount less any residual value on a systematic basis over its remaining estimated useful life.

Mine Rehabilitation Costs
The Group records the present value of estimated costs of legal and constructive obligations required to restore the mine site upon termination of the mine operations. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and settling ponds, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed, or the ground or environment is disturbed at the mine site. When the liability is initially recognized, the present value of the estimated cost is capitalized as part of the carrying amount of the related mining assets.

Changes to estimated future costs are recognized in the consolidated statements of financial position by either increasing or decreasing the rehabilitation liability and asset to which it relates if the initial estimate was originally recognized as part of an asset measured in accordance with PAS 16, *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statements of income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with PAS 36. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

For closed sites, changes to estimated costs are recognized immediately in the consolidated statements of income.

Revenue Recognition
Revenue from contracts with customers is recognized when control passes to the customer, which occurs at a point in time when the ore concentrates is physically transferred onto a shipping vessel. The revenue is measured at the amount to which the Group expects to be entitled, being estimate of the price expected using forward price.

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

Revenue from Sale of Mine Products
Revenue from sale of mine products is measured based on shipment value price, which is based on quoted metal prices in the London Metals Exchange (LME) and London Bullion Metal Association (LBMA) and weight and assay content, as adjusted for smelting charges to reflect the NRV of mine products inventory at the end of the financial reporting period. Contract terms for the Group's sale of metals (i.e., gold, silver and copper) in concentrates and bullion allow for a price adjustment based on final assay results of the metal content by the customer.

Provisional Pricing Adjustments
The terms of metal in copper concentrates sales contracts with third parties contain provisional arrangements whereby the selling price for the metal is based on prevailing spot prices on a specified future date after shipment to the customer (the quotation period). These provisional arrangements are considered embedded derivatives. Mark-to-market adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement, and such adjustments are recorded as part of revenue. The period between provisional invoicing and final settlement can be between one (1) and three (3) months. Depending on the arrangement with the buyer, initial payment could be ninety

percent (90%) or hundred percent (100%) of the provisional shipment value is collected within a week from shipment date, while the remaining balance is collected upon determination of the final shipment value on final weight and assay for metal content and prices during the applicable quotational period less deduction for smelting charges.

Smelting Charges
Contract terms on the sale of copper, gold and silver includes smelting charges deducted on the invoice price. Smelting charges are deducted from revenue to arrive at revenue from contracts with customers since smelting charges are considered as consideration payable to a customer in order to transform the unprocessed ore concentrates into its marketable form.

<u>Foreign-Currency-Denominated Transactions and Translations</u>
The Group's consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. 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 denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the rate of exchange at the reporting date. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchanges rates at the date when the fair value was determined.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss shall be recognized in the consolidated statements of comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in the consolidated statements of income.

<u>Retirement Costs</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), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in consolidated statement of income. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Income Taxes

Current Income Tax

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits in the form of minimum corporate income tax (MCIT) and unused tax losses in the form of net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and

Deferred tax liabilities are provided on temporary differences that arise when the tax bases of the identifiable assets acquired and liabilities assumed are not affected by the business combination or are affected differently.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

Diluted EPS amount is calculated by dividing the net income for the year attributable to ordinary equity holders of the Parent 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 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.

Provisions
Provisions 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, 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.

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

Events After Reporting Date
Events after the consolidated statement of financial position date that provide additional information about the Group's position at the consolidated statement of financial position date (adjusting events) are reflected in the consolidated financial statements. Events after the consolidated statement of financial position date that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the Philippines requires the management of 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 any 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.

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

Determination of the Functional Currency
The Parent Company and most of its local subsidiaries based on the relevant economic substance of the underlying circumstances, have determined their functional currency to be the Philippine peso. It is the currency of the primary economic environment in which the Parent Company and most of its local subsidiaries primarily operates.

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 the board seat representations it has in the associate's governing body, its interchange of managerial personnel with the associate, and material transactions between the Group and its investee, among others.

As at December 31, 2024 and 2023, the Group assessed that it has significant influence over Lepanto and has accounted for the investment as associate. 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 11).

Estimates and Assumption

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

Measurement of Mine Products Revenue

Mine products revenues are provisionally priced until or unless these are settled at pre-agreed future or past dates referred to as "quotational period," the prevailing average prices at which time become the basis of the final price. Revenue on mine products is initially recognized based on shipment values calculated using the provisional metals 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 revenues amounted to ₱8,182,983, ₱7,726,058 and ₱9,261,576, in 2024, 2023 and 2022, respectively (see Note 17).

Measurement of NRV of Mine Products Inventory

The NRV of mine products inventory is the estimated sales value less costs to sell, which can be derived from such inventory based on its weight and assay for metal content, and the LME and LBMA for prices, which also represents an active market for the product. Changes in weight and assay for metal content as well as the applicable prices as the mine products inventory are eventually shipped and sold are accounted for and accordingly adjusted in revenue. The NRV of mine products inventory as at December 31, 2024 and 2023 amounted to ₱356,296 and ₱712,357, respectively. The changes in NRV were also reflected as part of mine products revenue for the years then ended (see Note 7).

Write-down of Carrying Values of Materials and Supplies Inventories

The Group carries material and supplies inventories at NRV when such value is lower than cost due to damage, physical deterioration, obsolescence or other causes. When it is evident that the NRV is lower than its cost based on physical appearance and condition of inventories, an allowance for inventory obsolescence is provided. The carrying value of materials and supplies inventories amounted to ₱596,063 and ₱532,771, as at December 31, 2024 and 2023, respectively, net of allowance for impairment loss of ₱107,135 as at December 31, 2024 and 2023 (see Note 7).

Impairment of Mine and Mining Properties

Impairment assessments require the use of estimates and assumptions such as future cash flows, discount rates, estimated ore reserves, forecasted metal prices, and production quantities. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. In such circumstances, some or all of the carrying amount of the assets/CGUs may be further impaired or the impairment charge reduced with the impact recognized in the consolidated statement of income. In assessing value in use, the estimated future cash flows are discounted to their present value using a suitable discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Management has determined that there are no events or changes in circumstances in 2024 and 2023 that may indicate that the carrying value on property, plant and equipment may not be recoverable. Accordingly, no impairment loss was recognized in 2024 and 2023, while in 2022, the Group recognized a provision for impairment loss amounting to ₱290,000 from a specific portion of the Padcal Mine that is inaccessible. The carrying value of mine and mining properties amounted to ₱2,073,061 and ₱1,928,133 as at December 31 2024 and 2023, respectively (see Note 9)

Estimation of Useful Lives of Property, Plant and Equipment
The Group estimates the useful lives of depreciable property, plant and equipment, except for mine and mining properties, based on internal technical evaluation and experience. These estimated useful lives are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence, and other limits on the use of the assets. For mine and mining properties which were depreciated based on units-of production, the Group estimates and periodically reviews the remaining recoverable reserves to ensure that remaining reserves are reflective of the current condition of the mine and mining properties.

In 2023, the Parent Company changed the estimated useful life of its property, plant and equipment in relation to the extension of the Padcal Mine life until December 31, 2027. On December 5, 2024, based on a completed study after recalibrating the mining plan, the life of the Padcal Mine is extended for another year from December 2027 to December 2028 (see Note 1).

The Parent Company assessed that the depreciable life used is generally longer than the previously identified estimated useful life and expected pattern of economic benefits. The changes made in the useful life were accounted for as a change in accounting estimates and were recognized prospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (see Note 9).

The estimated useful lives of the Group's property, plant and equipment are disclosed in Note 2 to the consolidated financial statements.

As at December 31, 2024 and 2023, carrying value of property, plant and equipment amounted to ₱4,872,233 and ₱3,356,714, respectively (see Note 9).

Estimation of Ore Reserves
Ore reserves were determined using various factors such as market price of metals and production costs among others. These are economically mineable reserves based on the current market condition and concentration of mineral resource. Reserves are key inputs to depletion, amortization and decommissioning provisions.

As discussed in Note 1, the Padcal Mine life has been extended until December 2028.

As at December 31, 2024 and 2023, the carrying value of the mine and mining properties amounted to ₱2,073,061 and ₱1,928,133, respectively (see Note 9).

Estimation of Provision for Mine Rehabilitation Costs
The Group recognized a liability relating to the estimated costs of mine rehabilitation. The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates.

Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at each 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 statements of financial position by adjusting the rehabilitation asset and liability. If the net rehabilitation provisions of revised mine assets for mature mines exceed the carrying value, that portion of the increase is charged directly to the consolidated statements of income.

For closed sites, changes to estimated costs are recognized immediately in the consolidated statements of income. The Group's provision for mine rehabilitation costs amounted to ₱137,045 as at December 31, 2024 and 2023 (see Note 9).

Impairment of Investments in Associates
The Group performs impairment review of investments in associates when events or changes in circumstances indicate that the carrying amount may be impaired. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of FVLCD or its VIU.

PXP has observed continued decline in market share price. As a result, the Parent Company has determined this to be an impairment indicator on its investment in PXP.

The Parent Company determined that the recoverable amount of its investment in PXP is its VIU. This requires an estimation of the VIU in the investment. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset flows. The impairment on investment in an associate is determined by comparing: (a) the carrying amount of the investment; and (b) the present value of the annual projected cash flows covering the duration of the service contracts for the oil and gas fields computed under the discounted cash flow method.

VIU is most sensitive to changes in forecasted oil and gas prices and discount rate.

The Parent Company estimated the recoverable amount of the investment in PXP based on VIU calculation using a discounted cash flow model from financial budgets covering the duration of the service contracts for the oil and gas fields. The following describes each key assumption on which management based its cash flow projections to undertake impairment testing:

- *Forecasted oil and gas prices* - which are estimated with reference to external market forecasts of Brent crude prices and Japan liquefied natural gas prices.

- *Discount rate* - the pre-tax discount rate, which is derived from PXP's weighted average cost of capital (WACC), is 15.5% and 16.5% as at December 31, 2024 and 2023, respectively.

Based on the assumptions above, no impairment in the Parent Company's investment in PXP in 2024 and 2023. Information on the Group's impairment losses on its investments in associates is disclosed in Note 11.

Impairment of Deferred Exploration Costs
The Group reviews the carrying values of its deferred exploration costs whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves.

An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value. The carrying value of deferred exploration costs amounted to ₱33,688,621 and ₱30,721,524, net of allowance of impairment loss amounting to ₱3,825,412 as at December 31, 2024 and 2023, respectively (see Note 12).

Impairment of Input VAT
Internal and external sources of information are reviewed at each reporting date to identify indications that input VAT may be impaired or an impairment loss previously recognized no longer exists or may be decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount.

