



PHILEX MINING
CORPORATION

The Sun Rises ON MINING

2023

ANNUAL REPORT

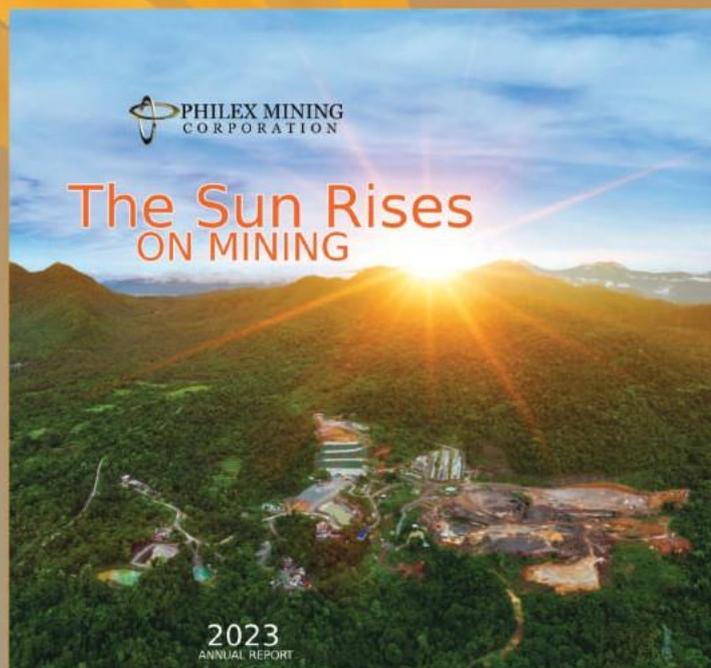
ABOUT THE REPORT

This 2023 Annual Report of Philex Mining Corporation contains disclosures covering its financial performance for the reporting period January 1 to December 31, 2023. 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 2023 Sustainability Report separately published and can be downloaded on the company website, <http://www.philexmining.com.ph/>

Feedback

We welcome feedback and appreciate suggestions to make the Report more applicable and useful to our various stakeholders. You may contact us at:

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ABOUT THE THEME

The Sun Rises on Mining

After years in the doldrums because of changing government policies, the Philippine mining industry is poised for a comeback and an even brighter outlook.

Philex Mining Corporation has always believed that mining holds the greatest potential to be a key driver in the country's economic recovery after the pandemic, as well as long-term growth.

Operating the Padcal Mine for more than 65 years as a right and principled miner, the Company had seen the mining industry through its peaks and troughs. With the excitement over the start of commercial operation of the Silangan mine and other potentially promising mine explorations, Philex expects to smoothly transition from Padcal mine, which has an extended mine life until 2027 — ensuring a brighter future ahead for the Company, as well as for the Philippine mining industry.

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Tailings Storage Facility 3

OUR RESPONSIBLE BUSINESS

Philex is engaged in the large-scale exploration, development, and utilization of mineral resources in the Philippines. For more than six decades, it has been operating the Padcal Mine in Padcal, Tuba, Benguet Province – the first underground block cave mining operation in the Far East. The Company was incorporated on July 19, 1955, listed in the Philippine Stock Exchange on November 23, 1956, and started operating the Padcal Mine in 1958.

VISION

Our vision is 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
- 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

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

BUSINESS STRUCTURE

COMPANY	LOCATION	DESCRIPTION OF OPERATIONS
 <p>PHILEX MINING CORPORATION</p> <p>Philex Mining Corporation (Parent company)</p>	<p>Padcal Mine in Tuba and Itogon, Benguet Province</p>	<p>Since 1958, Philex has been operating the Padcal Mine in Benguet Province in Luzon, employing the underground block cave mining method, and producing copper concentrates containing gold, copper, and silver. This has been the primary source of revenue of the Company for over 65 years.</p> <p>Padcal Mine’s life has been extended seven times. The latest was on December 7, 2022 when it was extended for another three years to December 31, 2027. The previous extension was in June 2021 for two years up to December 31, 2024 due to additional reserves from mineral resources delineated around the identified mining level.</p> <p>The latest extension up to 2027 was finalized after the completion of confirmatory drillings on the ore body, technical studies on the mining methodology and Tailings Storage Facility (TSF) No. 3, leading to the successful identification of additional mineable reserves feasible for mining up to December 31, 2027.</p> <p>The updated remaining mineable reserves as of cut-off date of October 31, 2022 were estimated at 42 million tonnes, with an average gold and copper grades of 0.22 grams per tonne (g/t) and 0.17%, respectively. The total recoverable gold was estimated at 233,000 ounces while the total recoverable copper was estimated at 127.4 million pounds. The new estimate then included remaining reserves from the previously declared mineable reserves as of December 31, 2021 aggregating to 24.9 million tonnes with an average gold and copper grades of 0.23 g/t and 0.18%, respectively.</p>
<p>Silangan Mindanao Exploration Co., Inc. (SMECI) Wholly owned mining business</p>  <p>SILANGAN MINDANAO MINING CO., INC.</p> <p>Silangan Mindanao Mining Co., Inc. (SMMCI) Wholly owned mining business</p>	<p>Silangan Copper and Gold Project (Silangan Project) in Surigao del Norte, Northeastern Mindanao</p>	<p>In 2010, Silangan Mindanao Exploration Co., Inc. (SMECI), through Silangan Mindanao Mining Co., Inc. (SMMCI), completed the acquisition of the Silangan Copper and Gold Project (Silangan Project) in Surigao del Norte, Northeastern Mindanao.</p> <p>The Project’s tenements consist of two main ore deposits:</p> <ol style="list-style-type: none"> 1. Boyongan ore deposit: wholly owned by SMMCI, and to be developed as Phase I of the Silangan Project 2. Bayugo ore deposit: to be developed as Phase II, consisting of Bayugo–Silangan deposit (Phase II–A, wholly owned by SMMCI), and Bayugo–Kalayaan deposit (Phase II–B, under a Farm–In Agreement with Manila Mining Corporation and its subsidiary, Kalayaan Copper Gold Resources, Inc. (Kalayaan) and Philex Mining, which currently holds a 5% interest in Kalayaan and the option to further increase its stake up to 60%)
 <p>PHILEX GOLD PHILIPPINES, INC.</p> <p>Philex Gold Philippines, Inc. Wholly owned mining business</p>	<p>Bulawan Mine in Sipalay, Negros Occidental and Sibutad Project in the Municipalities of Rizal and Sibutad, Zamboanga del Norte</p>	<p>Philex Gold Philippines, Inc. (PGPI) operated the Bulawan Mine in Negros Occidental until the second quarter of 2002. At present, the Bulawan Mine has residual resource estimates of around 29.6 million tonnes containing 1.7 million ounces of gold, which also includes the Vista Alegre area with completed geological modelling and preliminary resource estimation.</p> <p>Both the Bulawan Mine and Sibutad Project are currently under The Final Mine Rehabilitation and Decommissioning Plan (FMRDP).</p>

CORPORATE OBJECTIVES

2023 - 2027

LEAVING NO STONE UNTURNED AT PADCAL

- Re-fleeting program for critical equipment to support the extended mine life
- Continue optimizing the current ore body to take advantage of the existing Padcal infrastructure and relatively high metal prices
- Power optimization improvements
- Skill, competence, and manpower buildup to address employee turnover
- Strategic inventory management aligned with plant and equipment maintenance programs

ACCELERATED DEVELOPMENT OF THE SILANGAN PROJECT

- Completion of the main decline to the orebody and driving of production lines for the initial production
- Construction of the processing plant and tailings storage facility
- Construction of other surface infrastructures

PURSUE BUSINESS ACTIVITIES RELATED TO THE TRENDING GREEN METALS TECHNOLOGY

- Scout drilling works for possible participation in the development of an adjacent mining property
- Complete evaluation of the nickel tenement in Zambales for project development
- Seek approval of the EP for the Company's Pangasinan nickel tenement
- Assess other possible M&A prospects

ENHANCEMENT OF ESG AND UNCEASING PROMOTION OF RIGHT AND PRINCIPLED MINING

- Adherence to and implementation of ESG advocacies and initiatives
- Biodiversity Programs and Green House Gas (GHG)
- Pursue value creation to promote social progress at the host and impacted communities of the Padcal Mine

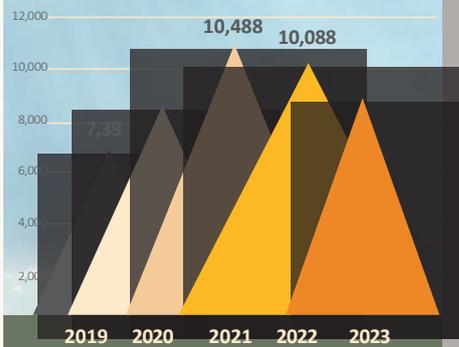
INCREASED ENGAGEMENTS WITH PROSPECTIVE INVESTORS AND LENDERS FOR SILANGAN PROJECT FOR POSSIBLE ACCELERATION OF PRODUCTION RAMPING UP PLAN

2023

AT A GLANCE

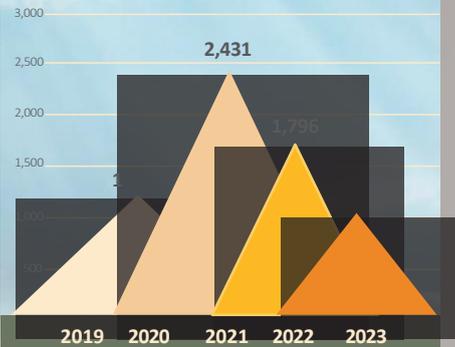
8,566

GROSS REVENUES
(in Php millions)



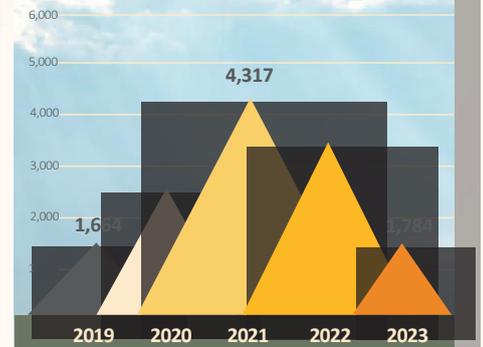
1,018

NET INCOME
(in Php millions)



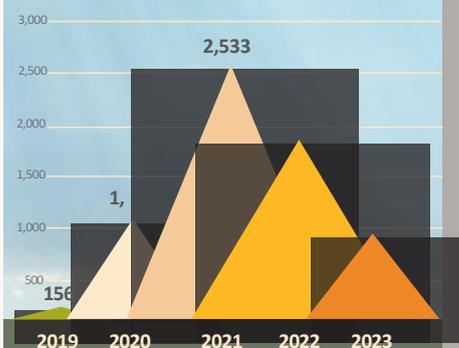
1,784

EBITDA
(in Php millions)



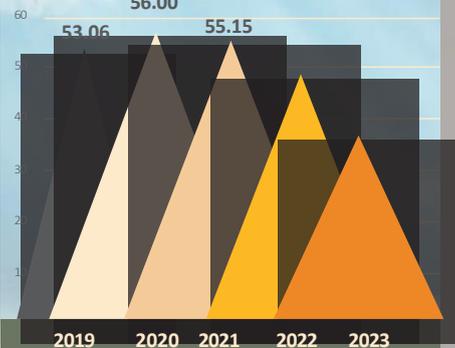
963

CORE NET INCOME
(in Php millions)



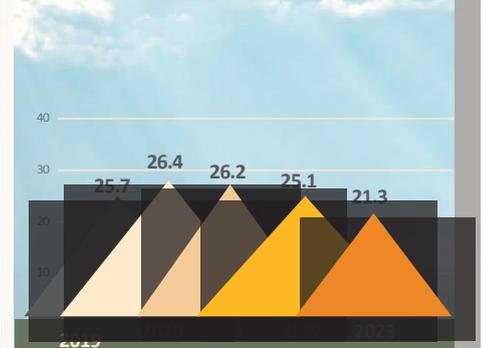
37.78

GOLD OUTPUT
('000 ounces)



21.3

COPPER OUTPUT
(million lbs.)



MILESTONES

SILANGAN PROJECT

The Silangan Project is one of the current three large scale projects seen to propel the country into becoming a major copper producer in the world. Estimated to produce its first metal by December 2025, the Project has an estimated initial capitalization of US\$224 million for the development of the starter mine over 2.5 years.

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) situated in Surigao del Norte, Northeastern Mindanao.

2019

FEASIBILITY STUDY AND ECC

SMMCI approved the Definitive Feasibility Study (DFS) prepared by its consultants, 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 search for investors continued even in the face of the COVID-19 global pandemic.

In the same year, the Silangan 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), approved the underground sub-level cave mining method.

2020

25-YEAR EXTENSION

The DENR approved the renewal for another 25-year term of MPSA No. 149-99-XIII which shall commence from December 29, 2024.

2021

APPROVAL OF STRATEGY

The Board of Directors of Philex Mining and SMMCI approved the in-phase plan execution strategy of the Silangan Project. With the plan, the capital expenditure requirement will be made in stages, and to be funded from a combination of cash infusion from Philex Mining, long-term debt, and internally generated cash.

2022

COMPLETION OF IN-PHASE MINE PLAN

The Company completed the In-Phase Mine Plan feasibility study and updated the mineable reserve estimate for the Boyongan deposit. Under the In-Phase Mine Plan, 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 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 to 12,000 tonnes per day or 4 Mt per year on year 12.

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

AUGUST STOCK RIGHTS OFFERING

The stock rights offering was completed by Philex with the listing of the 842 million shares on August 3, 2022. A total of Php2.65 billion was raised from the Philex SRO, the net of which amounting to Php2.58 billion was invested by Philex in early October 2022 into the Silangan Project under SMMCI, through SMMECI as partial funds to finance the initial capital cost of the project.

3RD QUARTER SITE DEVELOPMENT WORK

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



Silangan Project Development Site

2023

SITE DEVELOPMENT WORK

March 31, 2023: The construction of the East Portal canopy was completed, as well as the drilling of 10 additional dewatering wells, one geotech hole to de-risk spiral decline location, and additional 14 hydro monitoring holes drilling.

April 30, 2023: The stabilization of the “benches” or slope was completed.

May 1, 2023: The development of the main access decline to the orebody started after the completion of the boxcut and the portal.

August 31, 2023: Construction of the West Portal was completed.

NOVEMBER

\$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

FEBRUARY

COMPLETION OF FUNDRAISING

The Company completed its loan syndication exercise to raise the long-term loan component of the pending requirement 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.

ONGOING SITE DEVELOPMENT WORK

January 2024: Ausenco Services Pty Ltd. from Brisbane Australia was awarded the scope of Engineering and Procurement contract for the copper leaching-gold leaching process plant.

1st quarter: Excavation of the ventilation pad in preparation of the sinking of two ventilation shafts.

End-April 2024: Target commissioning of ten more dewatering wells, in addition to four dewatering wells, the old ventilation raise and the old decline.

May 2024: The bulk earthworks for the process plant has been awarded to a contractor, with work currently ongoing. The tender process for the general contractor of the process plant had started in February 2024 and will be awarded before the end of June 2024. The contract for the Tailings Storage Facility construction will be based on the detailed design completed by Tetra Tech Coffey.

2nd quarter 2024: The remaining balance of 198 meters to the first sub-level cave production level will be reached before the end of the second quarter.

2025

INITIAL PRODUCTION

Based on the In-Phase Mine Plan and with the latest update on the construction and procurement process, the Silangan Project is slated to have its first metal production by December 2025.