As at December 31, 2024 and 2023, the carrying value of input VAT amounted to ₱2,221,374 and ₱1,695,626, respectively (see Notes 8 and 13).

Recognition of Deferred Tax Assets
The Group reviews the carrying amounts at each end of reporting period and adjusts the balance of deferred income 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 income tax assets to be utilized. The sufficiency of future taxable profits requires the use of assumptions, judgments and estimates, including future prices of metals, volume of inventories produced and sold, and amount of costs and expenses that are subjectively determined like depreciation.

As at December 31, 2024 and 2023, deferred income tax assets recognized in the consolidated statements of financial position amounted to ₱91,027 and ₱134,248, respectively. As at December 31, 2024 and 2023, no deferred income tax assets were recognized on deductible temporary differences amounting to ₱2,727,680 and ₱2,699,331, respectively, because management believes that it is not probable that future taxable income will be available to allow all or part of the benefit of the deferred income tax assets to be utilized (see Note 27).

Provisions for Losses
The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle the said obligations. An estimate of the provision is based on known information at each end of the reporting period, net of any estimated amount that may be reimbursed to the Group. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information (see Note 31).

Estimation of Retirement Costs
The cost of the defined benefit pension plan and the present value of the retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group's net retirement plan asset amounted to ₱142,269 and ₱180,388 as at December 31, 2024 and 2023, respectively (see Note 21).

4. Segment Information

The Group is organized into business units on their products and activities and had two reportable business segments: the mining and metals segment, and the energy and hydrocarbon segment until July 15, 2016, when the deconsolidation of the energy and hydrocarbon took place.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Operating results of the Group is regularly reviewed by the Group's President and Chief Executive Officer (CEO) and the Chief Finance Officer (CFO), with the authority from the BOD, for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on net income (loss) for the year, earnings before interest, taxes, depreciation and depletion, and amortization (EBITDA), and core net income (loss).

EBITDA is not a uniform or legally defined financial measures. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA amounted to ₱1,981,442, ₱1,784,003 and ₱3,523,543 in 2024, 2023 and 2022, respectively.

Core net income (loss) is presented because the Group believes it is an important measure of performance. Core income is the performance of business segments based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company excluding the effects of non-recurring items, net of their tax effects. Non-recurring items represent (losses) gains that, through occurrence or size, are not considered usual operating items, such as foreign exchange (losses) gains, (losses) gains on derivative instruments, (losses) gains on disposal of investments, and other non-recurring (losses) gains.

Core net income (loss) is not a uniform or legally defined financial measure. The Group relies primarily on the results in accordance with PFRSs and uses core net income (loss) only as supplementary information.

The following table shows the Group's core net income used for internal reporting purposes that is provided and reviewed by the Group's President and CEO and the CFO for the years ended December 31, 2024, 2023, and 2022.

	2024	2023	2022
Revenues	**₱8,182,983**	₱7,726,058	₱9,261,576
Production costs	**(5,609,795)**	(5,209,185)	(4,864,929)
Depletion and depreciation	**(904,629)**	(698,416)	(1,413,250)
Mine products taxes and royalties	**(523,978)**	(522,500)	(591,905)
General and administrative expenses	**(260,392)**	(242,418)	(249,640)
Other recurring expenses	**(138,163)**	(90,981)	(409,111)
Core net income	**₱746,026**	₱962,558	₱1,732,741

The following table shows the Group's reconciliation of core net income to the consolidated net income for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Core net income	**₱746,026**	₱962,558	₱1,732,741
Non-recurring (losses) gains:			
Foreign exchange gains (losses)	**(107,126)**	22,043	82,703
Gain on modification of financial liability - net of impairment, other provisions, reversals and gain	**192,689**	–	125,664
Net tax effect of aforementioned adjustments	**(21,390)**	33,407	(145,591)
Net income attributable to equity holders of the Parent Company	**810,199**	1,018,008	1,795,517
Net loss attributable to NCI (Note 28)	**(11)**	(6)	(4)
Consolidated net income	**₱810,188**	₱1,018,002	₱1,795,513

Core net income per share is computed as follows:

	2024	2023	2022
Core net income	**₱746,026**	₱962,558	₱1,732,741
Divided by weighted average number of common shares outstanding during year (Note 29)	**5,782,399,068**	5,782,399,068	5,291,232,401
Core net income per share	**₱0.129**	₱0.166	₱0.327

Sales of the Parent Company are made to IXM Pte. Ltd. (IXM, formerly known as Louis Dreyfuss Commodities Metals Suisse SA) covered by the Purchase Contract No. P100.04180 dated March 1, 2024 and Purchase Contract No. P100.03573 dated March 3, 2022. In 2022, in addition to IXM, the Parent Company entered into a Sales Agreement with Trafigura Ltd. (Trafigura) signed on March 11, 2022, whereby Trafigura agreed to buy copper concentrates from September 2022 to December 2022.

Gross revenue, including provisional pricing adjustments for the years ended December 31, 2024, 2023 and 2022 are presented below:

	2024	2023	2022
IXM	**₱9,169,626**	₱8,583,002	₱7,248,317
Heraeus	**46,282**	82,532	33,003
Trafigura	**–**	–	3,335,168
	₱9,215,908	₱8,665,534	₱10,616,488
Adjustment from smelting, changes in the NRV of mine products, and other related charges	**(1,032,925)**	(939,476)	(1,354,912)
	₱8,182,983	₱7,726,058	₱9,261,576

5. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash on hand	**₱1,735**	₱1,019
Cash in banks	**811,315**	672,705
Short-term deposits	**3,245,359**	3,140,626
	₱4,058,409	₱3,814,350

Cash in banks and short-term deposits earn interest at bank deposit rates. Short-term deposits are made for varying periods, usually of up to three months depending on the cash requirements of the Group. Interest income arising from cash in banks and short-term deposits amounted to ₱65,876, ₱58,381 and ₱25,045 in 2024, 2023 and 2022, respectively.

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

6. Accounts Receivable

Accounts receivable consist of:

	2024	2023
Trade receivables (not subject to provisional pricing)		
- at amortized cost	**₱1,103,587**	₱–
Trade receivables (subject to provisional pricing)		
- at FVTPL	–	257,621
Loans receivable	**30,684**	30,684
Others, net of allowance for impairment losses amounting to ₱1,405 as at December 31, 2024 and 2023	**122,345**	117,336
	₱1,256,616	₱405,641

The Group's trade receivables arise from its shipments of copper concentrates, containing copper, gold and silver.

Trade receivables at amortized cost are non-interest bearing and are usually paid within one week from shipment date.

Trade receivables at FVTPL arising from the 10% final balance does not bear any interest until final settlement, which usually takes around three (3) to five (5) months from shipment date for IXM and Trafigura. The Group has US dollar (US$) accounts receivable amounting to US$18,727 and US$4,653 as at December 31, 2024 and 2023, respectively (see Note 25).

In March 2022, the Parent Company granted loans to its associate, PXP, where the Parent Company owns 30.4% interest, through the issuance of Promissory Notes (PNs). Under the PNs, total loans to PXP amounted to ₱30,684 or US$600,000, payable on demand and subject to an interest of 3.5% p.a. over LIBOR (6 months) that is payable quarterly.

Other receivables include advances to employees, and other non-trade receivables. These advances are noninterest-bearing cash advances for business-related expenditures that are subject to liquidation. Other non-trade receivables are noninterest-bearing and are generally collectible on demand.

As at December 31, 2024 and 2023, the Parent Company has embedded derivatives, which is represented by price exposure relative to its provisionally priced commodity sales contracts.

Mark-to-market gains and losses from open or provisionally priced sales are recognized through adjustments to revenue in the consolidated statements of income and to trade receivables in the consolidated statements of financial position. The Parent Company determines mark-to-market prices using the forward price for quotational periods after the consolidated statements of financial position date stipulated in the contract.

Open or provisionally priced commodity sales contract amounted to ₱349,075 and ₱225,880 as at December 31, 2024 and 2023, respectively. Fair value adjustments for these open or provisionally priced sales contract amounted to nil, net gain of ₱35,861, and net gain of ₱144,928 in 2024, 2023, and 2022, respectively, which was included under other revenue and adjusted against receivables.

7. Inventories

Inventories consist of:

	2024	2023
Mine products - at NRV	**₱356,296**	₱712,357
Materials and supplies	**703,201**	639,906
	1,059,497	1,352,263
Less allowance for inventory obsolescence	**107,135**	107,135
	₱952,362	₱1,245,128

The NRV of materials and supplies inventories amounted to ₱596,066 and ₱532,771, as at December 31, 2024 and 2023, respectively.

Provision for inventory losses amounting to ₱84,000 was recognized in 2022 and included under "Gain on modification of financial liability - net of impairment, other provisions, reversals and gain" in the consolidated statements of income.

Materials and supplies recognized as expense amounted to ₱2,120,847, ₱1,794,793 and ₱1,787,617 in 2024, 2023 and 2022, respectively (see Note 18).

8. Other Current Assets

Other current assets consist of:

	2024	2023
Input VAT - net	**₱657,161**	₱581,577
Prepaid expenses and others	**120,083**	155,822
	₱777,244	₱737,399

Prepaid expenses and others include advance payments made by the Group to suppliers and contractors relating to services, materials and supplies necessary for the Group's operations. These are noninterest-bearing and will be realized through offsetting against future billings from contractors, or cash payments depending on the individual agreements.

On March 9, 2022, the BIR issued Revenue Memorandum Circular (RMC) No. 24-2022 to provide clarifications on the transitory provisions under Revenue Regulations No. 21-2021 which states that a VAT-registered export enterprises whose registration with an IPA has already expired, shall be subject to VAT in accordance with Sections 106, 107, and 108 of the Tax Code, as amended. Moreover, incentives of a non-RBE exporter such as the Parent Company shall be limited only to VAT at zero-rate on its direct export sale of goods or services. With regard to the input VAT passed on by a VAT-registered supplier to the Parent Company, this may be claimed as input vat credits against output VAT in the VAT returns.

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

9. Property, Plant and Equipment

	December 31, 2024					
	Mine, and Mining Properties	**Land, Buildings and Improvements**	**Machinery and Equipment**	**Surface Structures**	**Construction in Progress**	**Total**
Cost:						
January 1	**₱18,726,916**	**₱729,852**	**₱6,433,249**	**₱126,946**	**₱95,954**	**₱26,112,917**
Additions	**627,190**	**–**	**883,169**	**–**	**963,405**	**2,473,764**
Disposals	**–**	**–**	**(7,314)**	**–**	**–**	**(7,314)**
Write-off	**–**	**–**	**(266,321)**	**–**	**–**	**(266,321)**
Reclassifications	**74,976**	**–**	**68,473**	**–**	**(143,449)**	**–**
December 31	**19,429,082**	**729,852**	**7,111,256**	**126,946**	**915,910**	**28,313,046**
Accumulated depletion, depreciation and impairment:						
January 1	**16,798,783**	**476,612**	**5,363,892**	**116,916**	**–**	**22,756,203**
Depletion and depreciation for the year (Note 20)	**557,238**	**15,916**	**382,428**	**2,663**	**–**	**958,245**
Disposals	**–**	**–**	**(7,314)**	**–**	**–**	**(7,314)**
Write-off	**–**	**–**	**(266,321)**	**–**	**–**	**(266,321)**
December 31	**17,356,021**	**492,528**	**5,472,685**	**119,579**	**–**	**23,440,813**
Net book values	**₱2,073,061**	**₱237,324**	**₱1,638,571**	**₱7,367**	**₱915,910**	**₱4,872,233**

	December 31, 2023					
	Mine, and Mining Properties	Land, Buildings and Improvements	Machinery and Equipment	Surface Structures	Construction in Progress	Total
Cost:						
January 1	₱17,600,607	₱737,594	₱6,241,064	₱125,937	₱462,004	₱25,167,206
Additions	597,968	–	543,943	4,159	207,959	1,354,029
Write-off	–	(7,742)	(397,426)	(3,150)	–	(408,318)
Reclassifications	528,341	–	45,668	–	(574,009)	0
December 31	18,726,916	729,852	6,433,249	126,946	95,954	26,112,917
Accumulated depletion, depreciation and impairment:						
January 1	16,308,746	467,464	5,542,692	118,439	–	22,437,341
Depletion and depreciation for the year (Note 20)	490,037	16,890	218,626	1,627	–	727,180
Write-off	–	(7,742)	(397,426)	(3,150)	–	(408,318)
December 31	16,798,783	476,612	5,363,892	116,916	–	22,756,203
Net book values	₱1,928,133	₱253,240	₱1,069,357	₱10,030	₱95,954	₱3,356,714

Mine and mining properties as at December 31, 2024 and 2023 include mine development costs of the 908 Meter Level, 798 Meter Level, 782 Meter Level and 760 Meter Level project amounting to ₱10,794,542 and ₱10,250,994, respectively. The discovery of additional resources and extension of the Padcal Mine life until December 2028 was considered as a change in estimate and the effect on the amortization of the depletion costs was taken up prospectively.

Impairment loss and its subsequent reversal are presented under "Gain on modification of financial liability - net of impairment, other provisions, reversals and gain" in the consolidated statements of income. The Parent Company recognized provision for impairment loss amounting to ₱290,000 in 2022 from a specific portion of the Padcal Mine that is inaccessible. Accumulated impairment pertains to mine and mining properties, which amounted to ₱2,056,912 as at December 31, 2024 and 2023.

Total depreciation cost of machinery and equipment used in exploration projects amounting to ₱37,750, ₱15,333 and ₱5,493 in 2024, 2023 and 2022, respectively, are capitalized under deferred exploration costs, which relate to projects that are currently ongoing for PMC and SMMCI (see Notes 12 and 20).

Land, buildings and improvements include the estimated costs of rehabilitating the Parent Company's Padcal Mine from 2023 up to 2030.

The Group's provision for mine rehabilitation costs amounted to ₱137,045 as at December 31, 2024 and 2023.

10. **Financial Assets Measured at FVOCI**

The Group's financial assets measured at FVOCI as of December 31, 2024 and 2023 consist of quoted and unquoted investment in share of stock as follows:

	2024	2023
Investments in quoted shares	**₱139,931**	₱124,359
Investments in unquoted shares of stock	**53,035**	53,035
	₱192,966	₱177,394

The cumulative change in value of financial assets measured at FVOCI amounted to ₱99,861 and ₱88,629 as at December 31, 2024 and 2023, respectively. These changes in fair values have been recognized and shown as "Net unrealized gain on financial assets measured at FVOCI" account in the equity section of the consolidated statements of financial position and are also shown in the consolidated statements of comprehensive income.

The following table shows the movement of the "Net unrealized gain on financial assets measured at FVOCI and derivatives" in the equity section of the consolidated statement of financial position of the Group:

	2024	2023
January 1	**₱88,629**	₱61,362
Increase in fair value of financial assets measured at FVOCI	**11,232**	27,267
December 31	**₱99,861**	₱88,629

11. **Investments in Associates**

Investments in associates consist of:

	2024	2023
Acquisition cost	**₱4,814,941**	₱4,814,941
Accumulated equity in net losses:		
Balances at January 1	**890,636**	859,978
Equity in net losses	**5,388**	30,658
Balances at December 31	**896,024**	890,636
Accumulated equity in other comprehensive income		
Equity in other comprehensive income	**176,080**	–
	4,094,997	3,924,305
Less allowance for impairment loss	**349,286**	349,286
	₱3,745,711	₱3,575,019

Lepanto

The Parent Company entered into a Joint Voting Agreement (the Agreement) with another Lepanto shareholder to jointly vote their share on all matters affecting their right on Lepanto. By virtue of the Agreement, the shareholding and board representation of the combined interest of PMC and the other Lepanto shareholder resulted in significant influence over Lepanto.

Lepanto is involved on the exploration and mining of gold, silver, copper, lead, zinc and all kinds of ores, metals, minerals, oil, gas and coal and their related by products. Lepanto is listed on the Philippine Stock Exchange (PSE). The Group's interest in Lepanto is accounted for using the equity method on the consolidated financial statements.

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Allowance for impairment loss on investment in Lepanto amounted to ₱349,286 as at December 31, 2024 and 2023.

The following table summarizes the financial information of Lepanto:

	2024	2023
Current assets	**₱1,466,907**	₱1,222,135
Non-current assets	**14,337,398**	14,460,080
Current liabilities	**(2,972,995)**	(2,949,358)
Non-current liabilities	**(7,698,657)**	(7,734,632)
Equity	**₱5,132,653**	₱4,998,225

	2024	2023	2022
Revenue	**₱2,107,556**	₱2,488,701	₱1,290,748
Cost and expenses	**(1,973,229)**	(2,479,203)	(1,696,655)
Finance costs	**(8,995)**	(71,490)	(8,249)
Other income (loss)	**12,540**	(6,709)	43,939
Income (loss) before income tax	**137,872**	(68,701)	(370,217)
Income tax expense	**(6,276)**	(38,801)	(7,023)
Loss for the year	**₱131,596**	(₱107,502)	(₱377,240)
Group's share of (income) loss for the year	**(₱5,738)**	₱1,047	₱16,425
Adjustment	**2,462**	–	–
	(₱3,276)	₱1,047	₱16,425

PXP

Details of the transactions between the Parent Company and PXP are disclosed in Note 26.

The following table illustrates the summarized financial information of the Group's investment in PXP:

	2024	2023
Current assets	**₱145,189**	₱174,589
Non-current assets	**2,954,013**	2,907,998
Current liabilities	**(90,222)**	(89,514)
Non-current liabilities	**(360,821)**	(358,886)
Equity	**₱2,648,159**	₱2,634,187

	2024	2023	2022
Revenue	**₱66,982**	₱63,192	₱74,100
Cost and expenses	**(91,830)**	(102,570)	(99,572)
Other expenses	**(2,520)**	(40,230)	(5,943)
Loss before income tax	**(27,368)**	(79,608)	(31,415)
Income tax expense (benefit)	**1,132**	(2,431)	933
Loss for the year	**(₱28,500)**	(₱77,177)	(₱32,348)
Total comprehensive income (loss)	**₱13,972**	(₱99,298)	₱282,766
Group's share of loss for the year	**₱8,664**	₱29,611	₱10,379
Group's share on other comprehensive income	**₱176,080**	₱–	₱–

12. Deferred Exploration Costs

Movements in deferred exploration costs are as follows:

	2024	2023
Balances at beginning of year	**₱34,546,936**	₱33,317,332
Additions	**3,047,011**	1,229,604
Write-off	**(79,919)**	–
Balances at end of year	**37,514,028**	34,546,936
Less allowance for impairment losses	**3,825,412**	3,825,412
	₱33,688,616	₱30,721,524

Deferred exploration costs attributable to the Group's Silangan Project amounted to ₱31,219,556 and ₱28,289,069 as of December 31, 2024 and 2023, respectively.

In 2024, the Parent Company decided to write off its deferred exploration costs related to the Macawiwili Project, amounting to ₱79.92 million, as it no longer foresees the need to continue the study due to the current demand and marketability of low-grade ores. The write-off is presented under "Others - net" in the consolidated statements of income.

Deferred exploration costs relate to projects that are ongoing. The recovery of these costs depends upon the success of exploration activities and future development of the corresponding mining properties. Allowances have been provided for those deferred costs that are specifically identified to be unrecoverable.

13. Other Noncurrent Assets

Other noncurrent assets consist of:

	2024	2023
Input VAT - noncurrent portion	**₱1,564,213**	₱1,114,049
Advances to contractors	**969,355**	–
Advances to suppliers	**964,466**	–
Others	**89,796**	83,736
	₱3,587,830	₱1,197,785

Noncurrent portion of input VAT pertains to the Parent Company and SMMCI's input VAT that are expected to be realized beyond 12 months after the date of the reporting period.

Advances to suppliers and contractors are non-financial assets arising mainly from advanced payments made by the Group to its suppliers and contractors before goods or services have been received or rendered. These are classified as non-current since these are expected to be applied as payments for assets to be classified as property, plant and equipment or other non-current assets. Amounts advanced will be applied as part of the full payment of the contract price upon completion of the contract.

Others include bank accounts that the Parent Company and SMMCI maintain with Land Bank of the Philippines to establish their respective Mine Rehabilitation Funds (MRF), pursuant to the requirements of Republic Act (RA) No. 7942, otherwise known as "The Philippine Mining Act of 1995." The MRF shall be used for the physical and social rehabilitation of areas and communities affected by the Padcal Mine and Silangan Project, and for research in the social, technical and preventive aspects of their rehabilitation.

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Others also include advance payments made by SMMCI to claim owners for the use of its property, deductible upon commencement of SMMCI's operations and advance to landowners paid in advance as stipulated in the sale contract.