FINANCIAL HIGHLIGHTS

	2023	2022	2021	2020	2019
PROFIT AND LOSS (IN PHP MILLIONS)					
Revenues					
Gold	3,958	4,625	4,885	4,794	3,740
Copper	4,538	5,383	5,516	3,579	3,592
Silver	70	80	87	77	67
Total	8,566	10,088	10,488	8,450	7,399
Smelting Charges	840	826	691	616	610
Operating Cost and Expenses	6,673	7,120	6,598	6,298	6,917
Income from Operations	1,054	2,142	3,199	1,536	127
Other and Non-Recurring Income (Charges)	99	187	(399)	(5)	(877)
Net Income/Loss	1,018	1,796	2,431	1,228	(648)
EBITDA	1,784	3,524	4,317	2,703	1,664
Core Net Income	963	1,733	2,533	1,162	156
Per Share Data					
Earnings Per Share	0.176	0.339	0.492	0.249	(0.131)
Dividends per Share	0.02	0.02	0.059	0.01	-
FINANCIAL CONDITION (IN PHP MILLIONS)					
Property, Plant and Equipment	3,357	2,730	3,429	3,043	3,185
Deferred Exploration Cost	30,722	29,492	28,100	27,365	26,616
Total Assets	45,411	43,259	41,856	38,939	37,899
Current Liabilities	4,919	4,758	13,324	4,221	4,929
Total Liabilities	13,723	12,389	15,157	14,713	14,930
Total Equity	31,688	30,869	26,698	24,226	22,969
Capital Expenditure	2,266	1,778	979	1,168	1,745
Book Value Per Share	5.48	5.34	5.40	4.19	4.65
PRICE AND COSTS					
Gold					
Realized Price / oz (US\$)	1,928	1,790	1,785	1,757	1,388
Operating Cost / oz (US\$)	1,639	1,347	1,202	1,362	1,296
Copper					
Realized Price / lb (US\$)	3.79	3.96	4.24	2.87	2.72
Operating Cost / lb (US\$)	3.22	2.98	2.85	2.22	2.54
FINANCIAL RATIOS					
Net Profit Margin	13.2%	19.4%	24.8%	15.7%	-9.5%
Return on Assets	2.3%	4.2%	6.0%	3.2%	-1.6%
Return on Equity	3.3%	6.2%	9.5%	5.2%	-2.8%
Asset-to-Equity Ratio	1.4	1.4	1.6	1.6	1.7
OTHER INFORMATION					
Cash Dividend Yield	0.6%	0.7%	0.9%	0.2%	-
Number of Shareholders	43,845	43,901	43,945	43,871	43,986
Number of Employees	1,948	1,897	1,881	1,894	1,845



KEY PERFORMANCE INDICATORS

As a principled and responsible miner, Philex Mining has to effectively address social and environmental challenges for it to remain a commercially viable and sustainable enterprise. Finding solutions to these challenges requires exceptional commitment, operational excellence, and innovation. Below are key indicators of our financial and non-financial performance:

	INDICATORS	IMPACT ON OPERATIONS	METRIC	PERFORMANCE	
				2023	2022
	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	1	2
			Lost Time Accident (Non-Fatal)	8	10
	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 million)	925	759
			Total Deferred Exploration Costs (in Php billion)	30.722	29.492
	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	6,852,879	7,431,651
			Copper production (in lbs.)	21,298,421	25,085,952
			Gold production (in ounces)	37,784	48,567
	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. Thus, a lower cost per tonne would generally reflect an improvement in operating efficiency.	Total operating cost (in Php billion)	7.270	7.696
			Average cost per tonne (in Php)	1,061	1,036
	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)	0.176	0.339

MESSAGE FROM THE CHAIRMAN



A growing global population and rising urbanization, increasing digitalization and connectivity, and the transition to green energy, among other things, require mined products to be delivered on an unprecedented scale. And the escalating demand this creates immense opportunities for mining companies like Philex.

In 2023, the global mining market experienced a 6% growth, reaching over US\$2 trillion, and projected to escalate to over US\$2.7 trillion by 2027. The year also saw gold prices reaching an all-time high.

The rise in global mineral prices helped lift the value of Philippine metal production. According to the Mines and Geosciences Bureau (MGB), the value of metal production reached Php249.05 billion in 2023, up by 4.8% from Php237.66 billion in 2022. Gold accounted for nearly half of the total production value or Php106.64 billion, a 17% increase from Php91.05 billion in 2022. Nickel ore and other nickel byproducts were valued at Php113.37 billion, accounting for 45.52% of the total production value, while copper was valued at Php25.41 billion (10.2%), and the combined output of silver, chromite, and iron at Php3.63 billion (1.46%).

The growth momentum of the local mining industry would have been stronger given the robust performance of the Philippine economy, which rose by 5.6% in gross domestic product (GDP), outpacing major economies in Asia. However, the local mining industry was not immune to the adverse effects of geopolitical conflicts in some parts of the world, rising fuel prices, extreme weather conditions, which hampered production and led to supply shortfalls. Inflation also drove up the prices of core products and services, in particular fuel and power, as well as maintenance.



GROWING CONFIDENCE IN PHILIPPINE MINING

As one of the countries with the greatest mineral endowment, with an abundance of nickel, gold, copper, and other valuable minerals, the Philippines remains a significant player in the global market.

The country is not just one of the top producers in the Asia-Pacific region in terms of metal reserves, but also ranks fourth in nickel reserves worldwide, accounting for 10% of the global total.

There are still plenty of opportunities to explore, given that only about 8.35% of the 9 million hectares considered to be highly mineralized areas in the country are covered by mining tenements. In addition, most of the copper and nickel reserves are hosted in underdeveloped projects, which can be tapped to meet the rising global demand for green metals.

Recognizing that the mining industry holds the greatest potential to be a key driver in our economic recovery and long-term growth, the Philippine government has enacted “friendlier” policies such as the lifting of the moratorium on accepting applications for mineral agreements (Executive Order No. 130) and the lifting of the ban on open pit mining for copper, gold, silver, and complex ores in the country (DAO No. 2021-40).

These developments should shore up confidence in the local mining industry, and consequently, in the global minerals market where the Philippines remains on investor’s radar. Strong supply and demand will generate greater employment opportunities and tax and export revenues for our country.

BRIGHT PROSPECTS FOR SILANGAN MINING

It is against this positive backdrop that we view with great optimism our Silangan Project in Surigao del Norte province — considered by many as The Next Big Thing in the mining industry.

Amid the tight liquidity in the debt market in 2023, we were able to complete the US\$170-million loan funding requirement for the Silangan Project after securing syndicated debt facilities of US\$100 million in November 2023 and another US\$70 million in February 2024, in addition to raising Php2.6 billion from a stock rights offering in 2022, and the capital infusion from Philex Mining’s cash reserves. The overwhelming response of investors in these financing activities mirrored the excitement of the public and the private sector on the bright prospects of the Silangan project.

Once it goes into commercial operation in which the first metal production will be by December 2025, Silangan will undoubtedly strengthen the Philippines’ standing in the copper and gold markets globally. For Philex, the commercial success of the Silangan Project will also enable us to smoothly transition from Padcal Mine, whose extended mine life is projected to be 2027 would mean continuous employment for 1,948 employees, as well as sustained social development programs for our host and neighboring communities in Tuba and Itogon, Benguet. The Silangan Project, however, is not stopping us from pursuing vicinity exploration at the Padcal Mine.

We also aim to adopt and replicate our responsible mining practices in the Silangan Project that covers 2,880 hectares straddling the towns of Placer, Tagana-an, Tubod and Sison in Surigao del Norte. These towns can directly benefit from the direct and indirect employment of around 8,000 people, about Php86.7 billion in investments, and an estimated Php38 billion in government receipts throughout Silangan’s 28-year mine life.

MOVING AHEAD WITH MINING

While we expect the outlook for our Silangan Project to grow brighter in the coming years, we have also started training our sights on other potentially promising prospects.

Riding on the current trend towards green metals technology, we are looking at expanding into nickel mining and thus completing the evaluation of our nickel tenement in Zambales. This is aligned with our expectation of rising nickel demand driven by the growth of the electric vehicles market. We have to be well-positioned for this bright opportunity, in addition to pursuing possible mergers and acquisition deals.

While headwinds would continue to test the endurance of our 69-year-old business, we are confident that Philex will remain determined to deliver on its two commitments: being a right and principled miner and ensuring that people in our host and neighboring communities benefit from our presence.

On behalf of our Board of Directors, we thank our senior management team, our employees, and our host and neighboring communities, for continuing to believe in Philex. May every sunrise hold more promise of a bright future for Philex, and for our industry.

MANUEL V. PANGILINAN
CHAIRMAN

REPORT FROM THE PRESIDENT AND CEO



Resilient yet optimistic, we entered 2023 knowing that global economic recovery will continue to be elusive three years after the COVID-19 pandemic started.

The global gross domestic product (GDP) growth slowed to 2.9% in 2023 and is projected to further skid to 2.6% in 2024 — just above the 2.5% threshold commonly associated with a recession. “This marks the third consecutive year of growth below the pre-pandemic rate, which averaged 3.2% between 2015 and 2019,” according to the United Nations Trade and Development (UNCTAD).

This can be attributed to the lingering impact of the Russia-Ukraine war, other geopolitical conflicts like the Israel-Hamas, as well as the snowball effects on commodity prices, power, and fuel. Fortunately, the Philippines appeared less affected by these external shocks than its neighbors, posting a 5.6% GDP growth in 2023, even besting other Asian economies. However, inflation and interest rates continued to rear their ugly heads during the year, a reason to remain cautious.

RESILIENCE IS THE NAME OF THE GAME

Against this uncertain economic backdrop, Philex Mining remained resilient. Despite the operational challenges brought about by operating an old mine, high levels of global inflation, and the volatility of currencies and of metal prices, we managed to navigate the headwinds through careful planning and agility to the changes in business conditions.

In 2023, Philex generated a net income of Php1.02 billion, 43.3% lower than the previous year due to lower revenues from its gold and copper operations. The Company’s revenues stood at Php7.73 billion from Php9.26 billion in 2022.

Total tonnage milled fell by 7.8%, resulting to lower operating revenues for the year. Ore production dropped to 6.85 million tonnes from 7.43 million tonnes in 2022.

Gold output reached 37,784 ounces, 22% lower from 48,567 ounces a year ago. Our copper production also fell to 21.298 million pounds from 25.086 million pounds.

Operating costs shrank by 6% to Php6.67 billion in 2023 from Php7.12 billion the previous year on the back of a 7.8% decline in tonnage milled and offset by the impact of the elevated cost of materials and supplies.



BRIGHTER HORIZON

While our financial performance in 2023 remained tepid, we have plenty of reasons to remain optimistic because of brighter prospects in the horizon.

First: The Company continues to leverage the operations of Padcal mine. In December 2022, the results of confirmatory drilling and technical studies identified additional mineable reserves that can be mined up to December 31, 2027, thus extending the life of mine of Padcal up to 2027. In addition to exploring the vicinity of Padcal Mine, the Company is also studying the viability of exhausting reserves in the Padcal under the current drain tunnel, which could again extend Padcal's mine life beyond 2027. The drain tunnel services all the water from the mine towards the Tailings Storage Facility (TSF) by gravity.

Second: We see opportunity in the exploration of new mine assets. At the start of 2023, Philex signed a non-binding term sheet agreement with Macawiwili Gold Mining and Development Co., Inc. (MGMDCI), which has over 800 hectares of contract area under its Mineral Production Sharing Agreement adjacent to Padcal Mine. This signified our clear intentions to jointly explore commercial, financial, and technical avenues in preparation for possible shares acquisition by Philex in MGMDCI. This is aside from relentlessly exploring the vicinity of Padcal for possible mineralization.

Third: We continue to mark developmental milestones in our ongoing Silangan Project. In November 2023, we secured syndicated loan facilities of US\$100 million, adding to the Php2.65 billion we raised from a stock rights offering in 2022, and the capital infusion from Philex Mining's cash reserves. These, and the US\$70-million loan facility we obtained from a consortium of banks in February 2024, already complete our US\$170-million loan funding requirement for the Silangan Project. These proceeds will be used for mine development, the construction of a mill plant and support facilities, and tailings storage facility for the Silangan project.

Phase 1 of the Silangan Project covers the Boyongan Ore Deposit, which has an estimated mine life of 28 years. Excavation and earthmoving works followed immediately upon finalization of the Front-End Engineering and Design ("FEED") works for the mine, process plant and tailings storage facility in the third quarter of 2022. The completion of the mine boxcut and east portal ushered in the development of the main access decline to the orebody starting May 2023, now reaching 539 meters towards the first sub-level cave production level at 95 RL. The works on the ventilation pad has commenced in May 2024 for the construction of two ventilation shafts that will provide intake and exhaust of air in the underground mine. The drilling of additional dewatering wells, a geotech hole to further gain information for the ground support design, and additional hydro monitoring holes were completed in March 2023. Mine dewatering continued this year from four dewatering wells, the old ventilation raise and the old decline. All programmed dewatering wells will be fully commissioned end of July 2024.

For the construction of the copper leaching-gold leaching process plant, Ausenco Services Pty Ltd, from Brisbane Australia, was awarded the scope of Engineering and Procurement contract in January. The procurement of long lead equipment and the bulk earthworks are ongoing while the award for the construction of the process plant to a general contractor was expected to be consummated before the end of June 2024.

The construction of the Tailings Storage Facility by Galeo Equipment Corporation is underway which is based on the detailed design by Tetra Tech Coffey. Silangan has full ownership of at least 91% of the land where critical infrastructures will be built with the balance under long term leases.

With this, we expect the Silangan Project — touted as one of the Big Three mining projects in the country — to have its first metal production by December 2025.

Fourth: We will explore greater participation in the green metals space, particularly nickel. The Philippines has the world's fourth-largest copper reserves, fifth-biggest nickel deposits, and cobalt — so-called "green metals" as they are important in clean energy technologies, from lithium-ion batteries for electric vehicles, to solar panels. We see demand in this space accelerating as mineral requirements for renewable energy technologies need to be quadrupled by 2040 so countries can reach the goals of the Paris Agreement. The World Bank also estimated a 500% increase in the demand for green metals. To help meet the global demand and energy transition, we plan to join the bandwagon and venture into nickel mining, starting with the completion of the evaluation of our nickel tenement in Zambales in 2024.

Fifth: We continue to embrace environmental, social, and governance (ESG) principles. With two mines to look after and the promise of entering into the green metals space, Philex will remain committed to building a reputation as a right and principled miner. Green metals play an incredibly vital role in the post-pandemic world, particularly in the continuing fight against climate change.

MOVING FORWARD

All these opportunities point to a positive trajectory for our business, as well as a brighter outlook for a world in energy transition.

We are excited about the vast potential for Silangan Mine to be a world-class asset that will help meet the global demand for green metals. We also look forward to bringing the benefits of the Social Development and Management Program to the host and neighboring communities of the Silangan Project.

We will also pursue relentless improvements in the remaining life of Padcal Mine such as the re-fleeting of critical equipment, optimizing the current ore body, engaging in relentless power optimization, and the intensified training of our employees. We will leave no stone unturned and maximize the current mine infrastructures.

Seizing all these opportunities will not enable us to be a sustainable enterprise, but also promote mineral resources development as a driver for the country's economic growth and recovery.

With passion and purpose at the heart of what we do at Philex, we are confident we are well-positioned to seize an even brighter day for Philex Mining.

Thank you to the women and men of Philex for their untiring efforts and cooperation, and to our shareholders, partners, host communities, management team, and our Board of Directors for believing in our destiny.

EULALIO B. AUSTIN JR.
PRESIDENT & CEO

BOARD OF DIRECTORS



MANUEL V. PANGILINAN

CHAIRMAN

AGE: 77

DATE OF FIRST APPOINTMENT:

NOVEMBER 28, 2008

Academic Background:

Mr. Pangilinan graduated Cum Laude from the Ateneo de Manila University with a Bachelor of Arts degree in Economics. He received his Master of Business Administration degree from Wharton School of Finance & Commerce at the University of Pennsylvania in 1968.

Business and Professional Background/Experience:

Mr. Pangilinan founded First Pacific Company Limited, a corporation listed on the Hong Kong Stock Exchange, in May 1981. He served as Managing Director of First Pacific Company Limited since its founding in 1981 until 1999. He was appointed Executive Chairman until June 2003, after which he was named Managing Director and Chief Executive Officer. In May 2006, the Office of the President of the Philippines awarded Mr. Pangilinan the Order of Lakandula, rank of Komandante, in recognition of his contributions to the country. He was named Management Man of the Year 2005 by the Management Association of the Philippines. Mr. Pangilinan was awarded Honorary Doctorates in Science by 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. He is a member of the ASEAN Business Advisory Council.

Mr. Pangilinan has been a Director of the Company and Philex Gold Philippines, Inc. (PGPI) since November 2008, and most recently re-elected on June 22, 2023. Mr. Pangilinan has been a Director of the Company and Philex Gold Philippines, Inc. (PGPI) since November 2008, and most recently re-elected on June 22, 2023. He is a Director of Silangan Mindanao Mining Co., Inc. (SMMCI). Mr. Pangilinan was once again appointed as President and CEO of PLDT, Inc and Smart Communications, Inc. effective January 1, 2024. He also became the Chairman and CEO of Manila Electric Company (Meralco) effective July 1, 2023. He is the Chairman, President and CEO of Metro Pacific Investments Corporation; PLDT Communications and Energy Ventures, Inc., Chairman of Global Business Power Corporation (GBP) – wholly owned by MERALCO PowerGen Corporation (MGen), Maynilad Water Services, Inc., Metro Pacific Tollways Corporation, NLEX Corporation, Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Metro Pacific Hospital Holdings, Inc., known as the largest group of private hospitals and other healthcare facilities with 23 hospitals such as Makati Medical Center, Cardinal Santos Medical Center, et al; Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV 5), and the Vice Chairman of Roxas Holdings, Inc.





EULALIO B. AUSTIN JR.

PRESIDENT AND CEO

AGE: 62

DATE OF FIRST APPOINTMENT:

JUNE 29, 2011

Academic Background:

Mr. Austin graduated from Saint Louis University–Baguio City, with a Bachelor of Science degree in Mining Engineering and placed eight at the 1982 Professional Board Examination for mining engineers. He took his Management Development Program at the Asian Institute of Management in 2005 and his Advance Management Program at Harvard Business School in 2013.

Business and Professional Background/Experience:

Mr. Austin has been a Director of the Company and PGPI since June 29, 2011 and was reelected on June 22, 2023. He became President and Chief Operating Officer on January 1, 2012 and President and CEO of the Company on April 3, 2013.

He previously served the Company as its Senior Vice President for Operations and Padcal Resident Manager in 2011, Vice President & Resident Manager for Padcal Operations from 2004 to 2010, Mine Division Manager (Padcal) from 1999 to 2003, Engineering Group Manager in 1998 and Mine Engineering & Draw Control Department Manager from 1996 to 1998. Mr. Austin concurrently serves as Director of PXP Energy Corporation and Silangan Mindanao Mining Co., Inc.

Outside of the Company, he is a member of the Chamber of Mines of the Philippines' Board of Trustees. Mr. Austin also sits as a member of the Executive Committee of the Board of Trustees and serves as the Chairman of the Membership Committee as well as the Towards Sustainable Mining Initiative Committee. He is a Competent Person (CP) for Copper and Gold Deposit by the Philippine Society of Mining Engineers under the PMRC guidelines. He was awarded 2021 Outstanding Professional of the Year in the Field of Mining Engineering by the Professional Regulation Commission of the Philippines. Also in 2016, he was awarded Most Outstanding Engineer of the Philippine Society of Mining Engineers (PSEM), aside from being the Founding President of PSEM's Philex Chapter. He was also recognized as the CEO of the Year on Mining by The Asset last 14 December 2015 in Hong Kong and was recently an Asia Pacific Entrepreneurship Awardee by the Enterprise Asia, awarded November 2016.

BOARD OF DIRECTORS



BARBARA ANNE C. MIGALLOS

CORPORATE SECRETARY

AGE: 69

DATE OF FIRST APPOINTMENT:

JUNE 26, 2013

Academic Background:

Ms. Migallos graduated Cum Laude from the University of the Philippines, with a Bachelor of Arts degree, and finished her Bachelor of Laws degree as Cum Laude (salutatorian) also at the University of the Philippines. She placed third in the 1979 Philippine Bar Examination.

Business and Professional Background/Experience:

Ms. Migallos was elected to the Board of Directors of the Company and PGPI on June 26, 2013, and was most recently re-elected on June 22, 2023. She has been the Company's Corporate Secretary since 1998. She is also the Corporate Secretary and former Director of PXP Energy Corporation, and Corporate Secretary of Silangan Mindanao Mining Co., Inc. She is the Managing Partner of the Migallos & Luna Law Offices. Ms. Migallos is also Director of 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. She is also a 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. She was a Senior Partner of Roco Kapunan Migallos and Luna Law Offices from 1988 to 2006.

Directorship in Other Listed Companies in the Philippines: Mabuhay Vinyl Corporation – Non-Executive Director



MARILYN V. AQUINO

DIRECTOR

AGE: 67

DATE OF FIRST APPOINTMENT:

DECEMBER 7, 2009

Academic Background:

Ms. Aquino 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, and was admitted to the Philippine Bar in 1981. She is a member of the International Pacific Bar Association, Women Lawyers Circle, Federacion Internacional De Abogadas, Philippine Bar Association, and Integrated Bar of the Philippines.

Business and Professional Background/Experience:

Ms. Aquino was elected to the Board of Directors of the Company and PGPI on December 7, 2009, and was reelected on June 22, 2023. She joined First Pacific Company Limited ("First Pacific") as Assistant Director in 2012 and has been appointed as Associate Director since 2018. She currently holds various positions in Philippine subsidiaries and affiliates of First Pacific and Metro Pacific Investments Corporation (an affiliate of First Pacific), including her directorships in PLDT Inc. (PLDT), PXP Energy Corporation and Silangan Mindanao Mining Company, Inc., which are PSE-listed companies. Ms. Aquino is also Director in Lepanto Consolidated Mining Company. She was recently elected to the PSE Board in June 2023. Prior to joining First Pacific, Atty. Victorio-Aquino retired as a Senior Partner at SyCip Salazar Hernandez and Gatmaitan Law Offices (SyCipLaw).

Directorship in Other Listed Companies in the Philippines:

PXP Energy Corporation – Non-Executive Director; Lepanto Consolidated Mining Company – Non-Executive Director PLDT, Inc. – Executive Director; Philippine Stock Exchange – Non Executive Director



JOSEPH H. P. NG
DIRECTOR
AGE: 61
DATE OF FIRST APPOINTMENT:
JANUARY, 30 2019

Academic Background:

Mr. Ng received an MBA and a Professional Diploma in Accountancy from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Ng is a Commissioner of PT Indofood Sukses Makmur Tbk.

Business and Professional Background/Experience:

Mr. Ng was appointed as Director on January 30, 2019 and re-elected on June 22, 2023.

He joined First Pacific in 1988 from PriceWaterhouse's audit and business advisory department in Hong Kong. He was appointed as Associate Director in April 2019. Prior to that, he was Executive Vice President of Group Finance and served in 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. Mr. Ng is a Commissioner of PT Indofood Sukses Makmur Tbk and a director of PacificLight Power Pte Ltd.

Directorship in Other Listed Companies in the Philippines:

PXP Energy Corporation – Non-Executive Director



RICHARD P. C. CHAN
DIRECTOR
AGE: 54
DATE OF FIRST APPOINTMENT:
JANUARY 30, 2019

Academic Background:

Mr. Chan received a BBA (Hons) degree from Hong Kong Baptist University and an MBA from the Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a CFA Charterholder and a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Business and Professional Background/Experience:

Mr. Chan was appointed as Director on January 30, 2019 and re-elected on June 22, 2023. He joined First Pacific in 1996 from KPMG. Prior to his appointment as Executive Vice President, Group Financial Controller in April 2019, Mr. Chan was Vice President, Group Financial Controller. He has experience in auditing, accounting, finance and management spanning a diverse range of business activities.

BOARD OF DIRECTORS



OSCAR J. HILADO
LEAD INDEPENDENT DIRECTOR
AGE: 86
DATE OF FIRST APPOINTMENT:
DECEMBER 7, 2009

Academic Background:

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

Business and Professional Background/Experience:

Mr. Hilado has been an Independent Director of the Company since December 7, 2009 and was most recently re-elected on June 22, 2023. Mr. Hilado holds the following positions: Chairman of 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 of Phinma Corporation and Rockwell Land Corporation, Director of 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.

Directorship in Other Listed Companies in the Philippines:

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



WILFREDO A. PARAS
INDEPENDENT DIRECTOR
AGE: 77
DATE OF FIRST APPOINTMENT:
JUNE 29, 2011

Academic Background:

Mr. Paras completed his undergraduate studies at the University of the Philippines in 1969 with Bachelor of Science, Industrial Pharmacy and his Master in Business Administration at the De La Salle University in 2001. He also completed an Executive Program at the University of Michigan at Ann Arbor, Michigan, USA.

Business and Professional Background/Experience:

Mr. Paras has been an Independent Director of Philex Mining since June 29, 2011 and was re-elected on June 22, 2023. He is currently an Independent Director of RLC REIT INC. He is also a senior adviser to the Board of Trustees of Dualtech Training Foundation Inc. and is a teaching fellow at the Institute of Corporate Directors Inc. Mr. Paras was previously the 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 of Union Carbide Philippines.

Directorship in Other Listed Companies in the Philippines:

RLC REIT INC. – Independent Director





ROLANDO L. MACASAET

DIRECTOR

AGE: 63

DATE OF FIRST APPOINTMENT:

FEBRUARY 23, 2023 UP TO JANUARY 1, 2024

Academic Background:

Mr. Macasaet holds a Bachelor of Science in Business Economics, Cum Laude, from the University of the Philippines and has earned a Master of Business Administration– Honors Program from the same university. He also finished an Executive Program in Finance at Columbia University in New York, and a Diploma in Management Development at Harvard Business School in Boston, Massachusetts.

Business and Professional Background/Experience:

Mr. Macasaet formally assumed the post as the 20th head of Social Security System (SSS) on January 05, 2023. He previously held the position of President and General Manager of the Government Service and Insurance System (GSIS) from 2019 to 2022, and served as the Chairperson of the GSIS' Board of Trustees in 2018. Prior to joining the SSS, he had an extensive experience in public service, having served in various leadership capacities in several Government–Owned and Controlled Corporations (GOCCs) such as the Philippine National Construction Corporation, Dasmariñas Industrial Steel Corporation, Skyway Corporation, and Tierra Factors Corporation. He also has more than two decades of professional experience in financial services, banking, and public–private partnerships, most of it under the Philippine National Bank (PNB). His work in PNB included postings overseas as Vice President and General Manager in Los Angeles, California (USA) and as Regional Vice President–ASEAN in Singapore. His other stints in the banking sector included a two–year service as Corporate Account Manager at BMO Bank of Montreal, Vancouver and as President and Vice Chairman of the Philippine Postal Bank from 2005 to 2007. He also served as a Board Member of various companies such as San Miguel Corporation, Bank of Commerce, Private Infrastructure and Development Corporation, PCI Bank, John Hay Management Corporation, Manila Hotel and Philippine Stock. He further served as Director of the Asian Infrastructure and Investment Bank (AIIB) in Beijing.

Directorship in Other Listed Companies in the Philippines:

Union Bank of the Philippines, Inc. – Non–Executive Director



ANITA B. QUITAIN

DIRECTOR

AGE: 77

DATE OF FIRST APPOINTMENT:

FEBRUARY 28, 2017 UP TO APRIL 11, 2024

Academic Background:

Ms. Quitain has a BSE Education Degree from the University of Mindanao in Davao City, and Bachelor of Science Degree in Commerce, Major in Accounting. She has also completed two (2) years of Masters in Public Administration (37 units) for her Career Civil Service Eligibility.

Business and Professional Background/Experience:

Ms. Quitain was first elected to the Company's Board of Directors on February 28, 2017, and most recently re–elected on June 22, 2023. She is Commissioner of the Social Security Commission since her appointment in 06 October 2016. She is also the Chairperson of SSS Audit Committee and member of SSS Information Technology and Collections Committee (ITCC) since 2019 and a member of SSS Risk Management and Investments Committee since 2024 and Vice Chairperson of SSS Provident Fund since March 2024.

She was an employee of the Social Security System (SSS) for 31 years assigned to the Main Office of Region 09 in Davao City, where one of her major achievements was taking charge of the operations of the then newly–opened SSS Representative Office in Digos City, Davao del Sur as Office–in–Charge. She stayed there for five (5) years where she conducted seminars and coverage drives, especially in rural areas, aside from discharging management and leadership functions in the Representative Office. Ms. Quitain is also Director of First Philippine Holdings, Inc. since March 2018.

As a BSE Education Degree holder, she worked with the Department of Education as an elementary classroom teacher for ten (10) years and was a teacher at the Philippine Women's College of Davao. After this, she moved to SSS office in Region 09, Davao City, where she eventually retired in July 2009 after 31 years of dedicated service. Ms. Quitain, at one time or another, headed different sections of SSS Region 09, namely: Membership, Real Estate, Operations Accounting, Member Assistance Center, and Sickness, Maternity and Disability Sections.

BOARD OF DIRECTORS



SANTIAGO DIONISIO R. AGDEPPA

DIRECTOR

AGE: 61

DATE OF FIRST APPOINTMENT:

JUNE 22, 2023 UP TO JANUARY 1, 2024

Academic Background:

Mr. Agdeppa earned his Bachelor of Science in Accounting degree from San Sebastian College and his law degree from San Beda College. He completed his Master's in Business Management degree at Pamantasan ng Lungsod ng Maynila and Middle Management Course at Ateneo Graduate School of Business.

Business and Professional Background/Experience:

Mr. Agdeppa was appointed as a Director of the Company on June 22, 2023. He is a Certified Public Accountant – Lawyer. He is also a Career Executive Eligible. He assists the Social Security Commission (SSC) in the performance of its policy-making, quasi-judicial and administrative functions; prepares and keeps the Minutes of Meetings of SSC and its Committees, among other duties and responsibilities. As Senior Vice President in the Office of the Commission Secretary, Compliance Officer and Executive Clerk of the SSC, he supervises the Commission Secretariat Department, the Policy Research and Governance Department and the Office of the Deputy Commission Clerk. He previously served as Vice-Chairman of the Board of Directors of Philam Tower Condominium Corporation and as Board Director of Capital Consortium Corporation, Philam Tower Condominium Corporation, Philam Tower Management Corporation, which are SSS-Investee Corporations. He attended official seminars such as: Training Program on Pension Schemes in Italy; Management Course; Data Security; and Compliance and Ethics in the United States and various seminars on legal education.

Directorship in Other Listed Companies in the Philippines:

RLC REIT INC. – Independent Director



BAI NORHATA D. M. ALONTO

DIRECTOR

AGE: 73

DATE OF FIRST APPOINTMENT:

FEBRUARY 24, 2021 UP TO MAY 4, 2023

Academic Background:

Ms. Alonto holds a Masters degree in Psychology from the University of the Philippines (1976), and a major in Psychology from the Philippine Women's University (1970).

Business and Professional Background/Experience:

Ms. Alonto was appointed as Director on February 24, 2021 and re-elected on June 30, 2022. She was appointed Commissioner of the state-run Social Security System in December 2019, and member of the Information Technology & Collection and Coverage Committee, and the Executive Committee. She is a member of the Board of Directors of Ionics, Inc. and Philamlife Tower.

Ms. Alonto founded the Philippine Muslim Women's Council and secured landmark policies. She is recently recognized by Mindanao Development Authority in Mindanao Women Development Awards for her contribution to providing platforms for Muslim women so they, too, can contribute to the pursuit of development and gender equality. She is the Vice President of the 16th President Cabinet Spouses Foundation, and Regional Governor of the National Council of Women in the Philippines.

Previous positions include: Head Secretariat of the All Moro Convention, Mindanao; Executive Assistant V / Chief of Staff to the Chairman of the Mindanao Development Authority from October 2017 - May 2019; Focal Person for foreign-assisted development programs for the Bangsamoro under the Office of the Chairman, Mindanao Development Authority; Member of the Board of Directors of the ARMM Social Fund Board from 2003-2004 and the Bataan Shipyard and Engineering Corporation; Commissioner of the Presidential Commission for Urban Poor; Presidential Assistant for Muslim Mindanao. Ms. Alonto also held various positions in the College Instructor, College of Arts and Sciences, Mindanao State University.





DIANA V. PARDO-AGUILAR

DIRECTOR

AGE: 60

DATE OF FIRST APPOINTMENT:

NOVEMBER 13, 2019 UP TO FEBRUARY 2021

DATE OF RE-APPOINTMENT: JANUARY 16, 2024

Academic Background:

Ms. Pardo-Aguilar holds a Masters degree in Business Administration major in International Business and Finance from Pepperdine University, California (1988) and a Bachelor of Science in Computer Studies from De La Salle University (1985).

Business and Professional Background/Experience:

Ms. Pardo-Aguilar was first appointed as Director of the Company on November 13, 2019 and was recently re-appointed on January 16, 2024. She was appointed as Commissioner of the state-run Social Security System (SSS) from August 2010 up to the present. She also chairs the Risk and Investments Committee of SSS and sits as Member of the Audit Committee and the Information Technology & Coverage and Collection Committee; She was appointed as Director of Security Bank Corporation since April 2017 and Chairs the Trust Committee. She was also appointed as Chairperson of SB Capital Investment Corporation since August 2016. She was appointed as an Independent Director of Medical Doctor's Inc., of Makati Medical Center since July 2018 and also appointed as Chairperson of the Audit and Risk Committee since September 2018. She is also a Director of Science Park of the Philippines since June 2020. Her concurrent board positions are Chairperson of the Board of Trustees of La Salle Greenhills since September 2021; Member of De La Salle Philippines Investment Committee since July 2018; Member of La Salle Institute's International Economic Council (IEC) in Rome since October 2022; Member of the Board of Governors of the Employers Confederation of the Phils since December 2018. She is a Consultant Advisor to the Board of Phil. Seven Corporation since January 2015 and also the Treasurer of Asian Holdings Corporation since 1994.

Directorship in Other Listed Companies in the Philippines:

PXP Energy Corporation, Security Bank Corporation

***MR. MICHAEL G. REGINO**

SERVED AS DIRECTOR UP TO JANUARY 9, 2023.



MANUEL L. ARGEL JR.

DIRECTOR

AGE: 74

DATE OF FIRST APPOINTMENT: JANUARY 16, 2024

Academic Background:

Judge Argel is a distinguished alumnus of San Beda University, where he obtained his Bachelor of Arts in Philosophy in 1969 and his Bachelor of Laws in 1974. He continuously strives to enhance his knowledge and skills through participation in various trainings and seminars, such as Institute of Corporate Directors' Corporate Governance Orientation Program for GOCCs and Professional Directors Program, and Annual Corporate Governance Enhancement Sessions (ACGES) events organized by the groups under the leadership of Mr. Manuel V. Pangilinan on topics ranging from "Customer Obsession" to the "Metaverse and its Impact on Business and Human Interaction". He also attended ACGES seminars on "Lessons from a Pandemic" and "How to Courageously Lead During A Crisis".