14. Short-term Loans Payable

Short-term loans consist of:

	2024	2023
Security Bank	**₱751,985**	₱719,810
Banco de Oro (BDO)	**751,985**	221,480
Bank of the Philippine Islands	**578,450**	332,220
Philippine National Bank (PNB)	**347,070**	332,220
	₱2,429,490	₱1,605,730

Movements in short-term loans are as follows:

	2024	2023
Balances at beginning of year	**₱1,605,730**	₱1,616,895
Availment	**1,710,028**	–
Payment	**(968,508)**	–
Foreign exchange loss (gain)	**82,240**	(11,165)
Balances at end of year	**₱2,429,490**	₱1,605,730

The Group obtains short-term, unsecured loans from various local banks. These loans have terms of ninety (90) days to one hundred eighty (180) days until maturity and are renewable subject to monthly repricing of interest. Interest rates of these short-term loans ranges from 5.40% to 6.15%.

Interest expenses related to short-term loans payable, the proceeds of which are used for the Silangan Project, are capitalized to the deferred exploration costs. Total interest expenses that were capitalized amounted to ₱89,357, ₱80,285 and ₱49,615 in 2024, 2023 and 2022, respectively (see Note 12).

Interest expenses recognized in profit or loss amounted to ₱113,679 in 2024.

15. Long-term Debt

Long-term debt consists of:

	2024	2023
Bank loans	**₱6,704,088**	₱1,273,510
Bonds payable	**6,342,808**	6,249,829
	13,046,896	7,523,339
Less current portion	**462,760**	276,850
Noncurrent portion	**₱12,584,136**	₱7,246,489

Movements in long-term bank loans are as follows:

	2024	2023
Balances at beginning of year	**₱1,273,510**	₱–
Availments	**5,835,216**	1,382,500
Payments	**(288,143)**	(110,600)
Foreign exchange loss	**4,741**	1,610
	6,825,324	1,273,510
Less unamortized debt issue cost	**121,236**	–
Balances at end of year	**6,704,088**	1,273,510
Less current portion	**462,760**	276,850
Noncurrent portion	**₱6,241,328**	₱996,660

Rollforward analysis of debt issue cost is as follows:

	2024	2023
Balances at beginning of year	**₱–**	₱–
Addition	**121,820**	–
Amortization (Note 12)	**(584)**	–
Balances at end of year	**₱121,236**	₱–

Bank Loans

PNB

On February 23, 2023, the Parent Company entered into a long-term loan facility with PNB for an amount up to US$25 million or its PHP equivalent. The term of this loan is up to three (3) years from the date of initial drawdown or up to December 29, 2026, whichever comes first. The interest rate is calculated based on a benchmark rate drawn from US Treasuries and the 3-year Bloomberg Evaluated Pricing Service of Bloomberg LP (or BVAL) rate, with an additional margin of 300 basis points (bps). Principal and interest are payable quarterly.

Syndicated Loans

The syndicated loan facility entered with local banks have an approximate amount of US$170 million, comprising of a US$102 million US dollar denominated loan facility and a ₱3.74 billion Peso loan facility, payable on quarterly installments over eight (8) years with a 3-year grace period from December 31, 2024. The US dollar denominated loan is subject to a floating interest rate with a tenor of three (3) months, while the Peso loan facility is subject to a fixed interest rate subject to repricing after five (5) years from December 31, 2024 and three (3) years from reset date until final maturity.

The syndicated loans provide certain debt covenants, but are not limited to the following:

1. Maintain the following financial covenants on each date the certifications contemplated in the OLSA are required to be submitted:
    a. Minimum Historical Debt Service Coverage Ratio (DSCR) and Prospective Debt DSCR of 1.20x six (6) months from the project commercial operation date and every six (6) months thereafter to final maturity;
    b. For purposes of dividend declaration, a minimum DSCR of 1.30x prior to the declaration of dividends; and
    c. Maximum Debt-Equity ratio of 2.33x from the signing date to final maturity.
2. Use the proceeds of the Loan solely in accordance with the OLSA, which is to finance up to 70% of the total cost to develop and commercialize the Silangan Project, which includes interest during construction and other transaction costs, and to refinance any existing indebtedness of SMMCI, provided that the proceeds of such indebtedness were used for pre-development costs of the Silangan Project.

As at December 31, 2024, SMMCI has been compliant with the covenants contained in the OLSA.

Interest expenses related to the syndicated loans are capitalized to the deferred exploration costs. Total interest expenses that were capitalized amounted to ₱275,500 in 2024 (see Note 12).

Bonds Payable

On December 18, 2014, SMECI, with the Parent Company as the co-issuer, issued 8-year convertible bonds with a face value of ₱7.2 billion at 1.5% coupon rate p.a. payable semi-annually to Asia Link B.V. and Social Security System (SSS) wherein the former holds 20% ownership of the Parent Company. The bonds are convertible into 400,000 common shares of SMECI at ₱18,000 per share 12 months after the issue date ("Standstill Period"). On the last day of the Standstill Period, the Issuer shall have a one-time right to redeem the bonds from the holders in whole or in part. After the Standstill Period, the noteholders may exercise the conversion right, in whole but not in parts, at any time but no later than the maturity date. At redemption/maturity date, the bonds can be redeemed together with the principal or face value of the bonds at a premium, payable at a rate of 3% per annum compounded semi-annually based on the face value of the bonds and unpaid accrued interest (if there be any). The proceeds of the bonds were used to repay the SMECI's advances from PMC and fund further exploration works of SMMCI.

At the date of issuance, the carrying amount of the bonds payable and equity conversion options amounted to ₱5,794,482 and ₱1,225,518, respectively.

On December 7, 2022, Asia Link B.V. and SMECI agreed, with the consent of Parent Company, to a 3-year extension from the original maturity of the convertible notes held by Asia Link B.V. amounting to ₱5.04 billion from December 19, 2022 to December 18, 2025, the same which can be further extended for another three (3) years, at 1.5 year intervals, at the sole option of SMECI and Parent Company. The extension was made in support of the fund-raising activities for the development of the Silangan Project of SMECI under its subsidiary, SMMCI. With respect to the convertible notes held by SSS, the same was settled at maturity date, consistent with the agreement with the related equity conversion option classified as part of the Group's equity reserves.

On December 21, 2024, the convertible notes were further extended for another 1.5 years from December 19, 2025 up to June 18, 2027. The recent extension of the note did not result to a substantial modification in the contractual cash flows of the convertible notes and therefore did not result to the derecognition of the related financial liability. The gain recognized as a result of these modifications amounted to ₱272,608, nil and ₱499,664 in 2024, 2023 and 2022, respectively, which was included under "Gain on modification of financial liability - net of impairment, other provisions, reversals and gain" in the consolidated statement of income.

Interest amortization amounted to ₱365,587, ₱341,868 and ₱484,595 in 2024, 2023 and 2022, respectively. Bonds amortization is calculated on the effective interest basis by applying EIR rate of 6.97% per annum (compounded semi-annually) for an equivalent nonconvertible bond at the date of issue of the convertible bond to the liability component of the convertible bonds.

Finance expense pertaining to the convertible bonds amounting to ₱478,452 and ₱455,457 in 2024 and 2023, respectively, was capitalized as deferred exploration costs. The rate used to determine the amount of borrowing costs eligible for capitalization was 5.61%.

Except for the syndicated loans, the Group's loans and bonds payable have no covenants imposed by banks and creditors as at December 31, 2024 and 2023. The covenants on the syndicated loan will be activated upon the commencement of operations in the Silangan Project.

16. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consist of:

	2024	2023
Trade	**₱1,130,283**	₱772,023
Accrued expenses	**742,747**	701,683
Provisions	**959,187**	981,548
Accrued royalties and excise taxes	**88,603**	89,354
Withholding taxes	**25,275**	24,573
Derivative liability (Note 23)	**–**	8,283
Other nontrade liabilities	**234,757**	190,570
	₱3,180,852	₱2,768,034

Trade payables are noninterest-bearing and are generally settled within 30 to 120 days' terms. Accrued expenses consist of accrued operating and administrative expenses are settled monthly, while contracted and outside services are settled within the terms of their respective contracts. Other nontrade liabilities include payroll-related liabilities.

Accrued royalties are due to the claim owners of the land where the mine site operations were located while excise taxes pertain to the taxes paid or accrued by the Parent Company for its legal obligation arising from the production of copper concentrates. These excise taxes and royalties are expensed as incurred. Royalties are paid monthly while obligation to pay excise taxes are made quarterly.

Withholding taxes pertain to statutory deductions and withheld taxes by the Group from its employees for compensation and suppliers for expanded withholding taxes that are to be remitted to the BIR 14 days following the end of month.

17. Revenues

	2024			2023			2022		
	Revenue from contracts with customers*	**Other Revenue - Provisional pricing adjustment**	**Total revenue**	Revenue from contracts with customers*	Other Revenue - Provisional pricing adjustment	Total revenue	Revenue from contracts with customers*	Other Revenue - Provisional pricing adjustment	Total revenue
Copper	**₱4,621,468**	**₱–**	**₱4,621,468**	₱4,057,196	₱35,553	₱4,092,749	₱4,578,319	₱122,964	₱4,701,283
Gold	**3,491,965**	**–**	**3,491,965**	3,569,863	358	3,570,221	4,469,156	20,730	4,489,886
Silver	**69,550**	**–**	**69,550**	63,138	(50)	63,088	69,174	1,233	70,407
			₱8,182,983			₱7,726,058			₱9,261,576

**Net of smelting charges amounting to ₱656,434, ₱840,148 and ₱825,991 in 2024, 2023 and 2022, respectively.*
**Includes realized net loss from put and gold collar amounting to ₱50,251, ₱25,163, and ₱11,952 in 2024, 2023 and 2022, respectively, and realized net gain from copper collar amounting to ₱78,870 and ₱56,302 in 2024 and 2022, respectively, realized net loss from copper collar amounting to ₱37,028 and in 2023 (see Note 23).*

All revenue from sale of gold, copper and silver are recognized at a point in time when control transfers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

18. **Cost and Expenses**

	2024	2023	2022
Production costs			
Materials and supplies (Note 7)	**₱2,120,847**	₱1,794,793	₱1,787,617
Communications, light and water	**1,798,138**	1,866,786	1,491,547
Personnel (Note 19)	**1,042,298**	998,855	1,000,553
Contracted services	**296,581**	268,233	224,712
Others	**351,931**	280,518	360,500
	₱5,609,795	₱5,209,185	₱4,864,929
Depletion, amortization and depreciation (Notes 9 and 20)			
Depletion and amortization	**₱557,238**	₱490,037	₱825,453
Depreciation	**347,391**	208,379	587,797
	₱904,629	₱698,416	₱1,413,250
Excise taxes and royalties			
Excise taxes	**₱327,670**	₱315,894	₱363,479
Royalties	**196,308**	206,606	228,426
	₱523,978	₱522,500	₱591,905
General and administrative expenses			
Personnel (Note 19)	**₱168,660**	₱160,568	₱149,534
Contracted services	**19,091**	18,547	19,633
Depreciation (Note 20)	**15,866**	13,431	14,950
Repairs and maintenance	**12,276**	11,353	9,293
Communications, light and water	**6,853**	7,733	9,149
Taxes and licenses	**5,214**	4,370	3,166
Travel and transportation	**3,882**	2,894	3,923
Office supplies	**1,984**	1,942	2,809
Others	**26,566**	21,580	37,183
	₱260,392	₱242,418	₱249,640

Other general and administrative expenses include security, janitorial and other outside services, and general miscellaneous expenses.