Business and Professional Background/Experience:

Judge Argel was appointed Director of the Company on January 16, 2024. He was appointed Commissioner of the Social Security System (SSS) on September 4, 2019. As a member of the Social Security Commission (SSC), he plays a crucial role in overseeing the governance of the SSS. He is responsible for providing policy direction and monitoring management actions, and has the authority to make decisions in disputes related to SSS coverage, benefits, contributions, and penalties. He is a Member of the SSC Audit Committee and SSC Risk Management and Investments Committee. In addition to his role at the SSC, Judge Argel serves as a Director of Philamlife Tower Management Corp. (PTMC) since January 15, 2020. He was appointed Director of PLDT Inc., from January 2020 until December 2023.

Judge Argel is a retired Regional Trial Court Judge for Laoag City, Ilocos Norte, and a member of the Judiciary for 20 years. Prior to this, he was a law practitioner for 20 years. In 1995, while in private practice, he was accredited as a Voluntary Labor Arbitrator of the Department of Labor and Employment (DOLE) National Conciliation and Mediation Board. Upon his appointment as RTC Judge of Laoag City, he also served as Executive Judge of RTC Laoag from 2005 to 2007 and Presidential Assistant for Region 1 in the Philippine Judges Association.

SENIOR EXECUTIVES

PHILEX MINING



EULALIO B. AUSTIN JR.
PRESIDENT AND CEO



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
AND DIVISION MANAGER,
CORPORATE TECHNICAL SERVICES



NOEL C. OLIVEROS
DIVISION MANAGER, EXPLORATION



SENIOR EXECUTIVES

SILANGAN MINDANAO MINING CO., INC. (SMMCI)



EULALIO B. AUSTIN JR.
PRESIDENT AND CEO



BARBARA ANNE C. MIGALLOS
CORPORATE SECRETARY



MICHAEL T. TOLEDO
CHIEF OPERATING OFFICER



ROMEO B. BACHOCO
TREASURER AND CHIEF FINANCE OFFICER



PARALUMAN M. NAVARRO
FINANCIAL CONTROLLER

MINING PROPERTIES

EXPLORATION ACTIVITIES

Mining for a DrighEgr FuEurg



Silangan East Bayongan Portal

Operating the first underground block cave operation in the Far East since 1958, Philex Mining has proven its long-term viability as a business and its enduring commitment as a principled and responsible miner.

The Company's mineral properties or tenements are covered by several Mineral Production Sharing Agreements (MPSAs) and applications. 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

The Company's mineral properties or tenements in the Padcal Mine and its vicinity have a total area of 11,800 hectares, located 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 the Nevadas: Baldomero Sr., Trinidad, and Baldomero. They transferred their rights to explore, develop, and utilize the mineral property to Philex under the mineral agreements covered by MPSA-276-2009-CAR 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, 2025, Exploration Permit (EP) No. 009-2021-CAR issued in December 10, 2021 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	PMC	3,848	April 10, 2025
MPSA-157-2000-CAR	PMC	2,958	April 10, 2025
MPSA-276-2009-CAR	PMC	81	January 19, 2034
EP 009-2021-CAR	PMC	474	June 21, 2024
EXPA-075-CAR	PMC	262	n/a
EXPA-078-CAR	PMC	4,177	n/a
TOTAL		11,800	



PADCAL MINE MINERAL RESOURCES

As of December 31, 2023

ORE SOURCES	CLASSIFICATION	TONNES (Mt)	COPPER (%)	GOLD (g/t)	CONTAINED COPPER (M lbs.)	CONTAINED GOLD (ozs.)
782ML	Measured + Indicated	3.800	0.21	0.34	17.0	41,000
798ML	Measured + Indicated	57.000	0.20	0.27	250.0	500,000
Subtotal	Measured + Indicated	60.800	0.20	0.28	267.0	541,000
770–630ML	Measured + Indicated	130.000	0.17	0.31	520.0	1,300,000
Total	Measured + Indicated	190.800	0.18	0.30	787.0	1,841,000

- Total Measured and Indicated Mineral Resource for the Padcal Mine are now estimated at 190.8 million tonnes at a grade of 0.18%Cu and 0.30 g/t Au.
- Within the active mining levels remaining resource is at 60.8 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 7% which is accounted for by production extraction and an increase in the cut-off grade.

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 GemsTM.

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= 1078.00 Php

There was an increase in the copper equivalent factor and the cut-off grade used in reckoning the remaining reserves for this year. To reflect global trends, corresponding increases in the operating cost at 1078.00Php per MT and the metal prices used at US\$ 3.90/lb for copper and US\$1,900/oz for gold were applied. Forex was decreased to Php56.00; however, the metal recoveries remained the same at 80%.

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:

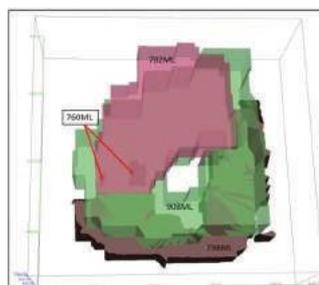


Figure 1. Mined out solids used to deplete Padcal remaining resource for 2023

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.

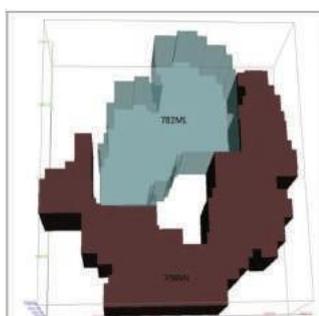


Figure 2. Mining layout solids used to report Padcal remaining resource for 2023

Comparison with Previous Statement

There was a larger decrease within the active mining levels, consistent with production while below the active mining levels, the decrease was largely due to the increased cut-off. Comparing with the previous report there was an overall 7% decrease in tonnage owing to production and the higher cut-off used for computation.

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.

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, 2023

ORE SOURCES	TONNES (Mt)	COPPER (%)	GOLD (g/t)	RECOVERABLE COPPER (M lbs.)	RECOVERABLE GOLD (ozs.)
798-ML	32.100	0.17	0.21	95.200	171,000
782-ML	0.300	0.17	0.18	1.000	2,000
760-ML	1.400	0.15	0.31	3.700	11,000
Total Reserves	33.900	0.17	0.21	99.900	184,000

Notes:

1. This Mineral Reserve Estimate was based on the Update on Remaining Mineral Resource Estimate (MRE) for Padcal Mine as of December 31, 2023 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:	Php1,078.00
Break-even Grade (%CuEq):	0.280

3. To reflect global trends, metal prices of \$3.90/lb copper, \$1,900/oz gold, and Forex of Php56.0/US\$ were applied.
4. The cost per MT of PhP1,078 is the estimated operating cost of the Company.
5. TSF-3 will impound tailings from the Padcal Operation until end of mine life.

This estimate was prepared by Engr. Julius A. Bayogan (BSEM) who is the current Mine Division Manager of Philex Mining Corporation, Padcal Operations. Engr. Bayogan is a Competent Person under the definition of the Philippine Mineral Reporting Code (PMRC) and has 13 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 0002566 and accreditation number EM-ACP-152-0002566. He has given his consent to the Public Reporting of this statement concerning Mineral Reserve Estimation.

On December 7, 2022, the Company declared the life extension of the Padcal Mine from 2024 to up to December 31, 2027. The decision to extend the life of the mine was reached after the completion of confirmatory drilling and related technical studies on

the mining methodology and TSF No. 3, which identified additional mineable reserves in the Padcal Mine that can be extracted over three years from December 31, 2024 up to December 31, 2027.





SMMCI US\$100 Million Loan Agreement Signing, November 20, 2023

EXPLORATION AND DEVELOPMENT

In February 2016, the Company disclosed the results of exploration near the surface of Bumolo Project, which area is within MPSA 156-2000-CAR, with an estimated 21.7 million tonnes of inferred resources at 0.21% copper and 0.30 grams per tonne gold, at a cut-off of 0.312% CuEq. Thereafter, an additional drilling program, including metallurgical testing, was completed and yielded preliminary resources and grades of Indicated category at 11.4 million tonnes of 0.19% copper and 0.30 grams per tonne gold at 0.312% copper equivalent cut-off grade.

Other mineral agreements and/or applications of the Company, such as the Silangan Project in Surigao Del Norte, and mineral agreements and/or applications of its subsidiaries and affiliates are discussed in the Exploration and Development section of this report.

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

For 2023, the Exploration Division progressed with exploring possible merger and acquisition properties, as well as various Company-controlled 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 in 2023.

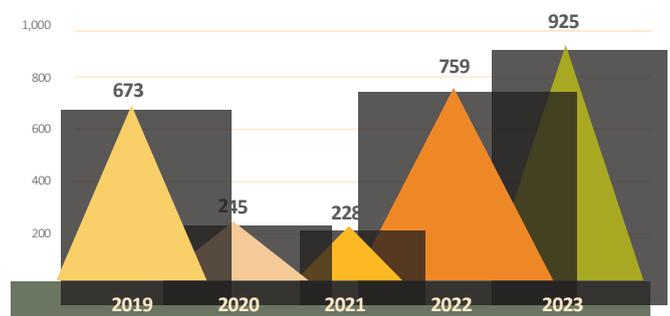
POSSIBLE MERGER AND ACQUISITION PROJECTS

Lumiere

In line with its business direction to pursue merger & acquisition (M&A) projects, the Company entered into an agreement with Lumiere Mining Inc. (LMI) in August 2022 to conduct validation drilling for its Dizon Copper Silver Mine in San Marcelino, Zambales, denominated as MPSA-227-2006-III. The mine was previously operated by Benguet Corporation before its closure in 1996 after the Mt. Pinatubo eruption and the major collapse of its pit-walls.

Nine validation holes were drilled around the previously mined Kaline Pit from May 20, 2023 to December 15, 2023, amounting to a total of 4,563.4 meters drilled. Some 1,726 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. Technical and engineering studies are underway to determine the economic potential of the deposit, which will help decide the way forward in any business decisions regarding the project.

EXPENSES ON EXPLORATION AND DEVELOPMENT (in million Php)



NICKEL SPACE

Zambales Nickel Project

With foreseen demand for nickel in the global transition to green energy, the Company is looking to explore existing nickel tenements within its portfolio. Its Zambales Nickel Tenement, denominated as EP-008-2023, was granted on September 6, 2023 by the Mines and Geosciences Bureau-Central Office (MGB-CO). It is composed of four parcels with a total of 6,800 hectares and 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 within Parcel 1, focusing on the identification of ultramafic rocks or lateritic soil. These activities were conducted until the end of 2023 and will continue in 2024 to include test pitting and possible advanced exploration.

SUPPORT TO OPERATIONS

In 2023, the 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 2,265 meters was completed, with 755 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 continues to extend technical support to mill operations through petrographic analyses of mill-stream samples, such as main flotation feed, filter cake, and final flotation tails samples, to monitor mineralogical changes.

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. These data from the yearly monitoring are compared to previous observations to detect progressions on the observed disturbances. For 2023, the geo-hazard mapping was conducted from December 2022 to March 2023. 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.

Philex Mining has completed the buttress construction of the Tailings Storage Facility No. 3 under the suggested parameters assigned by Coffey International Pty Lt. There were three phases in the overall construction of the buttress. The first phase started in September 2020 and was completed in May 2021. The second phase started in June 2021 and completed in May 2022. The third phase started in June 2022 and was completed in December 2022. Installed geotechnical instruments are constantly monitored, geotechnical data gathered is sent to Coffey every week for their stability analysis of TSF3.

Coffey International Pty Ltd. and Geotecnica conducted a study to raise the embankments (OSD and OSDE) to 647 ML. Both parties confirmed the safety and stability of TSF3 regarding the raising of the embankments to 647 ML. The ECC for the raising of the TSF-3 embankment from elevation 640 ML to 647 ML was approved and released last December 13, 2021 by the EMB.

SILANGAN PROJECT

The Silangan Project, situated in Surigao del Norte, consists of the following deposits: Boyongan, Bayugo-Silangan and Bayugo-Kalayaan, with the latter under 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 Boyongan 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 Bayugo ore body, 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 Boyongan 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 5 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. The final ramp-up will occur on the 12th year. Ore production rate starting the 12th 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 Boyongan is 28 years.

The initial capital cost to commission the In-Phase mine plan is estimated at US\$224 million, which will be spent within the 2.5-years development period. The funding for the initial capital cost of the pre-development work started in the middle of 2023.

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 July 2016, MPSA-149-99-XIII was reduced to 2,308 hectares after relinquishing 677 hectares that are outside the existing mine development and maintenance plan. It also relinquished 6,934 hectares from its EP-000013-XIII as part of government prescribed requirement for exploration permit renewal. EP-000013-XIII is now reduced to 5,000 hectares from the previous 11,934 hectares.

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.

Similarly, 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 up to December 29, 2049.

The MPSA 149-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-XIII-013 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	

SILANGAN MINERAL RESOURCES

The mineral resource estimate at 0.5% Copper equivalent cut-off grade for Boyongan and Bayugo disclosed as of August 1, 2019, are as follows:

	TONNES (Millions)	COPPER (%)	GOLD (g/t)	CONTAINED COPPER (M lbs.)	CONTAINED GOLD (M ozs.)
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	497	0.45	0.61	4,925	9.69
BAYUGO-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	176	0.57	0.59	2,208	3.36
BAYUGO-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	122	0.44	0.47	1,189	1.84
BOYONGAN AND BAYUGO					
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	795	0.47	0.58	8,322	14.9

Notes:

- 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
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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.





SMMCI US\$70 Million Deed of Accession Signing, February 27, 2024

SILANGAN PROBABLE RESERVES

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

ORE SOURCES	TONNES (Mt)	COPPER (%)	GOLD (g/t)	RECOVERABLE COPPER (M lbs.)	RECOVERABLE GOLD (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:

1. 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\$):		Php53.00

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

2. 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 is now implementing pre-development activities under the In-Phase Mine Plan. Mine development commenced with the box cut and portal excavation. Land banking activities continue to 2023, with SMMCI controlling the lands required for development and construction. SMMCI is pursuing 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, the 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.

The total expenditure related to the project as of December 31, 2023 amounted to Php20.450 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, the Company executed a Farm-In Agreement with Manila Mining Corporation (MMC) and Kalayaan Gold-Copper Resources Inc. (Kalayaan), a subsidiary of MMC, which involved the purchase of a 5% equity interest in Kalayaan 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 Bayugo deposit.

Under the agreement, Philex was to conduct exploration activities in the tenements owned by Kalayaan, adjacent to the Boyogan and Bayugo ore bodies 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 targeted ore deposits within the period, it will have the right to increase its holdings in Kalayaan to 60% by subscribing to an additional 55% of Kalayaan'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 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 Bayugo, totalling 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 Boyongan and Bayugo 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 below using the same parameters in the above-mentioned Silangan MRE:

BAYUGO-KALAYAAN MRE AT 0.5% CuEq (within EP-14B-XIII)

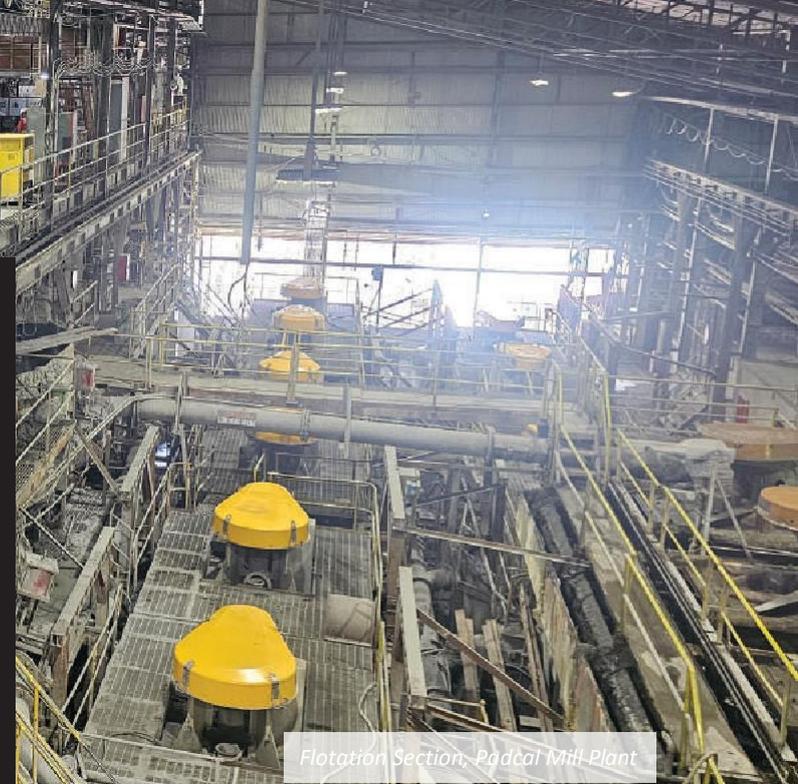
CLASSIFICATION	TONNES (Mt)	GOLD (g/t)	COPPER (Cu)	CONTAINED COPPER (M lbs.)	CONTAINED GOLD (M ozs.)
Measured	118	0.47	0.43	1,123.8	1.79
Indicated	3	0.37	0.64	36.6	0.03
Total Measured + Indicated	120	0.47	0.44	1,160.3	1.82
Inferred	2	0.40	0.81	28.3	0.02
Total	122	0.47	0.44	1,188.6	1.84

OTHER SIGNIFICANT PROJECTS

The Exploration team is looking into other possible projects, both external and internal to the Company, with more focus being applied to Luzon-based tenements. The support remains the same for more advanced exploration projects such as the Silangan Project and for the continuous improvement of mining operations in Padcal.

As a result, exploration activities in each of the Company's various MPSAs located in Negros Occidental and Surigao del Norte were at a minimum. However, compliance with government requirements were all met.





Flotation Section, Padcal Mill Plant

OPERATIONS

The Company started implementing a re-fleeting program to bring the Padcal Mine on track to its target and improve production levels. This program included ordering of new LHDs in late 2023, with the expectation to realize better results in 2024.

Operating challenges brought about by unscheduled breakdowns of aging mill equipment and low mechanical availability of major mine equipment significantly disrupted the Company's performance after surviving the impact of multiple global issues affecting its business, mostly those involving power costs, logistics, and costs and sourcing of supplies, critical parts, and equipment.

On supply chain management, the Company continues to execute strategic measures to mitigate the effect of delayed arrival of critical parts, materials and supplies experienced globally. This has given the Padcal operating team relief on sourcing issues and time to focus on planning the necessary equipment maintenance to prevent a significant drop in production outputs.

PRODUCTION						
	2023	2022	2021	2023 VS 2022 (%)	2022 VS 2021 (%)	2021 VS 2020 (%)
Tonnes Milled	6,852,879	7,431,651	7,945,879	(8)	(6)	1
Copper Concentrates (DMT)	50,116	57,421	58,679	(13)	(2)	1
Gold						
Ounces	37,784	48,567	55,149	(22)	(12)	(2)
Head Grade (g/t)	0.236	0.269	0.285	(12)	(6)	0.4
Recovery	73%	75%	76%	(3)	(0.3)	(3)
Copper						
Pounds	21,298,421	25,085,952	26,200,259	(15)	(4)	(1)
Head Grade (%)	0.180	0.190	0.186	(5)	3	(1)
Recovery	78%	80%	81%	(3)	(0.1)	(1)

The Company milled a total of 6,852,879 tonnes in 2023, 8% lower than the 7,431,651 tonnes in 2022, which was 6% lower than the

7,945,879 tonnes in 2021. On the other hand, 2021 tonnage was slightly higher than the 7,837,536 tonnes in 2020.

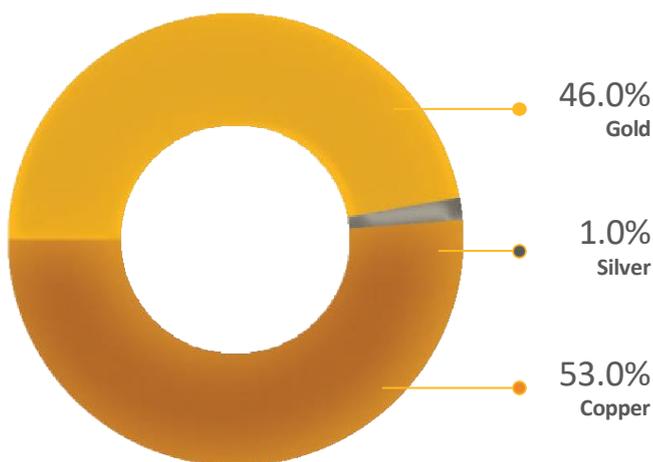
BREAKDOWN OF REVENUES

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

	2023	2022	2021	2023 VS 2022 (%)	2022 VS 2021 (%)	2021 VS 2020 (%)
Gold						
Revenues	3,958	4,625	4,885	(14)	(5)	2
Ounces Produced	37,784	48,567	55,149	(22)	(12)	(2)
Realized Price (US\$/oz)	\$1,928	\$1,790	\$1,785	8	0.3	2
Copper						
Revenues	4,538	5,383	5,516	(16)	(2)	54
Pounds Produced	21,298,421	25,085,952	26,200,259	(15)	(4)	(1)
Realized Price (US\$/lb)	\$3.79	\$3.96	\$4.24	(4)	(7)	48
Silver						
Revenues	70	80	87	(12)	(8)	13
Foreign Exchange Rate (Php/US\$1)	Php55.72	Php54.91	Php49.87	1	10	2
Gross Revenues	8,566	10,088	10,488	(15)	(4)	24
Net Revenues	7,726	9,262	9,797	(17)	(5)	25

Gross Revenues generated in 2023 amounted to Php8.566 billion, 15% lower than the Php10.088 billion in 2022, which was 4% lower than revenues in 2021 of Php10.488 billion. The 2021 revenues were 24% higher than the revenues of Php8.450 billion in 2020. The yearly decline in revenues from 2020 to 2023 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 53% of total revenues while gold revenues were at 46% level with the remaining 1% attributable to silver.

CONTRIBUTIONS TO TOTAL REVENUES IN 2023



Gold

Gold revenues amounting to Php3.958 billion were 14% lower than the Php4.625 billion in 2022, which decreased by 5% from Php4.885 billion in 2021 (2021 was 2% higher than revenues of Php4.794 billion in 2020). The decrease in gold revenues was mainly attributable to the 22% decrease in gold output with partial offset from favorable gold prices that averaged 8% higher at US\$1,928 per ounce compared with US\$1,790, US\$1,785 and US\$1,757 for years 2022, 2021, and 2020, respectively. Gold production decreased to 37,784 ounces in 2023 from 48,567 ounces in 2022, 55,149 ounces in 2021 and 56,000 ounces in 2020, mainly from lower tonnage and continuously declining gold grades from the ageing Padcal Mine. Average gold prices, on the other hand, increased by 8% to US\$1,928 per ounce in 2023 from US\$1,790 in 2022, US\$1,785 in 2021, and US\$1,757 in 2020.

Copper

Copper revenues amounted to Php4.538 billion in 2023, 16% lower than the Php5.383 billion in 2022, which were 2% lower than Php5.516 billion in 2021 (2021 was significantly higher by 54% than the Php3.579 billion in 2020). Both lower copper output and lower average copper price by 15% and 4%, respectively, contributed to the lower copper revenues in 2023. Copper production was at 21,298,421 pounds in 2023 versus 25,085,952 pounds in 2022, which was 4% lower than the 26,200,259 pounds in 2021 (2021 was lower than the



26,378,914 pounds in 2020). Similarly, copper price averaged lower in 2023 at US\$3.79 per pound compared with US\$3.96 per pound in 2022, which was lower compared with US\$4.24 per pound in 2021 (2021 copper price increased significantly by 48% from US\$2.87 per pound in 2020).

Silver

Silver, accounting for 1% of total revenues, contributed Php70 million in 2023, 12% lower than the Php80 million in 2022, which was slightly lower compared with Php87 million in 2021 (2021 was higher compared to Php77 million in 2020).

BREAKDOWN OF REVENUES BY METALS (In Php Million)			
	2023	2022	2021
Gold	3,958	4,625	4,885
Copper	4,538	5,383	5,516
Silver	70	80	87
Total	8,566	10,088	10,488

The favorable foreign exchange rate in 2023 that averaged Php55.72 to US\$1 was slightly higher than in 2022 that averaged Php54.91, which was also 10% higher than the average in 2021 of Php49.87 (2021 Forex was similarly higher than the 2020 Forex of Php49.12). Being a 100% exporter, the Company benefits from higher forex against U.S. dollars, which impacts its realized revenues.

In 2023, revenues, net of smelting charges, significantly decreased by 17% to Php7.726 billion from Php9.262 billion in 2022, which was 5% lower than the Php9.797 billion in 2021 (2021 was, however, 25% higher than Php7.834 billion in 2020).

As part of the risk management strategy, the Company regularly monitors the prices of gold and copper in the world market to assess the need to enter hedging contracts and mitigate the risk of the potential impact of fluctuations of metal prices to revenues. Based on its outlook on the movement of gold and copper prices, the Company entered various collar hedging contracts for 2023.

The Company recognized hedging losses of Php25 million on gold hedging contracts and hedging gain of Php828thousand for copper for 2023.

OPERATING COSTS AND EXPENSES (In Php Million)			
	2023	2022	2021
Production Cost	5,209	4,865	4,488
Depletion, Amortization and Depreciation	698	1,413	1,218
Total Production Cost	5,907	6,278	5,706
Excise Tax and Royalties	523	592	639
General and Administrative Expenses	242	250	253
Total Operating Cost and Expenses	6,673	7,120	6,598

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 Php6.673 billion, 6% lower than the Php7.120 billion in 2022, which was higher by 8% than the Php6.598 billion in 2021 (2021 was 5% higher than the Php6.298 billion in 2020).

The decrease in Opex in 2023 was mainly from the decline in tonnage production by 8% that resulted into lower Depletion, Depreciation and Amortization (DDA) as tonnage is the basis for computing depletion and amortization. The mine life extension of Padcal Mine up to 2027, and lower revenue-related cost were also 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 significant 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, DDA also increased in 2022 as an effect of the reversal of provisions on impairment of mining assets in 2021. The Opex for 2021 increased by 5% compared to 2020 due to higher Production Cost, and Excise Tax and Royalties on account of the 25% increase in net revenue in 2021 with partial offsetting from the decrease in DDA, as well as GAE.

Production Costs increased by 7% in 2023 to Php5.209 billion compared with Php4.865 billion in 2022, which was 8% higher than the Php4.488 billion in 2021 (2021 was 6% higher than the Php4.216 billion in 2020). The increase in 2023 Production Costs was mainly due to 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. For 2021, Production Costs also increased Php4.488 billion compared to Php4.216 billion in 2020 due mainly to higher power costs on account of higher power rate under the new power contract, materials and supplies following higher consumption for equipment parts in addition to the slightly elevated purchase costs of materials and suppliers, increasing lubes and fuel prices, and labor costs based on the recently concluded renewal of the Collective Bargaining Agreements at Padcal Mine.

Depletion, Depreciation and Amortization (DDA) increased by 51% at Php698 million in 2023 compared with the Php1.413 billion in 2022, which was 16% higher than the Php1.218 billion in 2021 (2021 was 3% lower than the Php1.252 billion in 2020). 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. For 2021, DDA slightly decreased to Php1.218 billion against 2020 despite the impact of the reversal of the 2019 impairment provision and additional depreciation for new acquisitions and amortization for additional costs related to the tailings storage facility.

GAE continued with its downward trend to Php242 million in 2023 from Php250 million in 2022, Php253 million in 2021, and from Php287 million in 2020. Overall, changes in GAE represented mainly by lower manpower costs at the Head Office.

Excise Taxes and Royalties also decreased by 12% in 2023 at Php523 million compared with Php592 million in 2022, which was 7% lower than the Php639 million in 2021 (2021 was higher than the Php543 million in 2020). Changes on Excise Taxes and Royalties are revenue driven.

Smelting Charges slightly increased at Php840 million compared with Php826 million in 2022 or 19% higher than the Php691 million in 2021 (2021 was 12% higher than the Php616 million in 2020). The doubling of freight charges since 2022, higher value of unit deductions and higher Treatment and Refining Charges (TCRC) contributed to the increase in Smelting Charges in 2023 and 2022. For 2021, Smelting Charges also increased by 12% compared with 2020 due to higher value of unit deductions due to the high level of metal prices, and higher freight charges despite slightly lower TCRC on concentrate shipments in 2021.

BREAK-EVEN COSTS (In Php Million)			
	2023	2022	2021
Production Cost	5,209	4,865	4,488
Depletion, Amortization and Depreciation	698	1,413	1,218
Total Production Cost	5,907	6,278	5,706
Excise Tax and Royalties	523	592	639
Smelting Charges	840	826	691
Total Operating Cost	7,270	7,696	7,036
Breakeven Costs:			
Production Cost Per Tonne (Php)	862	845	718
Operating Cost Per Tonne (Php)	1,061	1,036	886
Operating Cost Per Ounce of Gold (US\$)	1,639	1,347	1,202
Operating Cost Per Pound of Copper (US\$)	3.22	2.98	2.85

Production Cost per Tonne, consisting of cash and non-cash (representing Depletion, Depreciation and Amortization), slightly increased by 2% to Php862 compared with Php845 in 2022, which was 18% higher than the Php718 in 2021 (2021 was 3% higher than the Php698 in 2020). Both for 2023 and 2022, the annual increase was primarily from higher power rates as well as maintenance costs. For 2021, Production Cost per Tonne slightly increased compared with Php698 in 2020 due mainly to higher costs on power, materials and supplies and labor.

Operating Cost per Tonne, consisting of Production Costs, DDA, Excise Taxes and Royalties, and Smelting Charges, also slightly increased by 2% in 2023 at Php1,061 compared with Php1,036 in 2022, which significantly increased by 17% versus the Php886 in 2021 (2021 within the level of 2020 of PHP846).

Break-even Operating Cost (using co-production method) per ounce of gold and per pound of copper were higher by 22% and 8%, respectively, in 2023 at US\$1,639 per ounce gold and US\$3.22 per pound copper compared with US\$1,347 per ounce gold and US\$2.98 per pound copper in 2022, and US\$1,202 per ounce gold

and US\$2.85 per pound copper in 2021. There was no significant change in the cost allocation in 2023 and 2022 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 power rates with full year effect in 2023 compared to 5 months in 2022 starting August 2022, and higher costs of materials and supplies as well as the reverse impact of lower metal output that increased cost per unit. For 2021, Break-even Operating Cost for gold decreased while that for copper increased compared with US\$1,362 per ounce and US\$2.22 per pound in 2020, respectively, in 2020.

Costs allocation to gold and copper was based on their revenue contribution. Gold revenue in 2021 was lower compared at 46% of total revenues compared to 57% in 2020 thus a lower allocation in operating costs, while copper contributed 53% in total revenues in 2021 as against 42% only in 2020. This resulted in the lower cost per ounce gold and higher cost per pound copper.

NET OTHER INCOME (CHARGES) (In Php Million)			
	2023	2022	2021
Interest Income	58	25	2
Foreign Exchange Gain (Losses) – Net	22	83	(46)
Reversal of (provisions for) Impairment Losses – net of other provisions and reversals	-	126	272
Share in Net Losses of Associates	(31)	(27)	(529)
Others – Net	49	(20)	(98)
Total	99	187	(399)

The Company recorded Net Other Income of Php99 million in 2023 compared with Php187 million in 2022 from net other charges of Php399 million in 2021 and Php5 million in 2020. The Net Other Income in 2023 comprised mainly of Php58 million net interest income and Foreign Exchange (Forex) Gain of Php22 million, while the net other income in 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.

With the modification of the terms extending the maturity date of the convertible notes issued by Silangan Mindanao Exploration Co., Inc., a subsidiary of Philex, the Company recorded a gain amounting to Php500 million. The 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.

Further to the specific assessment and identification of mining assets for possible impairment, the Company regularly assesses the viability of its continued operation of the Padcal Mine, recoverability of costs on existing mine exploration projects and other investments on a regular basis using an acceptable financial model. As a result of this exercise, the Company determined in 2022 that the recorded impairment reserve to-date was sufficient after the several reversals made in 2021 and in 2020 coming from



the impact of higher metal prices on the life-of-mine financial projections of the Company as well as the extension of the Padcal mine life in 2021 for another two years to end 2024 then for another three years extension up to 2027 as determined in December 2022. The 2021 and 2020 reversals were, however, offset by various provisions which include additional provisions on inventory items at the Padcal Mine that were assessed to be obsolete due either to change in technology or phasing out of the main equipment.

For 2023, the Company recorded a net Forex gain of Php22 million mainly due to 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, compared with Php83 million in 2022. In 2021, the Company recorded a net forex loss on short-term loans of Php46 million, compared with a forex gain of Php99 million in 2020 following the depreciation of Philippine Peso against US Dollar in 2021.

The Company also recorded Share in Net Losses of Associates of Php31 million and Php27 million for 2023 and 2022, respectively, both much lower than the Php529 million in 2021 which included PXP Energy's impairment provision of the carrying value of its oil and gas assets related to Peru Block Z-38 (2021 was significantly higher than the Php47 million in 2020).

The overall Net Other Income amounted to Php99 million compared with Php187 million in 2022, and Net Other Charges of Php399 million in 2021 and Php5 million in 2020.