19. **Personnel Cost**

Details of personnel costs are as follows:

	2024	2023	2022
Production costs (Note 18)			
Salaries and wages	**₱719,367**	₱678,247	₱642,620
Employee benefits	**289,023**	308,990	346,552
Retirement costs (Note 21)	**33,908**	11,618	11,381
	₱1,042,298	₱998,855	₱1,000,553
General and administrative expenses (Note 18)			
Salaries and wages	**₱121,410**	₱113,078	₱98,582
Employee benefits	**40,827**	45,599	48,354
Retirement costs (Note 21)	**6,423**	1,891	2,598
	168,660	160,568	149,534
	₱1,210,958	₱1,159,423	₱1,150,087

20. **Depletion, Amortization and Depreciation**

Details of depletion and depreciation expense are as follows:

	2024	2023	2022
Production costs (Note 18)	**₱904,629**	₱698,416	₱1,413,250
General and administrative (Note 18)	**15,866**	13,431	14,950
	₱920,495	₱711,847	₱1,428,200

Total depreciation cost of machinery and equipment used in exploration projects amounting to ₱37,750, ₱15,333 and ₱5,493 in 2024, 2023 and 2022, respectively, are capitalized under deferred exploration costs, which relate to projects that are currently ongoing for PMC and SMMCI (see Note 12).

21. **Pension Asset** - net

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 employees retirement benefit under the collective bargaining and other agreements shall not be less than provided under the law. The law does not require minimum funding of the plan.

Parent Company Retirement Fund

The Parent Company has a funded, noncontributory, defined benefits retirement plan covering all of its regular employees. The pension funds are being administered and managed through the Retirement Gratuity Plan of Philex Mining Corporation, under trust accounts with BDO and Union Bank of the Philippines. The retirement plan provides for retirement, separation, disability and death benefits to its members.

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Changes in the net defined benefit liability (asset) of funded funds of the Parent Company are as follows:

2024

		Net benefit cost in charged to consolidated statements of income				Remeasurements in other comprehensive income				
	January 1, 2024	Current service cost	Net interest	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	December 31, 2024
Present value of defined benefit obligation	₱783,540	₱51,315	₱39,923	₱874,778	(₱67,465)	₱–	₱6,152	(₱3,161)	₱2,991	₱810,304
Fair value of plan assets	(969,391)	–	(50,907)	(1,020,298)	67,465	(8,549)	–	–	(8,549)	(961,382)
	(₱185,851)	₱51,315	(₱10,984)	(₱145,520)	₱–	(₱8,549)	₱6,152	(₱3,161)	(₱5,558)	(₱151,078)

2023

		Net benefit cost in charged to consolidated statements of income				Remeasurements in other comprehensive income				
	January 1, 2023	Current service cost	Net interest	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	December 31, 2023
Present value of defined benefit obligation	₱662,845	₱35,439	₱36,362	₱734,646	(₱70,998)	₱–	₱110,784	₱9,108	₱119,892	₱783,540
Fair value of plan assets	(1,008,201)	–	(58,292)	(1,066,493)	70,998	26,104	–	–	26,104	(969,391)
	(₱345,356)	₱35,439	(₱21,930)	(₱331,847)	₱–	₱26,104	₱110,784	₱9,108	₱145,996	(₱185,851)

2022

		Net benefit cost in charged to consolidated statements of income				Remeasurements in other comprehensive income				
	January 1, 2022	Current service cost	Net interest	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	December 31, 2022
Present value of defined benefit obligation	₱724,021	₱31,094	₱16,579	₱771,694	(₱68,388)	₱–	(₱12,923)	(₱27,538)	(₱40,461)	₱662,845
Fair value of plan assets	(1,081,224)	–	(34,439)	(1,115,663)	68,388	39,074	–	–	39,074	(1,008,201)
	(₱357,203)	₱31,094	(₱17,860)	(₱343,969)	₱–	₱39,074	(₱12,923)	(₱27,538)	(₱1,387)	(₱345,356)

The fair value of net plan assets of the Parent Company by each class as at the end of the reporting period are as follows:

	2024	2023
Assets		
Cash and cash equivalents	**₱31,194**	₱39,702
Receivables	**10,129**	6,915
Investment in debt securities	**773,019**	760,935
Investment in equity securities	**147,160**	161,949
Other investments	**175**	286
	961,677	969,787
Liabilities		
Accrued trust fees payables	**295**	396
	₱961,382	₱969,391

The cost of defined benefit pension plans, as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

Actuarial valuation assumptions	**2024**	2023
Discount rate	**6.05%**	5.91%
Future salary increases	**5.00%**	5.00%
Expected rate of return on plan assets	**5.00%**	5.00%

The overall expected rate of return of assets is determined based on market expectation prevailing on that date, applicable to the period over which the obligation is expected to be settled.

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption of the defined benefit obligation as of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	Effect on the defined benefit obligation **2024**	2023
Discount rates	**1%**	**(₱20,930)**	(₱20,463)
	(1%)	**21,862**	21,376
Future salary increases	**1%**	**₱23,392**	₱22,763
	(1%)	**(22,823)**	(22,207)

Shown below is the maturity analysis of the Parent Company's undiscounted benefit payments:

	Expected benefit payments	
	2024	2023
Less than one (1) year	**₱231,725**	₱205,219
One (1) to less than five (5) years	**934,264**	916,211

The average duration of the defined benefit obligation at the end of the reporting period is 2.16 years in 2024 and 2.18 years in 2023.

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

The Parent Company's actuarial funding requirement in 2024 and 2023 is nil, however, the intention is to continue regular contributions to the fund. Pension expense from the defined benefit retirement plan is actuarially determined using the projected unit credit method. The latest actuarial valuation report was made as at December 31, 2024.

SMMCI Retirement Fund

SMMCI has unfunded, noncontributory defined benefit retirement plan covering its regular and full-time employees. SMMCI also provides additional post employment healthcare benefits to certain senior employees in the Philippines.

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

Actuarial valuation assumptions	**2024**	2023
Discount rates	**6.09%**	6.11%
Future salary increases	**4.00%**	4.00%

Changes in the defined benefit liability of SMMCI are as follows:

	2024	2023	2022
January 1	**₱5,463**	₱4,631	₱4,594
Current service cost	**2,383**	1,351	766
Interest cost	**293**	291	225
Benefits paid from company operating funds	**–**	–	(246)
	2,676	1,642	745
Remeasurements in other comprehensive income:			
Actuarial changes from changes in financial assumptions	**689**	347	(731)
Experience adjustments	**(19)**	(1,157)	23
	670	(810)	(708)
December 31	**₱8,809**	₱5,463	₱4,631

Retirement expense amounting to ₱2,676, ₱1,642 and ₱745 in 2024, 2023, and 2022, respectively, were capitalized as part of the deferred exploration costs.

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase (decrease)	Effect on the defined benefit obligation **2024**	2023
Discount rates	**1%**	**(₱623)**	(₱322)
	(1%)	**731**	373
Future salary increases	**1%**	**₱374**	₱409
	(1%)	**(321)**	(359)

Shown below is the maturity analysis of the undiscounted benefit payments:

	2024	2023
Less than one (1) year	**₱2,761**	₱1,339
More than one (1) year to five (5) years	**5,394**	5,223
More than five (5) to 10 years	**4,096**	643
More than 10 to 15 years	**16,320**	353
More than 15 to 20 years	**27,993**	1,439
More than 20 years	**49,427**	20,228

The average duration of the defined benefit obligation at the end of the reporting period is 14.87 years in 2024 and 13.25 years in 2023.

22. Financial Instruments

The table below summarizes management's evaluation of business model and subsequent measurement for each financial assets and liabilities of the Group:

Financial Assets	Business Model	Subsequent Measurement	Remarks
Cash in banks and short- term deposits	Hold to collect	Amortized cost	NA
Trade receivables (subject to provisional pricing)	NA	FVTPL	NA
Trade receivables (not subject to provisional pricing)	Hold to collect	Amortized cost	NA
Loans receivable	Hold to collect	Amortized cost	NA
Quoted equity investments	NA	FVOCI (no recycling)	Not held for trading and FVTPL not opted.
Unquoted equity investments	NA	FVOCI (no recycling)	Not held for trading and FVTPL not opted.

23. Financial Risk Management Objectives and Policies and Hedging Activities

Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise mainly of cash and cash equivalents, accounts receivable, financial assets measured at FVOCI, short-term loans, long-term debt and accounts payable and other current liabilities. The main purpose of these financial instruments is to provide financing for the Group's operations and capital-intensive projects.

The BOD is mainly responsible for the overall risk management and approval of the risk strategies and principles of the Group. The BOD has approved its formalized hedging policy in relation to entering into commodity derivatives in order to manage its financial performance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Financial Risks

The main risks arising from the Group's financial instruments are credit and concentration risks, liquidity risk and market risk. The market risk exposure of the Group can be further classified to foreign currency risk, equity price risk and commodity price risk. The BOD reviews and approves the policies for managing these risks and they are summarized as follows:

Credit and Concentration Risks

Credit risk is the risk where the Group could incur a loss if its counterparties fail to discharge their contractual obligations. To avoid such losses, the Group's primary credit risk management strategy is to trade only with recognized, creditworthy third parties. At present, all of the Parent Company's annual production of concentrates is sold to IXM. However, the Group is not exposed to credit risk from its operating activities (primarily trade receivables) since the historical default rate of its customers is 0%.

Credit risk may also arise from the Group's other financial assets, which comprise of cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk could arise from default of the counterparty, having a maximum exposure equal to the carrying amount of these instruments.

The table below summarizes the Group's maximum exposure to credit risk for the components of the consolidated statements of financial position as at December 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents		
Cash in banks	**₱811,315**	₱672,705
Short-term deposits	**3,245,359**	3,140,626
Accounts receivable		
Trade	**1,103,587**	257,621
Loans	**30,684**	30,684
Others	**110,816**	106,994
	₱5,301,761	₱4,208,630

The expected credit loss (ECL) relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good credit rating and are considered to have low credit risk.