CORE NET INCOME, EBITDA AND CONSOLIDATED NET INCOME

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

was 118% above the Php1.162 billion in 2020). The significant drop in Core Net Income in 2023 and in 2022 was due mainly from the decrease in revenues brought about by lower metal production and increase in power costs. 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 both in 2023 and 2022. For 2021, favorable and sustained higher level of gold and copper prices allowed the Company to post a core net income of Php2.533 billion, 118% above the Php1.162 billion in 2020, which excludes extra-ordinary and non-recurring transactions and reflects the Company's operational performance. This was the result of the 25% increase in revenues, coupled with the steady management of operating costs.

Following lower Core Net Income, EBITDA decreased by 49% to Php1.784 billion from Php3.524 billion in 2022, which was 18% lower than the Php4.317 billion in 2021. EBITDA for 2021, on the other hand, significantly increased by 60% to Php4.317 billion from Php2.703 billion in 2020. 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.

The operating challenges of meeting production targets, unfavorable copper prices and uncontrollable increase in global prices of materials and supplies also affecting local power rates 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 Php1.018 billion, 43% lower than the Php1.796 billion in 2022, which was lower than the Consolidated Net Income of Php2.431 billion in 2021 as result of excellent operating performance (2021 doubled the income of Php1.228 billion in 2020).

RECONCILIATION OF CORE NET INCOME TO CONSOLIDATED NET INCOME

(In Php Million)

	2023	2022	2021
Core Net Income	963	1,733	2,533
Non-Recurring Gains (Losses):			
Net Tax Effect of Aforementioned Adjustments	33	(146)	11
Foreign Exchange Gain (Losses)	22	83	(46)
Share in Provision for Impairment in PXP assets	-	-	(674)
Net Provisions for Impairment of Assets	-	126	272
Effect of CREATE Law	-	-	335
Net Income (Loss) Attributable to Equity Holders	1,018	1,796	2,431
Net Income Attributable to Non-Controlling Interest	-	-	-
Consolidated Net Income	1,018	1,796	2,431
EBITDA	1,784	3,524	4,317

FINANCIAL CONDITION SUMMARY

(In Php Million)

	2023	2022	2021
Cash and Cash Equivalents	3,814	3,925	2,891
Non-Current Assets	39,209	36,836	36,134
Total Assets	45,411	43,259	41,856
Loans and Bonds Payable- Current	1,883	1,617	10,131
Non-Current Liabilities	8,804	7,631	1,834
Equity Attributable to Equity Holders of Parent Company	31,688	30,870	26,699
Non-Controlling Interests	(0.3)	(0.3)	(0.3)
Total Equity	31,688	30,869	26,698
Liquidity Ratios:			
Current Ratio	1.26	1.35	0.43
Quick Ratio	0.86	0.95	0.25
Solvency and Debt to Equity Ratios:			
Debt-to-Equity Ratio	0.43	0.40	0.57
Solvency Ratio	0.13	0.26	0.24
Financial Leverage Ratios:			
Asset-to-Equity Ratio	1.43	1.40	1.57
Profitability Ratios:			
Return on Assets	2.30%	4.22%	6.02%
Return on Equity	3.25%	6.24%	9.55%
Net Profit Margin	13.18%	19.39%	24.82%

Total Capital Expenditures and Deferred Exploration Costs amounted to Php2.266 billion in 2023, compared with Php1.778 billion in 2022, Php979 million in 2021 and Php1.168 billion in 2020.

Padcal operations accounted for 53% of total actual spending at Php1.202 billion in 2023 as compared to Php1.015 billion in 2022, Php758 million in 2021 and Php926 million in 2020. 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 42% of the capital expenditures amounting to Php949 million in 2023 versus Php749 million in 2022, Php214 million in 2021 and Php211 million in 2020. 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 2023. The expenditures included construction works at the east and west portal of the underground mine, additional land banking, and acquisition of initial equipment.

Other mining exploration projects amounted to Php114 million in 2023 compared with Php13 million in 2022, Php6 million in 2021 and Php31 million in 2020. These activities included expenditures related to scout drilling as well as confirmatory drilling works on various and expenses in compliance with regulatory requirements.

CAPITAL EXPENDITURES AND DEFERRED EXPLORATION COSTS

(In Php Millions)

	2023	2022	2021
Padcal and Others:			
Mine Development	598	458	352
Tailings Pond Structures	157	181	182
Machinery and Equipment	447	376	224
Total	1,202	1,015	758
Silangan Project:			
Deferred Exploration Costs	811	745	221
Machinery and Equipment	138	4	(7)
Total	949	749	214
Mine Exploration Projects	114	13	6
Total	2,266	1,778	979
By Recording:			
Deferred Exploration Costs	925	759	228
Property, Plant and Equipment	1,341	1,020	751
Total	2,266	1,778	979



AUDITED FINANCIAL STATEMENTS 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, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, in accordance with 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, 2023, the carrying value of the Group's deferred exploration costs amounted to ₱30.72 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 13 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, 2023. 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 Investment in Associates

The carrying values of the Group's property, plant and equipment and investment in associates amounted to ₱3.36 billion and ₱3.58 billion, net of previously recognized impairment losses, as of December 31, 2023. 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, 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 investment 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 investment in associates are included in Notes 10 and 12 to the consolidated financial statements, respectively.



AUDITED FINANCIAL STATEMENTS INDEPENDENT AUDITOR'S REPORT

Audit response

We reviewed management's assessment of the recoverability of the carrying values of property, plant and equipment and investment 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, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



AUDITED FINANCIAL STATEMENTS INDEPENDENT AUDITOR'S REPORT

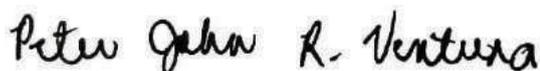
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Partner

CPA Certificate No. 0113172

Tax Identification No. 301-106-741

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-140-2021, November 10, 2021, valid until November 9, 2024

PTR No. 10082030, January 6, 2024, Makati City

February 29, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(AMOUNTS IN THOUSANDS, EXCEPT PAR VALUE PER SHARE)-

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	₱3,814,350	₱3,925,296
Accounts receivable (Note 7)	405,641	580,621
Inventories (Note 8)	1,245,128	1,151,089
Other current assets (Note 9)	737,399	765,754
Total Current Assets	6,202,518	6,422,760
Noncurrent Assets		
Deferred exploration costs (Notes 1, 13 and 20)	30,721,524	29,491,920
Investment in associates (Note 12)	3,575,019	3,605,677
Property, plant and equipment (Note 10)	3,356,714	2,729,865
Pension asset - net (Note 21)	180,388	340,725
Financial assets measured at FVOCI (Notes 11 and 30)	177,394	145,207
Other noncurrent assets (Note 14)	1,197,785	522,595
Total Noncurrent Assets	39,208,824	36,835,989
TOTAL ASSETS	₱45,411,342	₱43,258,749
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 16 and 32)	₱2,768,034	₱2,670,983
Loans payable (Note 15)	1,882,580	1,616,895
Subscription payable	2,767	2,767
Income tax payable	41,638	124,351
Dividends payable (Note 28)	224,257	343,346
Total Current Liabilities	4,919,276	4,758,342
Noncurrent Liabilities		
Loans and bonds payable - net of current portion (Note 15)	7,246,489	5,907,961
Deferred tax liabilities - net (Notes 3 and 27)	1,555,037	1,720,847
Provision for losses	2,342	2,342
Total Noncurrent Liabilities	8,803,868	7,631,150
Total Liabilities	13,723,144	12,389,492
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	9,287,207	8,493,736
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
Net unrealized gain on financial assets measured at FVOCI and derivatives (Note 11)	80,346	54,870
Equity attributable to equity holders of the parent company	31,688,496	30,869,549
Non-controlling interests (Note 28)	(298)	(292)
Total Equity	31,688,198	30,869,257
TOTAL LIABILITIES AND EQUITY	₱45,411,342	₱43,258,749

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF INCOME

(AMOUNTS IN THOUSANDS, EXCEPT EARNINGS PER SHARE)

	Years Ended December 31		
	2023	2022	2021
REVENUES (Note 17)	₱7,726,058	₱9,261,576	₱9,796,531
COSTS AND EXPENSES (Note 18)			
Production costs	5,209,185	4,864,929	4,488,274
Depletion, amortization and depreciation	698,416	1,413,250	1,217,736
Excise taxes and royalties	522,500	591,905	639,281
General and administrative expenses	242,418	249,640	252,932
	6,672,519	7,119,724	6,598,223
OTHER INCOME (CHARGES)			
Reversal of (provision for) impairment losses - net of other provisions, reversals and gain (Notes 8 and 10)	–	125,664	272,241
Interest income (Note 6)	58,381	25,045	2,186
Share in net losses of associates (Note 12)	(30,658)	(26,804)	(528,848)
Foreign exchange gain (loss) - net (Note 23)	22,043	82,703	(46,485)
Others - net	49,268	(19,705)	(97,861)
	99,034	186,903	(398,767)
INCOME BEFORE INCOME TAX	1,152,573	2,328,755	2,799,541
PROVISION FOR (BENEFIT FROM)			
INCOME TAX (Note 27)			
Current	253,330	838,743	559,498
Deferred	(118,759)	(305,501)	(191,165)
	134,571	533,242	368,333
NET INCOME	₱1,018,002	₱1,795,513	₱2,431,208
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱1,018,008	₱1,795,517	₱2,431,212
Non-controlling interests (Note 28)	(6)	(4)	(4)
	₱1,018,002	₱1,795,513	₱2,431,208
Basic/Diluted Earnings Per Share (Note 29)	₱0.18	₱0.34	₱0.49

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(AMOUNTS IN THOUSANDS)

	Years Ended December 31		
	2023	2022	2021
NET INCOME	₱1,018,002	₱1,795,513	₱2,431,208
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
Gain (loss) on fair value of derivatives (Note 16)	(1,791)	17,556	(24,048)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain (loss) on pension obligation (Note 21)	(145,186)	2,095	71,593
Income tax effect on remeasurement losses on pension obligation (Notes 21 and 27)	36,297	(524)	(2,143)
Unrealized gain or loss on financial assets measured at FVOCI (Note 11)	27,267	19,995	9,508
Effect of change in tax rate on net revaluation surplus (Note 27)	–	–	277,586
	(83,413)	39,122	332,496
TOTAL COMPREHENSIVE INCOME	₱934,589	₱1,834,635	₱2,763,704
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱934,595	₱1,834,639	₱2,763,708
Non-controlling interests (Note 28)	(6)	(4)	(4)
	₱934,589	₱1,834,635	₱2,763,704

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

(AMOUNTS IN THOUSANDS)

	Equity Attributable to Equity Holders of the Parent Company											Total
	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)	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)	
BALANCES AT JANUARY 1, 2021	P=4,940,399	P=1,143,981	P=4,734,469	P=10,500,000	P=31,859	P=1,225,518	P=–	P=1,572,385	P=77,892	P=24,226,503	(P=284)	P=24,226,219
Net income	–	–	2,431,212	–	–	–	–	–	–	2,431,212	(4)	2,431,208
Other comprehensive income (loss)	–	–	69,450	–	(14,540)	–	–	277,586	–	332,496	–	332,496
Total comprehensive income (loss)	–	–	2,500,662	–	(14,540)	–	–	277,586	–	2,763,708	(4)	2,763,704
Declaration of dividends (Note 28)	–	–	(291,483)	–	–	–	–	–	–	(291,483)	–	(291,483)
BALANCES AT DECEMBER 31, 2021	P=4,940,399	P=1,143,981	P=6,943,648	P=10,500,000	P=17,319	P=1,225,518	P=–	P=1,849,971	P=77,892	P=26,698,728	(P=288)	P=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	=P5,782,399	=P2,885,163	=P8,493,736	=P10,500,000	=P54,870	=P857,863	=P367,655	=P1,849,971	=P77,892	=P30,869,549	(P=292)	=P30,869,257
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	–	–	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	=P5,782,399	=P2,885,163	=P9,287,207	=P10,500,000	=P80,346	=P857,863	=P367,655	=P1,849,971	=P77,892	=P31,688,496	(P=298)	=P31,688,198

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(AMOUNTS IN THOUSANDS)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,152,573	₱2,328,755	₱2,799,541
Adjustments for:			
Depletion, amortization and depreciation (Note 20)	711,847	1,428,200	1,232,532
Provision for (reversal of) impairment losses - net of other provisions, reversals and gain (Notes 8, 10, 12, 15, 26 and 32)	–	(125,664)	(272,241)
Interest income (Note 6)	(58,381)	(25,045)	(2,186)
Share in net losses of associates (Note 12)	30,658	26,804	528,848
Movement in pension assets - net	15,151	13,979	29,313
Unrealized foreign exchange losses (gains) – net	(4,821)	55,221	76,936
Operating income before working capital changes	1,847,027	3,702,250	4,392,743
Decrease (increase) in:			
Accounts receivable	159,306	(113,699)	(97,024)
Inventories	(94,039)	859,375	(616,098)
Other current assets	(633,844)	(328,169)	102,365
Increase in accounts payable and other current liabilities	79,336	220,026	617,421
Net cash flows generated from operations	1,357,786	4,339,783	4,399,407
Income taxes paid	(325,543)	(895,635)	(452,555)
Interest received	58,381	25,045	2,186
Net cash flows generated from operating activities	1,090,624	3,469,193	3,949,038
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment (Note 10)	(1,354,029)	(1,026,920)	(927,608)
Increase in deferred exploration costs (Notes 13 and 32)	(856,479)	(896,947)	(428,488)
Decrease (increase) in other noncurrent assets	(23,491)	(237)	6,195
Payment of subscription payable (Notes 12 and 26)	–	–	(121,114)
Net cash flows used in investing activities	(2,233,999)	(1,924,104)	(1,471,015)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of long-term bank loans (Note 15)	1,382,500	–	–
Stocks rights offering (Note 28)	–	2,583,182	–
Payments of:			
Dividends (Note 28)	(234,737)	(356,067)	(392,680)
Long-term loans (Note 15)	(110,600)	–	(387,180)
Convertible bonds (Note 15)	–	(2,741,009)	–
Net cash flows generated from (used in) financing activities	1,037,163	(513,894)	(779,860)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(106,212)	1,031,195	1,698,163
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(4,734)	3,338	1,121
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,925,296	2,890,763	1,191,479
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱3,814,350	₱3,925,296	₱2,890,763

See accompanying Notes to Consolidated Financial Statements.



RISK MANAGEMENT

A mining business demands an eye on the long haul, as its operations involve long-term and substantial investments. To optimize the full potential of its mining investments and to ensure that its host communities and the nation benefit from its business, Philex Mining implements an effective risk management system. This is considered a vital aspect of the continued growth and success of the Company and its subsidiaries.

Philex 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 PHILEX and its subsidiaries, thereby creating value for the business and its stakeholders.

REGULATORY RISKS

Regulatory risks are changes in regulations, policies, and law that will affect the mining industry and the Company in particular. The local mining industry is now under the helm of a Department Secretary with known impartiality and keen sense of balance when it comes to investments and the environment. President Ferdinand Marcos Jr. has given strong signals to support the mining industry, and on several occasions, maintained the position that “mineral exploration and extraction are very important parts” of the administration. Enforcement and compliance with environmental laws will be pushed.

The Company welcomes the President’s challenge. 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.

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 2027
- 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 concentrations are typically encountered when extracting ore away from the core of the deposit.

Operational risks may include:

- 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.

STATEMENT ON THE ADEQUACY OF INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM

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.

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:

- an Independent Director (ID) chairs the Audit Committee and the Board Risk and Oversight Committee, and that the Committees have two IDs as members;
- the Audit Committee and the Board Risk and Oversight Committee held five (5) and two (2) meetings, respectively, during the year 2023;
- the Audit Committee reviewed and approved all audit services provided by SGV & Co. to the Philex Group, and related fees for such services;
- 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;
- 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;
- 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;
- 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);
- 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, 2023 in the Company's Annual Report to the stockholders and report to the Philippine SEC via SEC Form 17-A; and
- 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 2023.

Respectfully submitted,
(Signed)

Board Risk Oversight Committee and Audit Committee


Oscar J. Hilado
Committee Chair
—Independent


Wilfredo A. Paras
Member


Marilyn A. Victorio-Aquino
Member


Anita B. Quitain
Member


Joseph H.P. Ng
Member

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE CONFIRMATION STATEMENT

As a publicly-listed Philippine company, Philex Mining Corporation (PMC) 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

Beginning 2010, the Company's Board of Directors has instituted a policy to declare cash dividends of up to 25% of the Company's core net income should the circumstances allow for its declaration. In August 2014, the Company formalized a policy on the timing of cash dividend payments, which should be within 30 calendar days from the date of declaration.

In February 2023, the Board approved the declaration of cash dividend:

Amount: Php0.02 per share
Record Date: March 15, 2024
Payment Date: March 27, 2024

The Board also approved on February 29, 2024 cash dividend as follows:

Amount: Two Centavos (P0.02) per share
Record Date: March 13, 2023
Payment Date: March 24, 2023

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; and
6. Mergers and consolidations

During the Annual General Stockholders' Meeting (AGM) held on 22 June 2023, 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/wp-content/uploads/2023/06/SEC-FORM-17C-Results-of-AGM.pdf>

A.3. Right to Participate Effectively and Vote

PMC 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.

PMC 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 2023, the deadline for nominations was on April 26, 2023, which was announced by the Company last February 23, 2023. 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; and
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 2023, online voting mechanism was made available from June 01 to 16 June 2023.

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 2023 AGM was held via remote communication due to strict implementation of the IATF Guidelines on 22 June 2023 and presided at TV 5 Media Center, Reliance St., Mandaluyong City.

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 2023 AGM were posted in the Company website: <https://www.philexmining.com.ph/minutes-of-all-general-or-special-stockholders-meetings/>

Disclosure and Release of Notice of AGM to Shareholders

The Company disclosed to the PSE the Company's SEC Form 2023 Definitive Information Statement (DIS) on 01 June 2023.

The AGM was announced 23 February 2023, months before the actual date of the meeting and was published in at least two major newspapers of general circulation. For 2023, the Notice of AGM was published both on print and online in Philippine Star and Manila Standard from 31 May to 01 June 2023.

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 2023, 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 16.72% shareholdings) is the only institutional investor with a share ownership greater than 5% as of December 31, 2023. 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; and
5. Readily available proxy statements

The Notice of is also available in the Company's website through the following link: <http://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 2023, there were no cases of Insider Trading and Abusive Dealing during Trading Blackouts that were reported nor received by the Company.

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 is 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 Fifty Million Pesos (P50Million) over a twelve (12) month calendar year period ("Material and/or Significant RPT").

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/wp-content/uploads/2017/05/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 2023, 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

PMC 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; and
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; and
 - Related Party Transactions should be conducted in a way that ensures fair and at-arm's-length dealings

In 2023, 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 PMC. In line with PMC's 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 2023, 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; and
- 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 2023, 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

PMC's 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; and
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 2023, the Company did not receive any report of violation of the Company’s Vendor Relations Policy related to Conflict Interest and Gift Policy violation.

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 the R.A. 7942, the minimum required budget for the Annual EPEP ranges from 3–5% of the Direct Mining and Milling Costs of the company. In 2022, the Company spent 7.43% of the direct mining and milling costs as follows:

2023 ANNUAL ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAM (EPEP) (in Php Millions)	
	AMOUNT
Land Resource Management	111
Water Resources Management	104
Hazardous and Toxic Waste Management	6
Air Quality Management	0.7
Conservation Values	0.6
Environmental Research	2.7
MRFC Meetings and MMT Monitoring Activities	1.2
Total	226

The Company also invests heavily on the ongoing environmental management programs at the Silangan, Bulawan, and Sibutad project sites. In our Silangan project, we spent a total of Php86.55M for the environmental management program. These investments cover the costs for 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. 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 TO 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 2023, the Company spent Php115 million for its mandated SDMP as shown in the table below.

2022 SOCIAL AND DEVELOPMENT MANAGEMENT PROGRAM (SDMP) (in Php Millions)	
	AMOUNT
Human Resources and Capacity Development	0.8
Health	7
Education	34
Livelihood	3
Public Infrastructure	27
Socio–Cultural Development	8
Use of Mine Camp Facilities	7
Information, Education, Communication (IEC)	17
Development of Mining Technology & Geosciences (DMTG)	11
Total	115*

* Including carry-over project expenses from 2022.

Philex-Padcal Mine’s SDMP Implementation in 2023

Philex’s 2023 Social Development Management Program (“SDMP”) has helped its host and neighbouring communities through its Health, Education, Livelihood, Public Infrastructure, and Socio–cultural programs or “HELPS”. Our interventions brought quality health services closer to our host and neighbouring communities. The educational program significantly lessened expenditures in every household. The Philex scholars continue to be role models in their own communities. Livelihood projects and assistance led to better agroforestry production resulting to increase in income. Infrastructure development and the provision of various equipment lowered farm inputs resulting to increased savings at the household levels. The development and improvement of water systems on the other hand, ensured availability of water for the community’s household, and farm needs.

Health and Sanitation

Conducted health training for 888 individuals, including barangay health workers, teachers, tour guides, farmers, leaders, and community members. This training equipped participants with essential knowledge and skills in basic healthcare practices, disease prevention, and first aid, contributing to improved community health.

Provided medical assistance to 3,315 patients, covering consultations, medications, and medical supplies. Enhanced 4 health centers with equipment, supplies, and infrastructure improvements. We also conducted medical, dental, and ophthalmic missions, providing essential healthcare services to 736 beneficiaries.

As part of the company’s commitment to improving emergency response, we donated a new emergency vehicle to a barangay, enhancing their ability to respond to medical emergencies and transport patients to healthcare facilities. These initiatives have significantly enhanced healthcare access and quality, positively impacting the health and well–being of the community.



Education

73 scholars finished their college education for the school year 2022–2023. Families of these scholars have potentially increased their economic capacity due to employability of the graduates. 595 college scholars, 89 technical vocational scholars, 400 senior high school and 440 junior high school scholars received educational assistance for the year. 1054 pupils from Philex Mines Elementary School and 672 students from St. Louis High School–Philex enjoy subsidized education in these private schools. We also provided support and various assistance to other schools within our host and neighboring communities. Philex shares the firm belief with our host and neighbouring communities that education can help them transform their lives. The communities claim that even if Philex is long gone, the benefits and impacts of educated and employed community members will bring economic and social progress.

We have continued our support for the 27 elementary schools, 8 high schools, and 18 child development centers by providing essential equipment and improving facilities. This ongoing assistance significantly enhances the quality of education for students in these institutions.

Livelihood and Skills Development

Our assistance has empowered 7 livelihood associations and 2 cooperatives, enabling local communities to thrive. Furthermore, we have supported the tourism projects of 2 barangays, fostering sustainable development and economic growth in the area. Through our support for these 5 barangays' tourism initiatives, we aim to promote local culture and heritage, creating new economic opportunities.

Public Infrastructure Support

The infrastructure in the area has been significantly improved, benefiting a total of 12,000 target beneficiaries. We concreted 2.50 kilometers of road pavement and constructed 25 units of retaining walls, flood control systems, drainage canals, and pathway railings. Additionally, we constructed or improved 15 units of water systems and 8 units of public buildings, including senior citizen buildings, multi-purpose halls, and barangay halls, benefiting 3,400 individuals. Furthermore, we facilitated electrification for 152 households, enhancing the quality of life for numerous families. Moreover, we provided one unit of truck to a barangay, improving transportation and logistics in the area, particularly during calamities.

Socio-Cultural Preservation Program

We actively assisted 112 bereaved families and supported 28 churches. In addition, we provided support to the cultural and social activities of five barangays to promote and preserve their

values. Furthermore, we conducted two cultural training sessions, supplying attire and instruments to 340 pupils and 65 adults, enriching their cultural understanding. Moreover, we assisted three Indigenous Peoples Organizations (Ancestral Domain of Tuba, Itogon & Tinongdan), ensuring the preservation and promotion of their culture and assisting in the formulation of their ADS DPP (Ancestral Domain and Sustainable Development Protection Plan).

Silangan Project

Silangan Mindanao Mining Co., Inc. (SMMCI) remains true to its commitment for the development of its host and neighboring communities. In 2023, SMMCI spent a total of PhP5,000,000.00 in implementing various programs, projects and activities (PPAs) under its Social Development and Management Program (SDMP).

Under the Development of Host and Neighboring Communities (DHNC) component of SDMP, a total of 8 various public facilities were repaired and/or improved, such as public water system, concrete pathway, and multipurpose hall. These projects contributed to the realization of the communities' priority development needs and are now benefiting from these public utilities.

Under the education program, projects implemented by SMMCI include repair of library hub and classrooms, repair of mini gym and stage, construction and installation of perimeter fence, provision of honorarium for volunteer teachers, and provision of instructional materials. A total of 283 elementary students had benefitted the company's educational assistance.

On the health program, these include repair and/or improvement of health centers, and provision of various medical equipment and materials for the barangays of San Isidro (Tubod), Timamana, Boyongan, Macalaya, Sta. Cruz, San Pedro, San Isidro (Placer) and Upper Patag. While for livelihood program, implemented PPAs include the provision of one unit of rice thresher to the Farmers Irrigators Association of Barangay Sta. Cruz, Placer, and beauty care training kit to Alternative Learning System (ALS) learners of Lower Patag, Sison.

Information, Education, Communication

SMMCI continuously conducts extensive and comprehensive information, education and communication (IEC) program within its host and neighbouring communities and other stakeholders.

The IEC aims to continuously promote awareness and transparency on the plans, programs and activities that were implemented by SMMCI including the direction and latest site developments of the project.



The company had also assisted/facilitated in the formulation of Barangay Development Plan (BDP) of host barangays of Placer, as among the PPAs under DMTG.

Promotion of Socio-Cultural Awareness

Despite the limited budget of our advance SDMP, SMMCI sustained its limited but significant participation and support to various socio-cultural activities such as charter day celebrations of its host communities, Christmas gift-giving, and other activities from the religious sector.

Land Resource Management

Under the Silangan Rice Initiative thru Community Engagements (RICE) Project, the religious group Seventh Day Adventist, continues to sustain its rice production within SMMCI's two (2) hectare property in Brgy. San Pedro, Municipality of Sison. In 2023, the partner organization continued the vegetable gardening project as expansion to maximize the areas and potentially increase their income.

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.

a. 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 (P4,000.00 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 2023, the Company did not receive any report of violations of the Company's Policy on Gifts, Entertainment, and Sponsored Travel.

b. 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 2023, 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 2019, the Company submitted 71 disclosures covering 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 2023, 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. PMC 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:

1. Pay for performance
2. Pay for competencies and skills

3. Pay competitively versus local competitors and other comparative companies
4. Provide a total rewards package that includes pay, benefits, employee recognition, employee development, and a work environment conducive to high performance; and
5. 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; and
4. Encourage other talents needed for the business to join the Group

Please see Sustainability Report for further details.

Environment, Health, and Safety Programs

The Company is committed to maintain good environmental, health, and safety (EHS) practices and standards at all times.

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.

As of June 2018, the Company has renewed its Integrated Management System (IMS) Certification from TUV Rheinland, thereby allowing it to restore its environmental ISO 14001:2015 certification and to further affirm its adherence to strict environmental protection and safety protocols across its operations.

In June 2016, wholly owned Silangan Mindanao Mining Co., Inc. has been certified by Certification International Phils., Inc to operate an environmental management system conforming to ISO 14001:2004 standards for the provision of pre-mining development activities. Please see Sustainability Report for further details.

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 2023, the Company reported for its Padcal Mine two LAT-F incident, two incidents in 2022, one incident in 2021 same as 2020. Meanwhile, in terms of Lost Time Accident Non-Fatal events, there were eight in 2023, ten in 2022, eight in 2021 and six recorded in 2020.

Though 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 Whistle Blowing Policy has been adopted since February 25, 2014 to provide a system and venue for the proper submission, handling, or resolution of employees' complaints or disclosures regarding violations of corporate governance rules, questionable accounting or auditing matters, and offenses covered by 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 2023, 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 five (5%) percent or more of the Company's stock as of December 31, 2023 are as follows:

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	Asia Link B.V. (See Note 1)	Non-Filipino	1,023,275,990	17.70
Common	Social Security System c/o Loans and Investment Office, 7/F SSS Building, Diliman, Quezon City	Social Security System (See Note 2)	Filipino	1,119,514,352	19.36
Common	PCD Nominee Corp. 37/F Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City	(See Note 3)	Filipino/Non-Filipino	1,814,861,039	34.03
Common	Two Rivers Pacific Holdings Corp. 10/F Net One Center, 26th Street corner 3rd Avenue, Bonifacio Global City, Taguig	Two Rivers Pacific Holdings Corp.	Filipino	864,799,776	14.96
Common	First Pacific Mining Limited	First Pacific Mining Limited (see Note 1)	Filipino	312,908,501	5.41

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 152,481,583 shares lodged under PCD Nominee Corporation as of December 31, 2023.
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.

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 – p. 48
- Corporate Objectives – p. 04
- Key Performance Indicators (Financial and Non-Financial) – p. 09
- Dividend Policy – p. 50
- Details of Whistle Blowing Policy – p. 57
- Biographical Details of Directors – p. 14
- Training and/or Continuing Education Programs Attended by Directors – p. 66
- Number of Board of Directors meetings held and attendance during the year – p. 64
- Details of Remuneration of Each Director – p. 65
- Corporate Governance Confirmation Statement – p. 50

D.3. DISCLOSURE OF RELATED PARTY TRANSACTIONS

Related Party Transactions

The Company's significant related party transactions as presented under Notes 15 and 26 of the Notes to the Company's 2023 Consolidated Financial Statements, which are under terms that are no less favourable than those arranged with third parties, 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 to be converted into equity, amounted to Php3.785 billion, Php3.673 billion, Php2.527 billion and Php2.327 billion as of December 31, 2023, 2022, 2021 and 2020, respectively. Portion of the PMC advances to SMECI and SMMCI amounted to Php792 million and Php1.459 billion, respectively, were settled in 2022.

b. 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 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.

c. 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, 2023, total loans receivable from PXP Energy amounted to Php31 million.

d. Issuance of Convertible Notes to FPC 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 notes 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 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. The extension of the bonds payable was accounted for as a modification of a financial liability which resulted to recognition of gain amounting to Php500 million in the Group's statement of comprehensive income.

The carrying value of loans payable amounted to Php6.250 billion, Php5.908 billion, Php8.652 billion, Php8.182 billion and Php7.743 billion as of December 31, 2023, 2022, 2021 and 2020, respectively.

Statements on Related Party Transactions

On April 26, 2017, the Board approved the creation of a Related Party Transaction (RPT) Committee and its Charter. 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.

D.4. DIRECTORS' AND OFFICERS' DEALINGS IN COMPANY SHARES

Dealings and Shareholdings of the Company's Directors and Senior Management for 2023:

BENEFICIAL OWNER	NATURE OF OWNERSHIP	NUMBER OF SHARES AS OF DEC 31, 2022	CHANGES IN 2023	NUMBER OF SHARES AS OF DEC 31 2023
DIRECTORS				
Manuel V. Pangilinan	Direct	4,655,000	-	4,655,000
Eulalio B. Austin Jr.	Direct	2,545,266	-	2,545,266
Barbara Anne C. Migallos	Direct	241,622	-	241,622
Rolando L. Macasaet	Direct	1	-	1
Santiago Dionisio R. Agdeppa	Direct	1	-	1
Anita B. Quitain	Direct	1	-	1
Marilyn A. Victorino-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
KEY OFFICERS				
Romeo B. Bachoco	Direct	600,000	-	600,000
Victor A. Francisco	Direct	159,847	-	159,847
Winston S. Cruz	Direct	-	-	-
Ricardo S. Dolipas II	Direct	-	750	750
Directors and Key Officers as a Group		8,702,014	-	8,702,764



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) Php5.2 million in 2023, Php4.90 million in 2022, Php4.73 million in 2021 and Php4.73 million in 2020.

Tax Fees

The Company has not engaged the Independent Auditor for any tax-related services for 2023 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 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 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

Quarterly Reports

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

PMC 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 2023, the Company submitted to the PSE and filed with the SEC the required quarterly reports on or before the prescribed deadline.

Company Website

<http://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.

In 2023, the company held an analysts' briefing via teleconference in collaboration with the PSE (Philippine Stock Exchange), aiming to inform the investing public and shareholders about its performance and vision.

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 audited annual results were disclosed on 23 February 2023.

The Company's SEC Form 17-A (Annual Report) was released on 12 April, 2023 to the PSE and the SEC. The true and fair representation of the AFS 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-stockholdersmeetings/>
- 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
Chief Finance Officer
Telephone No.: (632) 8631-1381 to 88
Email: philex@philexmining.com.ph

E. RESPONSIBILITIES OF THE BOARD

E.1. Board Duties and Responsibilities

Corporate Governance Manual

The Company's Board of Directors approved and adopted the Company's Manual on Corporate Governance on April 27, 2010 and revised the said Manual on February 23, 2011. On June 25, 2014, the Board of Directors (the "Board") approved the further revision of the Manual on Corporate Governance in compliance

with the Securities and Exchange Commission (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").

The structures and processes set forth in the RMCG, the Articles of Incorporation and the By-Laws, are in conjunction with the Company's commitment to the corporate governance principles of transparency, accountability, fairness, and integrity. In addition, the various corporate governance policies adopted by the Board and the revised Charters of the different Committees, form the Company's basic framework of governance, by which its Board, officers, executives, and employees shall strive to achieve. These ensure that the Company achieve its strategic objectives, create value for all its shareholders, and sustain its long-term viability.

The RMCG shall apply suppletorily to the Company's Articles of Incorporation, as amended, Corporate By-Laws, the Securities Regulation Code, and the Corporation Code of the Philippines but shall, in no way, supersede the same.

Types of Decisions that Require Board Approval

The types of decisions that require the approval of the Board of Directors 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 his best care, skill, and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Company; and
3. Act in the best interest of the Company and for the common benefit of the Company's shareholders and other stakeholders.