For trade receivables at amortized cost, the Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance. Based on historical transactions with its customers, there has been no instance that its customers have defaulted on their payments (historical default rate of 0%). The Group's trade receivables have a credit period of three months, indicating that the time value of money is immaterial. With these facts, the Group did not recognize any provision for ECL on its trade receivables at amortized cost in 2024 and 2023.

Liquidity Risk

Liquidity risk is the risk where the Group becomes unable to meet its obligations when they 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 addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary.

The tables below summarize the maturity profile of the Group's financial assets that can be used by the Group to manage its liquidity risk and the maturity profile of the Group's financial liabilities, based on contracted undiscounted repayment obligations (including interest) as at December 31, 2024 and 2023, respectively:

	December 31, 2024			
	On demand	**Within 1 year**	**More than 1 year**	**Total**
Other financial liabilities				
Short-term loans payable				
Principal	**₱–**	**₱2,429,490**	**₱–**	**₱2,429,490**
Interest	**–**	**17,608**	**–**	**17,608**
Long-term debt				
Principal	**–**	**462,760**	**11,744,088**	**12,206,848**
Interest		**61,788**	**1,084,130**	**1,145,918**
Accounts payable and accrued liabilities	**–**	**2,118,340**	**–**	**2,118,340**
Dividends payable	**107,849**	**–**	**–**	**107,849**
Total undiscounted financial liabilities	**₱107,849**	**₱5,089,986**	**₱12,828,218**	**₱18,026,053**

	December 31, 2024			
	On demand	**Within 1 year**	**More than 1 year**	**Total**
Financial assets measured at amortized cost				
Cash and cash equivalents	**₱4,058,409**	**₱–**	**₱–**	**₱4,058,409**
Accounts receivable				
Trade	**–**	**1,103,587**	**–**	**1,103,587**
Loan	**30,684**	**–**	**–**	**30,684**
Others	**–**	**110,816**	**–**	**110,816**
Financial assets measured at FVOCI				
Quoted equity investments	**–**	**–**	**139,931**	**139,931**
Unquoted equity investments	**–**	**–**	**53,035**	**53,035**
Total undiscounted financial assets	**₱4,089,093**	**₱1,214,403**	**₱192,966**	**₱5,496,462**

	December 31, 2023			
	On demand	Within 1 year	More than 1 year	Total
Other financial liabilities				
Short-term loans payable				
Principal	₱–	₱1,605,730	₱–	₱1,605,730
Interest	–	17,012	–	17,012
Long-term debt				
Principal	–	276,850	6,036,660	6,313,510
Interest	–	36,965	359,874	396,839
Accounts payable and accrued liabilities	–	1,671,540	–	1,671,540
Dividends payable	224,257	–	–	224,257
Total undiscounted financial liabilities	₱224,257	₱3,608,097	₱6,396,534	₱10,228,888

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

	December 31, 2023			
	On demand	Within 1 year	More than 1 year	Total
Financial assets measured at amortized cost				
Cash and cash equivalents	₱3,814,350	₱–	₱–	₱3,814,350
Accounts receivable				
Loan	30,684	–	–	30,684
Others	–	106,994	–	106,994
Financial assets measured at FVTPL				
Trade receivables	–	257,621	–	257,621
Financial assets measured at FVOCI				
Quoted equity investments	–	–	124,359	124,359
Unquoted equity investments	–	–	53,035	53,035
Total undiscounted financial assets	₱3,845,034	₱364,615	₱177,394	₱4,387,043

Market Risks

Foreign Currency Risk

Foreign currency risk is the risk where the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from sales in currencies other than its functional currency. All of the Parent Company's sales are denominated in US dollar. Further, the Group is exposed to foreign exchange risk arising from its US dollar-denominated cash and cash equivalents, trade receivables, short-term loans payable and long-term debt. The Group recognized net foreign exchange loss of ₱107,126 in 2024 and gain of ₱22,043 and ₱82,703 in 2023 and 2022, respectively, arising from the translation of these foreign currency-denominated financial instruments.

As the need arises, the Group enters into structured currency derivatives to cushion the effect of foreign currency fluctuations. There were no outstanding currency derivatives as of December 31, 2024 and 2023.

The following tables summarize the impact on income before income tax of reasonable possible changes in the exchange rates of US dollar against the Peso. The reasonable movement in exchange rates was determined using 1-year historical data.

Year Ended December 31, 2024	
US$ Appreciate (Depreciate)	**Effect on Income before Income Tax**
5%	**(₱61,920)**
(5%)	**61,920**

Year Ended December 31, 2023	
US$ Appreciate (Depreciate)	Effect on Income before Income Tax
6%	(₱68,374)
(6%)	68,374

Commodity Price Risk

The Parent Company's mine products revenues are valued based on international commodity quotations (e.g., primarily on the LME and LBMA quotes) over which the Parent Company 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 Parent Company enters into derivative transactions as a means to mitigate the risk of fluctuations in the market prices of its mine products.

The following table shows the effect on income before income tax should the change in the prices of copper and gold occur based on the inventory of the Parent Company as at December 31, 2024 and 2023. The change in metal prices is based on 1-year historical price movements.

December 31, 2024	
Change in Metal Prices	**Effect on Income before Income Tax**
Gold	
Increase by 15%	**₱565,813**
Decrease by 15%	**(565,813)**
Copper	
Increase by 23%	**₱1,148,206**
Decrease by 23%	**(1,148,206)**

December 31, 2023	
Change in Metal Prices	Effect on Income before Income Tax
Gold	
Increase by 18%	₱712,440
Decrease by 18%	(712,440)
Copper	
Increase by 21%	₱952,939
Decrease by 21%	(952,939)

Derivative Financial Instruments

Gold Derivatives

In January 2022, the Parent Company entered into gold collar hedging contracts covering 1,900 ounces of monthly gold production from April 2022 to December 2022 at a strike price of US$1,725 per ounce for the put options and US$1,922 per ounce for the call options.

In December 2022, the Parent Company entered into gold collar hedging contracts covering 1,850 ounces of monthly gold production from January 2023 to June 2023 at a strike price of US$1,750 per ounce for the put options and US$1,903 per ounce for the call option.

In June 2023, the Parent Company entered into gold collar hedging contracts covering 1,605 ounces of monthly gold production from July 2023 to December 2023 at a strike price of US$1,900 per ounce for the put options and US$2,020 per ounce for the call option.

In December 2023, the Parent Company entered into gold collar hedging contracts covering 1,600 ounces of monthly gold production from January 2024 to June 2024 at a strike price of US$2,000 per ounce for the put options and US$2,158 per ounce for the call option.

In May 2024, the Parent Company entered into collar hedging contracts for copper and gold covering the period July to December 2024 with copper at 992,081 pounds per month with strike price of US$4.40 per pound for the put option and US$4.84 per pound for the call option, and gold at 1,600 ounces of gold per month with strike price of US$2,200 per ounce for the put option and US$2,740 per ounce for the call option.

In January 2025, the Parent Company entered into gold collar hedging contracts covering 1,300 ounces of monthly gold production from January 2025 to June 2025 at a strike price of US$2,550 per ounce for the put options and US$2,900 per ounce for the call option.

Realized net loss from put and gold collar amounted to ₱50,251, ₱25,163 and ₱11,952 in 2024, 2023 and 2022, respectively, are included under "Revenues" in the consolidated statements of income (see Note 17).

As at December 31, 2024 and 2023, outstanding gold derivatives amounted to nil and ₱8,283, respectively (see Note 16).

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Copper Derivatives
In January 2023, the Parent Company entered into copper put option contract covering 450 metric tonnes of monthly copper production from January to June 2023 at a strike price of US$3.75 per metric tonnes. Premium paid amounted to ₱17,805 (US$326,250) put option premium. Premium is amortized over the term of the contract.

In June 2023, the Parent Company entered into copper put option contract covering 431 metric tonnes of monthly copper production from July to Dec 2023 at a strike price of US$3.50 per metric tonnes. Premium paid amounted to ₱20,050 (US$358,419) put option premium. Premium is amortized over the term of the contract.

Realized net gain from copper collar amounting to ₱78,870 and ₱56,302 in 2024 and 2022,respectively and realized net loss from copper collar amounting to ₱37,028 and in 2023, respectively, are included under "Revenues" in the consolidated statements of income (see Note 17).

As at December 31, 2024 and 2023, outstanding copper derivatives amounted to nil.

24. Capital Management

The Group maintains a capital base to cover risks inherent in the business. The primary objective of the Group's capital management is to optimize the use and earnings potential of the Group's resources, ensuring that the Group complies with externally imposed capital requirements, if any, and considering changes in economic conditions and the risk characteristics of the Group's activities. No significant changes have been made in the objectives, policies and processes of the Group from the previous years.

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

	2024	2023
Capital stock	**₱5,782,399**	₱5,782,399
Additional paid-in capital	**2,885,163**	2,885,163
Retained earnings		
Unappropriated	**9,985,424**	9,287,207
Appropriated	**10,500,000**	10,500,000
	₱29,152,986	₱28,454,769

25. Foreign-Currency-Denominated Monetary Assets and Liabilities

The Group's foreign-currency-denominated monetary assets and liabilities as at December 31, 2024 and 2023 are as follows:

	2024		2023	
	US$	**Peso Equivalent**	US$	Peso Equivalent
Assets				
Cash and cash equivalents	**$50,458**	**₱2,918,751**	$26,166	₱1,448,811
Trade receivables	**18,727**	**1,083,271**	4,653	257,637
Loans receivable	**600**	**34,707**	600	33,222
	$69,785	**₱4,036,729**	$31,419.00	₱1,739,670
Liability				
Bank loans	**121,200**	**7,010,814**	52,000	2,879,240
Liabilities - net	**($51,415)**	**(₱2,974,085)**	($20,581.00)	(₱1,139,570)

The exchange rates of Peso to US dollar were ₱57.845 to US$1 as at December 31, 2024 and ₱55.370 to US$1 as at December 31, 2024.

26. Related Party Transactions

Related party relationships exist when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Companies within the Group in the regular conduct of business, enter into transactions with related parties which consists of advances, loans, reimbursement of expenses, regular banking transactions, leases and management and administrative service agreements.

All intercompany transactions are eliminated in the consolidated financial statements. Items eliminated are separately disclosed in a schedule in accordance with Philippine SEC requirements under the Revised SRC Rule 68.

PXP
On July 15, 2016, the Parent Company ceases to have control over PXP (see Note 11). Previously, transactions with to PXP are eliminated in the consolidated financial statements.

In March 2022, the Parent Company granted loans to PXP, through the issuance of PNs. Under the PNs, total loans to PXP amounted to ₱30,684 or US$600,000, payable on demand and subject to an interest of 3.5% p.a. over LIBOR (6 months) that is payable quarterly. (see Note 6)

SMECI
On December 18, 2014, SMECI, with PMC as the co-issuer, issued 8-year convertible bonds with a face value of ₱7.2 billion at 1.5% coupon rate p.a. payable semi-annually to Asia Link B.V. and Social Security System (SSS) wherein the former holds 20% ownership interest in PMC.

On December 7, 2022, the convertible notes held by Asia Link B. V. was extended for another three (3) years. Subsequently, on December 21, 2024, both parties mutually agreed to extend the maturity date of the convertible bonds for an additional 1.5 years, or until June 18, 2027. Moreover, the convertible notes held by SSS was not extended and has been settled as of December 31, 2022 (see Note 15).

Compensations of Key Management Personnel
Compensations of the members of key management personnel are as follows:

	2024	2023	2022
Short-term employee benefits	**₱75,520**	₱72,174	₱74,705
Pension costs	**8,566**	7,531	835
	₱84,086	₱79,705	₱75,540

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

27. **Income Taxes**

a. The Group is subject to regular corporate income tax (RCIT) or MCIT, whichever is higher. The provision for current income tax in 2024, 2023, and 2022 represent RCIT.

b. The components of the Group's net deferred tax assets (liabilities) are as follows:

	2024	2023
Deferred tax assets on:		
Provision for losses and others	**₱28,207**	₱74,878
Unrealized foreign exchange losses - net	**36,036**	32,586
Materials and supplies obsolescence	**26,784**	26,784
	91,027	134,248
Deferred tax liabilities on:		
Difference in fair value and carrying value of the net assets of subsidiary acquired	**(1,387,927)**	(1,387,927)
Accelerated deduction	**(360,364)**	(105,528)
Convertible bonds	**(91,293)**	(84,639)
Net retirement plan assets	**(37,769)**	(61,950)
Debt issuance cost	**(30,455)**	–
Mine inventory at year-end	**(27,592)**	(35,680)
Unrealized changes in FV of financial assets measured at FVOCI	**(16,535)**	(12,195)
OCI portion of retirement liability	**(6,233)**	(1,366)
	(1,958,168)	(1,689,285)
Net deferred tax liabilities	**(₱1,867,141)**	(₱1,555,037)

c. The reconciliation of the Group's provision for income tax computed at the statutory income tax rates based on income before income tax is as follows:

	2024	2023	2022
Provision for income tax at statutory tax rate	**₱274,366**	₱288,143	₱582,189
Additions to (reductions in) income tax resulting from:			
Debt issuance cost	**34,912**	–	–
Nondeductible expenses and non-taxable income - net	**(27,879)**	(98,941)	(35,662)
Unrecognized DTA, NOLCO and excess MCIT	**22,029**	(15,992)	4,740
Interest income already subjected to final tax	**(16,152)**	(38,639)	(18,025)
	₱287,276	₱134,571	₱533,242

d. The Group did not recognize deferred tax assets relating to the following temporary differences because management believes that it is not probable that the carry-forward benefits will not be realized in the near future.

	2024	2023
Allowance for impairment losses on property, plant and equipment	**₱2,056,912**	₱2,056,912
NOLCO	**666,314**	597,158
Unrealized foreign exchange losses	**4,132**	26,277
Excess MCIT	**322**	237
Provisions	–	18,747
	₱2,727,680	₱2,699,331

e. No deferred income taxes were recognized from the NOLCO and MCIT of the Parent Company's subsidiaries as at December 31, 2024 and 2023.

28. Equity

Capital Stock

The details of the Parent Company's capital stock follow:

	Number of Shares	
	2024	2023
Authorized common stock - ₱1 par value	**8,000,000,000**	8,000,000,000
Issued, outstanding and fully paid:		
As at the beginning and end of the year	**5,782,399,068**	5,782,399,068

Below is a summary of the capital stock movement of the Parent Company:

Year	Date of Approval	Change in Number of Authorized Capital Stock	New Subscriptions/ Issuances***
1956	November 26, 1956	60,000,000	20,590,250
1957			30,539,750
1958			107,035
1959			1,442,500
1960	September 12, 1960	30,000,000	10,997,397
1961			1,238,500
1962			9,737,294
1963	December 16, 1993	90,000,000*	103,258,378
1964	March 6, 1964	220,000,000	65,339,520
1965			61,546,755
1966			60,959,182
1969	September 22, 1969	600,000,000	182,878,280
1970			274,317,420
1971	August 20, 1971	1,000,000,000	411,476,131
1973		4,000,000,000****	2,623,160,332
1974			1,543,035,476
1978			540,062,420
1981	August 4, 1981	5,000,000,000	1,485,171,655
1983			742,006,977
1985			815,707,473
1986			3,923,841,215
1987	August 14, 1987	9,000,000,000	3,867,787,326
1989	July 11, 1989	20,000,000,000	5,028,123,524
1990	June 27, 1990	(38,000,000,000)**	(20,549,744,536)
1991			375,852,233
1992			162,869,258
1993			179,156,183
1995			403,849
1997			985,928,483
1999	May 23, 1997	3,000,000,000	–
2007			10,781,250
2008			912,279,662

(Forward)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Year	Date of Approval	Change in Number of Authorized Capital Stock	New Subscriptions/ Issuances***
2009	May 22, 2009	3,000,000,000	1,019,753,789
2010			21,525,999
2011			7,619,783
2012			3,276,075
2013			3,969,250
2014			3,403,000
2022			842,000,000
		8,000,000,000	5,782,399,068

*This is the result of the change in par value from 0.10 to ₱0.05.
**This is the result of the change in par value from ₱0.05 to ₱1.00.
***Information on issue/offer price on public offering not available or information not applicable since the shares were not issued in relation to a public offering.
****Information on date of approval not available.

As at December 31, 2024 and 2023, the Parent Company's total stockholders are 43,820 and 43,845, respectively.

In November 2021, the BOD of the Parent Company approved the SRO wherein eligible shareholders of record, as of the date to be set in accordance with existing law and regulations (the "Record Date") will have the opportunity to participate and to subscribe to common shares that will be issued in connection with the proposed SRO, subject to the approval by the SEC, and compliance with the listing requirements of the PSE.

On August 3, 2022, a total of 842,000,000 shares was listed at ₱3.15 per share. The total proceeds from the SRO amounted to ₱2,583,182, net of share issuance costs amounting to ₱69,118. In October 2022, the net proceeds of the SRO of PMC were invested as equity in SMMCI through SMECI.

Together with the long-term debt arranged by a leading local financial institution and internally generated cash of the Group, the SRO proceeds are being utilized for the development of the Silangan Project.

Retained Earnings
Retained earnings consists of the following:

	2024	2023
Retained earnings:		
Unappropriated	**₱9,789,854**	₱9,095,304
Cumulative actuarial gains	**195,570**	191,903
Total unappropriated	**9,985,424**	9,287,207
Appropriated	**10,500,000**	10,500,000
Ending balance	**₱20,485,424**	₱19,787,207

On December 13, 2013, the Parent Company's BOD approved the appropriation of ₱10,000,000 of the unappropriated retained earnings for the purpose of mine development and construction of the Silangan Project (see Note 1). On February 28, 2017, the Parent Company's BOD approved further appropriation of ₱500,000 of the unappropriated retained earnings for purposes of mine and development and construction of the Silangan Project, thereby increasing total appropriation to ₱10,500,000.

On March 4, 2022, the BOD of the Parent Company approved the declaration of cash dividend of ₱247,000 or ₱0.05 per share as regular dividends to all stockholders at record date of March 21, 2022.

On February 23, 2023, the BOD of the Parent Company approved the declaration of cash dividend of ₱115,648 or ₱0.02 per share as regular dividends to all stockholders at record date of March 13, 2023.

On February 29, 2024, the BOD of the Parent Company approved the declaration of cash dividend of ₱115,648 or ₱0.02 per share as regular dividends to all stockholders at record date of March 15, 2024.

On February 26, 2025, the BOD of the Parent Company approved the declaration of cash dividend of ₱115,648 or ₱0.02 per share as regular dividends to all stockholders at record date of March 12, 2025.

The Parent Company's retained earnings available for dividend distribution amounted to ₱11,733,695 and ₱11,537,887 as at December 31, 2024 and 2023, respectively.

The retained earnings of the Group's subsidiaries that is not available for dividend declaration amounts to nil as of December 31, 2024 and 2023.

As at December 31, 2024 and 2023, dividends payable amounted to ₱107,849 and ₱224,257, respectively.

NCI

	2024	2023
Percentage of ownership	**1.1%**	1.1%
Amount	**₱309**	₱298

Transactions with NCI are disclosed in Note 2.

Revaluation Surplus

Acquisition of SMECI and SMMCI

On February 6, 2009, the Parent Company acquired control over SMECI and SMMCI from Anglo American Exploration (Philippines), Inc. which qualified as a step acquisition. Accordingly, a revaluation surplus amounting to ₱1,572,385 was recognized.

29. Basic/Diluted Earnings Per Share

Basic earnings per share are computed as follows:

	2024	2023	2022
Net income attributable to equity holders of the Parent Company	**₱810,188**	₱1,018,008	₱1,795,517
Divided by weighted average number of common shares outstanding during the year	**5,782,399,068**	5,782,399,068	5,291,232,401
Basic earnings per share	**₱0.140**	₱0.176	₱0. 339

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

Diluted earnings per share amounts are calculated as follows:

	2024	2023	2022
Net income attributable to equity holders of the Parent Company	**₱810,188**	₱1,018,008	₱1,795,517
Divided by weighted average number of common shares adjusted for the effect of exercise of stock options	**5,782,399,068**	5,782,399,068	5,291,232,401
Diluted earnings per share	**₱0.140**	₱0.176	₱0.339
Weighted average number of common shares adjusted for the effect of exercise of stock options	**5,782,399,068**	5,782,399,068	5,291,232,401

The effect of the conversion options of the convertible bonds is anti-dilutive as at December 31, 2024, 2023 and 2022 (see Note 15).

30. Farm-in Agreement with Manila Mining Corporation (MMC)

On May 11, 2011, the Parent Company entered into a farm-in agreement with MMC to acquire up to 60% of the outstanding capital stock of Kalayaan Copper Gold Resources, Inc. (Kalayaan), a wholly owned subsidiary of MMC. The Parent Company purchased from MMC 125,000 shares of Kalayaan representing 5% of the outstanding capital stock for US$25,000 or ₱1,071,521.

Further, the Parent Company will subscribe to additional 3,437,500 shares of Kalayaan, representing 55% of outstanding capital stock, subject to the condition that the Parent Company will fulfill the subscription services within the earlier of three (3) years following the execution of the agreement or expiry of the term of the exploration permit.