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.

On November 13, 2019, the Company's management and the Board of Directors reviewed, revised and approved its vision, mission, core business principles of integrity, teamwork, work excellence, respect for individuals, corporate responsibility, and social and environmental responsibility, and the updated corporate strategy for 2022.

E.2. BOARD STRUCTURE

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/>

BOARD STRUCTURE AND COMPOSITION

Independent Directors

The Board has two independent non-executive directors in accordance with the Philippine laws and regulations, specifically Section 38 of the Securities Regulations Code of the Philippines.

Independent directors shall serve for a maximum cumulative term of nine years, reckoned in accordance with pertinent rules of the SEC, after which the independent director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Company wants to retain an independent director who has served for nine years beginning 2012, the Board should provide meritorious justification and seek shareholders' approval during the annual shareholders' meeting

The Board Committee

The Company, at the meeting of the Board of Directors held last April 26, 2017, approved the creation of the Company's Related Party Transaction Committee and its Committee Charter, and the Amended Corporate Governance Committee Charter. On a separate meeting held May 30, 2017 the Board likewise approved the

- Nominations Committee Charter;
- Compensation Committee Charter;
- Board Risk Oversight Committee Charter;
- and the Finance Committee Charter;

These actions were taken by the Company's Board of Directors in line with the Company's commitment to corporate governance best practices.

Nomination Committee Charter

The complete text of the Nomination Committee's Charter can be found on the following link in the Company's website: <https://www.philexmining.com.ph/wp-content/uploads/2017/01/D-PX-Nomination-Committee-Charter-Final.pdf>

Nominations Committee Charter

Work Done and Issues Addressed:

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

In the year 2023, the Nominations Committee met on 26 April 2023 to screen the nominees for election to the Board of Directors in accordance with the Company's Revised Manual on Corporate Governance. At said meeting, the Nominations Committee carefully assessed the candidates' background, educational qualifications, work experience, expertise and stature as would enable them to effectively participate in the deliberations of the Board.

In the case of the independent directors, the Committee reviewed their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for independent directors as set forth in the Company's Revised Manual of Corporate Governance. The Committee then endorsed the final list of candidates for election at the 2023 Annual General Stockholders' Meeting.

Compensation Committee

Charter

The following link provides the details of the Compensation Committee Charter:

<https://www.philexmining.com.ph/wp-content/uploads/2017/01/H-PX-Compensation-Committee-Charter-Final.pdf>

Work Done and Issues Addressed

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.

Audit Committee

Charter

The full transcript of the Audit Committee Charter is available in the Company's website through the following link: <https://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf>

Work Done and Issues Addressed:

The primary purpose of the Committee is to assist the Board in its oversight of: (a) the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof; (b) the Company's compliance with legal and regulatory requirements; and (c) the Company's audit process and the performance of the Company's internal audit organization and External Auditor, including the External Auditor's qualifications and independence.

Pursuant to the foregoing, in 2023, the Audit Committee conducted a total of five meetings.

On 20 February 2023, the Audit Committee met to discuss the 2022 year-end financial results, and the internal audit accomplishment report for the fourth quarter of 2022. The internal audit plan for 2023 was likewise discussed.

At the meeting of the Audit Committee on 24 April 2023, the first quarter 2023 financial results, and the internal audit accomplishment report for the first quarter of 2023, was presented and discussed. The foregoing were endorsed to the Board for final approval.

On 24 July 2023, the Audit Committee met to discuss the first half 2023 financial results of the Company, as well as the internal audit accomplishment report for the second quarter of 2023.

At the meeting of the Audit Committee held on 23 October 2023, the financial results for the nine months ended 30 September 2023 was discussed and approved for endorsement to the Board. The Chief Audit Executive likewise presented the internal audit accomplishment report for the third quarter of 2023.

At the foregoing meetings, the Audit Committee also reviewed (a) internal controls, (b) financial reporting, (c) internal audit activities, (d) external audit activities, (e) regulatory, legal and tax matters, and (f) reporting responsibilities of the Company through management.

On 5 December 2023, the Company's external auditors met with the Audit Committee to discuss the annual audit plan and the proposed schedules for the financial year ended 31 December 2023. At this meeting, the Audit Committee reviewed and evaluated the qualifications, performance and independence of the External Auditor and its lead audit partner primarily responsible for the audit of the Company's financial accounts.

Corporate Governance Committee

Charter

The complete details of the Company's Corporate Governance Committee Charter can be accessed through the following link in the Company's website: https://www.philexmining.com.ph/wp-content/uploads/2017/01/G-PX-CG-Committee-Charter_final.pdf

Work Done and Issues Addressed:

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 Securities and Exchange Commission (SEC), and the Corporate Governance Guidelines and the listing rules of the Philippine Stock Exchange (PSE).

Management regularly consults the Corporate Governance Committee on matters relating to corporate governance.

Finance Committee

Charter

The following link provides the details of the Finance Committee Charter: <https://www.philexmining.com.ph/wp-content/uploads/2017/01/I-PX-Finance-Committee-Charter-Final.pdf>

Work Done and Issues Addressed

The Finance Committee held two meetings in 2023 to discuss and evaluate the management's recommendations for a possible hedging position. Moreover, the Finance Committee 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.

Board Risk Oversight Committee

Charter

The complete details of the Company's Board Risk Oversight Committee Charter can be accessed through the following link in the Company's website: <https://www.philexmining.com.ph/wp-content/uploads/2017/01/J-PX-BROC-Charter-Final.pdf>

Work Done and Issues Addressed

The Board Risk Oversight Committee 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.

For the year 2023, the Board Risk Oversight Committee had two meetings.

The Board Risk Oversight Committee met on 25 April 2023 and 27 October 2023, to discuss in details the top 10 enterprise risk for the first half of 2023, and the top 10 enterprise risk for the second half of 2023, respectively.

Discussions at the foregoing meetings focused on the register of risks prepared by management, management goals, objectives and oversight, and the processes used for assessing risks and developing strategies to manage prioritized risks. The Board Risk Oversight Committee also oversees the implementation of the enterprise risk management plan by monitoring the risks earlier presented.



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.

Director's Attendance in Board and Board Committee Meetings for 2023:

DIRECTORS	BOARD ATTENDANCE	COMMITTEES			
		NOMINATIONS	AUDIT	BROC	FINANCE
Manuel V. Pangilinan	7/10	1/1			
Eulalio B. Austin Jr.	10/10				2/2
Barbara Anne C. Migallos	10/10	-		-	-
Marilyn A. Victorio-Aquino	9/10	1/1	2/5		2/2
Anita B. Quitain	10/10		5/5		
Rolando L. Macasaet	7/9				2/2
Joseph Ng	10/10	1/1	5/5	2/2	2/2
Richard P.C. Chan	10/10				
Oscar J. Hilado	9/10		5/5	2/2	2/2
Wilfredo A. Paras	10/10	1/1	4/5	2/2	
Bai Norhata D.M. Alonto	3/10				
Santiago Dionisio Agdeppa	4/10	1/1			1/2

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.

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.

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

Board Appointments and Re-election

The directors are elected by the shareholders at the ASM. 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 set forth in the link provided below: <https://www.philexmining.com.ph/wp-content/uploads/2017/05/Guidelines-on-Search-Screening-and-Selection-of-Directors.pdf>

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. Payments made in 2023, 2022 and 2021 amounted to Php17.3 million, Php22.1 million and Php9.8 million, respectively. No payment made in 2020 as the Company reported a net loss in 2019 which was the basis for the directors' compensation for 2020.

Total Remuneration of Directors

In 2023, a total of Php22.727 million was paid to all executive and non-executive directors, details of which are as follows:

NAME	POSITION	AMOUNT (in Php Millions)
Manuel V. Pangilinan	Chairman	1.810
Eulalio B. Austin Jr.*	President & CEO	2.060
Marilyn A. Victorio-Aquino	Non-Executive Director	2.170
Pin Cheung Chan	Non-Executive Director	2.000
Oscar J. Hilado	Independent Director	2.170
Barbara Anne C. Migallos	Executive Director	1.967
Joseph Ng	Non-Executive Director	2.270
Wilfredo A. Paras	Independent Director	2.180
Anita B. Quitain	Non-Executive Director	2.120
Rolando L. Macasaet	Non-Executive Director	0.370
Santiago D. Agdeppa	Non-Executive Director	0.270
Bai Norhata M. Alonto	Non-Executive Director	1.730
Michael G. Regino	Non-Executive Director	1.610
Total		22.727

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

President and CEO

The President and CEO is entitled to receive fixed and variable remuneration, in accordance with the compensation plans approved by the Board. Variable remuneration includes: (1) equity-based benefits, (2) productivity or performance-based bonus scheme or under an approved plan (short-term), and (3) stock options under the Company's Stock Option Plan (long-term).

Key Officers

Key officers are entitled to receive fixed and variable remuneration, in accordance with the compensation plans approved by the Board. Variable remuneration includes: (1) equity-based benefits, (2) productivity or performance based bonus scheme or under an approved plan (short-term), and (3) stock options under the Company's Stock Option Plan (long-term).

Compliance Officer

Romeo B. Bachoco, the Company's CFO and Senior Vice President for Finance, is also the Chief Compliance Officer and Corporate Governance Officer, designated to ensure adherence with best practices and compliance with all pertinent regulations that cover the Company.

Internal Audit

The Internal Audit Group (IAG) is a separate and independent unit which directly reports to the Audit Committee and is headed by Ms. Geraldine B. Ateo-an.

The role of the Internal Auditor is to provide independent, objective assurance and consulting services to the management designed to add value and improve the Company's operations.

The role also includes ensuring the adequacy of the network of risk management, control, and governance processes.

As provided in the Audit Committee Charter, the CAE provided a Quarterly Internal Audit Report to the Audit Committee on the internal audit organization's activities, purposes, authorities, responsibilities, and performance relative to the audit plans and strategies approved by the Audit Committee. Such annual report includes significant risk exposures and control issues, corporate governance issues, evaluation of compliance with the Code of Conduct for the management, and other matters requested by the Committee or the Board.

E.4. PEOPLE ON THE BOARD

Chairman

The Chairman of the Board, in all seven meetings attended ensured that the Board functioned effectively. He has assisted in ensuring compliance with the best practices in corporate governance policies and practices. He has also provided leadership and discussed key issues in a timely manner, taking into account proposals and recommendations of the CEO and the Management. In addition, the Chairman has maintained an open line of communication and a free flow of information between the Management and the Board. The President and Chief Executive Officer (CEO)

The President and CEO attended all 10 meetings held in 2023 and has been responsible for the general care, management, and administration of the Company's business. He likewise reported on

Board Diversity Policy

The Company's Board Diversity Policy aims to ensure that optimal sound decision-making is achieved by diversifying the composition of the Company's Board was approved April 26, 2017 and was subsequently amended and endorsed by the CG Committee on May 29, 2018.

Currently, the Board is composed of the following individuals with ages ranging from 54-83 years old:

- Three (3) females to promote gender equality;
- Two (2) lawyers with experience and exposure on highly regulated mining industry and corporate law;
- Three (3) financial experts in business merger and acquisition, credit, capital market, derivatives, taxation, and fund raising;



- Three (3) industry experts with background on mining operations, mining industry, environmental compliance, and community development;
- A member of an indigenous people (IP) group to represent the interests of IPs;
- Almost if not all have sound Corporate Governance mindset;
- More than half are incumbent or former CEOs of operating entities; and
- Individuals with experience in social, environmental, and community development.

E.5. BOARD PERFORMANCE

The objective of the Board assessment policy, which was approved on February 25, 2015, is 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.

Assessment of Chief Audit Executive, Chief Risk Officer and Chief Compliance Officer

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, which will be evaluated as follows:

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

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>

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>

Trainings and seminars attended for 2023

On November 09, 2023, the Company, along with other companies under the leadership of Mr. Manuel V. Pangilinan, conducted its

Annual Corporate Governance Enhancement Session (ACGES). The event brought together directors, advisory board members, and key officers from Philex, PXP, PLDT group, Meralco, Maynilad, MPIC, Metro Pacific Hospital Group and Metro Pacific Tollways group. The session focused on Artificial Intelligence (AI).

Dr. Max Tegmark, AI professor and Physics researcher at Massachusetts Institute of Technology, Future of Life Institute President and Co-founder and author of over 300 publications as well as the New York Times bestseller “Life 3.0: Being Human in the Age of Artificial Intelligence” is the keynote speaker. His presentation entitled: “ Governance Imperatives, Opportunities, and Challenges in the Age of AI” emphasized the impact of AI on businesses , its potential benefits and ethical considerations in development, adoption and use. Following Dr. Tegmark’s presentation, Atty. Anthony Edsel F. Tupaz, Data Privacy, Cybersecurity, Artificial Intelligence(AI) Initiatives and Special Projects (Infrastructure) Head of Gorricketa Africa Cauton & Saavedra presented “Global Developments in AI Standards and Regulations”.

The session commenced at 8:00 am and concluded at 12:00 pm, providing attendees with a comprehensive understanding of the artificial intelligence and its impact on businesses and the importance of a proactive and adaptive approach to AI regulation and implementation for both the government and private sector to navigate the challenges and harness

the benefits of AI Technology. Notable attendees among the directors were Atty. Marilyn A. Victorio-Aquino, Mr. Eulalio B. Austin, Jr., Atty. Barbara Anne C. Migallos, Mr. Wilfredo A. Paras, Mr. Richard Chan, Mr. Joseph H.P. Ng, Mr. Rolando L. Macasaet, Atty. Santiago Dionisio Agdeppa, and Ms. Anita B. Quitain.

Key officers who participated in the session were Mr. Romeo B. Bachoco, Mr. Victor A. Francisco, Mr. Winston S. Cruz, Mr. Ricardo S. Dolipas II, Ms. Paraluman M. Navarro, Mr. Noel C. Oliveros and Mr. Venancio Gel A. Romero. In addition, key managers Atty. Francis Joseph G. Ballesteros, Jr., and Mr. Jester Bryan V. Go and Ms. Gaye M. Cabalo, an employee from Investor Relations and Corporate Governance Department of the Company, were also present during the session.

The Annual Corporate Governance Enhancement Session provided an opportunity for the participants to gain valuable insights into the artificial intelligence and potential transformative effects on business and human interactions. By bringing together leaders and key personnel from multiple companies, the session fostered collaboration and facilitated a deeper understanding of corporate governance practices in relation to emerging technologies.



3 Arrow Recognition at the ASEAN Corporate Governance Scorecard Awards



SENIOR EXECUTIVES AND MANAGERS

PHILEX CORPORATE OFFICE

Eulalio B. Austin Jr.
President and 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

Victor A. Francisco
Vice President, Environment and
Community Relations

Paraluman M. Navarro
Assistant Vice President, Corporate
Finance

Noel C. Oliveros
Division Manager, Exploration

Venancio Gel A. Romero
Division Manager, Corporate Technical
Services & Business Development

Geraldine B. Ateo-an
Internal Audit Head

Francis Joseph G. Ballesteros Jr.
Division Manager, Public & Regulatory
Affairs

Jester Bryan V. Go
Group Manager, Information
Technology

Eileen C. Rodriguez
Group Manager, Corporate Treasury

Josefino B. Siasat
Group Manager, Supply Chain

PHILEX PADCAL MINE

Ricardo S. Dolipas II
Vice President – Padcal Operations

Milton L. Agyao
Senior Division Manager, Mill
Operations

Eduardo M. Aratas
Division Manager, Legal

Julius A. Bayogan
Division Manager, Mill Operations

Roselyn M. Dahilan
Division Manager, Padcal Finance

Benedict B. Gapongli
Division Manager, Mine Operations
(up to June 30, 2024)

Maria Aurora S. Dolipas
Group Manager, Safety and Risk
Management

Paul C. Ngoddo
Group Manager, Mine Operations

Lionel L. Wanawan
Group Manager, Legal

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 and Chief Finance Officer

Paraluman M. Navarro
Financial Controller

Venancio Gel A. Romero
Silangan Project Lead

Jerome T. Maddumba
Resident Manager

Raul G. Bongolan
Process Plant Manager

Raul B. Cezar
Mine Development and Engineering
Manager

CORPORATE DIRECTORY

HEAD OFFICE

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PORO INSTALLATION

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San Fernando, La Union Philippines
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SILANGAN MINDANAO MINING CO., INC.

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Tel: +632 8631-1381 to 88
Project Office: Brgy. Timamana, Tubod,
Surigao del Norte

INDEPENDENT PUBLIC ACCOUNTANTS

SyCip Gorres Velayo & Co

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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 March 31, 2024 is 34.32%.

The average quarterly stock prices for the Company's common shares for the last three fiscal years and the first quarter of 2023 are as follows:

YEAR	PERIOD	PHP PER SHARE	
		HIGH	LOW
2024	1Q 2024	3.35	2.75
	1Q 2024	3.32	2.79
2023	2Q 2024	3.54	2.55
	3Q 2024	3.08	2.61
	4Q 2024	3.35	2.57