Upon acquisition of 5% stake over Kalayaan, MMC, under the Operating Agreement, grants the Parent Company exclusive, irrevocable and unconditional rights:

a. To conduct exploration and pre-development;
b. To perform all activities necessary to complete a final feasibility study for the project; and,
c. To possess and/or exercise all of Kalayaan's surface rights, to exercise, utilize and enjoy all the rights, benefits, privileges, and perform all the obligations of Kalayaan under and in relation to the exploration permit and the mineral rights, provided that Kalayaan shall remain liable for all accrued obligations under the exploration permit as at the date of the agreement.

The transaction was recorded by allocating the US$25,000 to Investment in financial assets measured at FVOCI pertaining to the 5% interest in Kalayaan and to the exploration rights acquired. The acquisition cost is then allocated by valuing the investment in FVOCI at ₱100 and the deferred exploration cost at ₱1,071,421 (see Note 10).

On April 19, 2017, MMC and Kalayaan agreed to extend the term of the Earn-In Period for another two (2) years, and on January 24, 2019, for another two (2) years. The new Earn-In period was ten (10) years following the execution of the Farm-In Agreement and has expired on May 10, 2021.

On December 17, 2020, the new Earn-In period was extended further for two (2) years. The new Earn-In period was now 12 years following the execution of the Farm-In Agreement and was set to expire on May 10, 2023.

On May 16, 2023, MMC and Kalayaan agreed to further extend the term for two (2) years. The new Earn-In period will now be 14 years following the execution of the Farm-In Agreement and will expire on May 10, 2025.

31. Other Matters

a. The Group is currently involved in certain legal, contractual and regulatory matters that require the recognition of provisions for related probable claims against the Group. Management and the Group's legal counsel reassess their estimates on an annual basis to consider new relevant information. The disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiation strategies with respect to these matters. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided. Provision recognized in the consolidated statements of income amounted nil, nil and ₱103,000 in 2024, 2023 and 2022, respectively.

b. DENR Issues on Mining Operations
On February 17, 2017, SMMCI and PGPI received show cause letters (Letters) from the DENR directing SMMCI and PGPI, respectively, to explain why the following MPSAs should not be cancelled for being located within watershed areas:

MPSA No.	Location	Company
MPSA No. 149-99-XIII	Mainit and Placer, Surigao del Norte	SMMCI
MPSA No. 148-99-XIII	Surigao City, Sison and Placer	LMC/PGPI
MPSA No. 344-2010-XIII	Lianga and Barobo, Surigao del Sur	PGPI
MPSA No. 063-97-IX	Sibutad, Dapitan City and Rizal, Zamboanga del Norte	PGPI
MPSA No. 096-97-VI	Hinobaan, Negros Occidental	PGPI

On February 24, 2017, SMMCI and PGPI responded to the Letters stating that there is no legal nor factual basis for the cancellation of the MPSAs since the contract areas covered by the MPSAs are not located within proclaimed watershed forest reserves where mining is prohibited, and that in any case, DENR has not observed due process. SMMCI and PGPI reserve all rights to take appropriate legal action and exhaust all remedies to protect their rightful claims under contract and the law.

32. Notes to Consolidated Statements of Cash Flows

Non-cash Investing Activities
The following non-cash investing activities are capitalized under deferred exploration costs:

- Total depreciation cost of machinery and equipment used in exploration projects that are currently ongoing for PMC and SMMCI amounting to ₱37,750, ₱15,333 and ₱5,493 in 2024, 2023 and 2022, respectively (see Notes 12 and 20).
- Amortization on debt issue cost related to the syndicated bank loans amounting to ₱584 in 2024 (see Notes 15).

(AMOUNTS IN THOUSANDS, EXCEPT AMOUNTS PER UNIT, SHARE PRICE AND NUMBER OF SHARES)

- Finance expense pertaining to the convertible bonds amounting to ₱478,452 and ₱455,457 in 2024 and 2023, respectively. The rate used to determine the amount of borrowing costs eligible for capitalization was 5.61% (see Note 15).

<u>Cash and Non-cash Changes from Financing Activities</u>

The following table summarizes the changes in liabilities arising from financing activities in 2024 and 2023:

	January 1, 2024	Dividend Declaration (Note 28)	Cash Flows	Accretion of Interest (Note 15)	Effect of changes in foreign currency exchange rates	Gain on modification of financial liability (Note 15)	\Reclassification	December 31, 2024
Current Liabilities:								
Short-term loans payable	**₱1,605,730**	**₱–**	**₱741,520**	**₱–**	**₱82,240**	**₱–**	**₱–**	**₱2,429,490**
Long-term bank loans	**276,850**	**–**	**–**	**–**	**–**	**–**	**185,910**	**462,760**
Dividends	**224,257**	**115,648**	**(232,056)**	**–**	**–**	**–**	**–**	**107,849**
Noncurrent Liabilities:								
Long-term bank loans	**996,660**	**–**	**5,425,837**	**–**	**4,741**	**–**	**(185,910)**	**6,241,328**
Convertible bonds	**6,249,829**	**–**	**–**	**365,587**	**–**	**(272,608)**	**–**	**6,342,808**
	₱9,353,326	**₱115,648**	**₱5,935,301**	**₱365,587**	**₱86,981**	**(₱272,608)**	**₱–**	**₱15,584,235**

	January 1, 2023	Dividend Declaration (Note 28)	Cash Flows	Accretion of Interest (Note 15)	Effect of changes in foreign currency exchange rates	\Reclassification	December 31, 2023
Current Liabilities:							
Short-term loans payable	₱1,616,895	₱–	₱–	₱–	(₱11,165)	₱–	₱1,605,730
Long-term bank loans	–	–	–	–	–	276,850	276,850
Dividends	343,346	115,648	(234,737)	–	–	–	224,257
Noncurrent Liabilities:							
Long-term bank loans	–	–	1,271,900	–	1,610	(276,850)	996,660
Convertible bonds	5,907,961	–	–	341,868	–	–	6,249,829
	₱7,868,202	₱115,648	₱1,037,163	₱341,868	(₱9,555)	₱–	₱9,353,326

PHILEX MINING & SMMCI

SENIOR EXECUTIVES & MANAGERS

Philex Corporate Office

Eulalio B. Austin Jr.
President and Chief Executive Officer

Barbara Anne C. Migallos
Corporate Secretary

Romeo B. Bachoco
Treasurer; Senior Vice President; Chief Finance Officer, Chief Risk Officer, Chief Compliance Officer

Victor A. Francisco
Vice President - Environment and Community Relations

Winston S. Cruz
Vice President - Legal & General Counsel

Paraluman M. Navarro
Assistant Vice President, Corporate Finance

Geraldine B. Ateo-an
Internal Audit Head

Francis Joseph G. Ballesteros Jr.
Division Manager, Public & Regulatory Affairs

Noel C. Oliveros
Division Manager, Exploration

Venancio Gel A. Romero
Division Manager, Corporate Technical Services & Business Development

Eileen C. Rodriguez
Group Manager, Corporate Treasury

Jester Bryan V. Go
Group Manager, Information Technology

Josefino B. Siasat
Group Manager, Supply Chain

Philex Padcal Mine

Ricardo S. Dolipas II
Vice President – Operations and Resident Manager

Eduardo M. Aratas
Division Manager, Legal

Roselyn M. Dahilan
Division Manager, Finance

Ronald A. Verceles
Mill General Manager

Paul C. Ngoddo
Acting Mine Division Manager

Alfredo B. Reynosa
Group Manager, Mine Operations

Manolito M. Javar
Special Projects Manager

Lionel L. Wanawan
Group Manager, Legal

Maria Aurora S. Dolipas
Group Manager, Safety and Risk Management

SMMCI

Eulalio B. Austin Jr.
President and Chief Executive Officer

Barbara Anne C. Migallos
Corporate Secretary

Michael T. Toledo
Chief Operating Officer

Romeo B. Bachoco
Treasurer

Paraluman M. Navarro
Financial Controller

Venancio Gel A. Romero
Silangan Project Lead

Jerome T. Maddumba
Resident Manager
(up to May 16, 2025)

Raul G. Bongolan
Process Plant Manager

Raul B. Cezar
Mine Development & Engineering Manager

Steve G. Cabingan
Supply Chain Group Manager

CORPORATE INFORMATION

Head Office
2nd Floor, Launchpad
Reliance Street corner Sheridan Street
Mandaluyong City 1550 Philippines
Tel: +632 8631-1381 to 88
Fax: +632 8633-3234 / 8634-4441
Email: philex@philexmining.com.ph

Padcal Mine Site
Tuba, Benguet
Philippines
Smart FCT: +63 998 594-8433

Poro Installation
Poro Point
San Fernando, La Union Philippines
Smart: +63 949 953-5580

Silangan Mindanao Mining Co., Inc.
2nd Floor, Launchpad
Reliance Street corner Sheridan Street
Mandaluyong City 1550 Philippines
Tel: +632 8631-1381 to 88
Project Office: Brgy. Timamana,
Tubod, Surigao del Norte

Independent Public Accountants
SyCip Gorres Velayo & Co.

Transfer Agent
Stock Transfer Services, Inc.
34th Floor Rufino Plaza
Ayala Avenue, Makati City
Tel: +63 2 8403-2410
or +63 2 5310-3671
Fax: +63 2 8403-2414
Email: amlavina@stocktransfer.com.ph

Legal Counsel
Migallos & Luna
Poblador Bautista & Reyes
SyCip Salazar Hernandez & Gatmaitan

Bankers
BDO Unibank, Inc.
Bank of the Philippine Islands
Goldman Sachs International
Land Bank of the Philippines
Philippine Bank of Communications
Philippine National Bank
Rizal Commercial Banking Corp.
Security Bank Corporation
Standard Chartered Bank
Union Bank of the Philippines

Market Information
The registrant's common equity is traded in the Philippine Stock Exchange under the ticker symbol "PX". The Company's public float as of December 31, 2024 is 34.39%.

The average quarterly stock prices for the Company's common shares for the fiscal years 2023 and 2024 and the first quarter of 2025 are as follows:

Year	Period	Php per Share	
		High	Low
2025	**Q1**	**7.40**	**2.76**
2024	Q1	3.35	2.75
	Q2	3.22	2.63
	Q3	3.30	2.51
	Q4	3.51	2.71
2023	Q1	3.32	2.79
	Q2	3.54	2.55
	Q3	3.08	2.61
	Q4	3.32	2.79

PHILEX MINING CORPORATION

Philex Mining Corporation
2nd Floor LaunchPad
Reliance Street corner Sheridan Street
Mandaluyong City, 1550 Philippines
+632 8631-1381 to 88
www.philexmining.com.ph