



Lepanto Consolidated Mining Company

2025 ANNUAL REPORT

TABLE OF CONTENTS

Message from the Chairman and the President	2
Financial and Operating Highlights	4
Report on Operations	5
Environmental Management System	14
Subsidiaries	17
Dividend Record and Stock Prices	18
Statement of Management’s Responsibility	19
Independent Auditor’s Report	20
Consolidated Financial Statements	27
Board of Directors	78
Corporate Officers and Operating Staff	80
Directory	81
Vision and Mission, Core Values, and Environmental Policy	82

MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT

2025 turned out to be a breakout year as we built on the modest gains achieved in 2024.

Metals prices rose significantly. The much-awaited new fiscal policy on mining, RA 12253, was signed into law, which hopefully will stabilize the investment environment for our industry.

On the homefront, our gold and silver recoveries improved further. Broken ore in tonnes was lower than previous year due to the disciplined approach to breakage and extraction. The mine plan, based on a reliable resource model, was strictly adhered to. Cost of production was pushed up by the escalating prices of labor and materials, upgrading and repair of various equipment, and the significantly higher excise taxes, but the rate of increase was more than matched by the increase in metals produced.

Thus, we reported a net income of P1.45 billion, compared with P102.66 million in 2024. Gross metal sales reached P4.41 billion, from only P2.78 billion the previous year. The upsurge in revenues was principally on account of the higher gold price. Gold price averaged \$3,403.09 per oz in 2025, from only \$2,378.08/oz. Silver price averaged \$39.65/oz compared with \$27.89/oz last year. Metals produced increased as well, by 12% to 22,239 oz for gold, and 4% to 50,091 oz for silver. The foreign exchange rate was practically unchanged at P57.49 to the US\$.

In 2025, we embarked on an extensive Information-Education Campaign across all the twelve barangays of the Mankayan Ancestral Domain, engaging them in a series of community assemblies in pursuit of the Free and Prior Informed Consent (FPIC), a prerequisite to the



The Chairman and the President

renewal of MPSA 001-90. The campaign culminated in the taking of votes early this year, in which, as we have previously announced, we obtained the “YES” vote of the Mankayan Ancestral Domain for the renewal of MPSA 001-90. The next stage, which is where we are presently, is the negotiation towards a Memorandum of Agreement that will govern our partnership with the entire community. We expect to complete the MOA very soon.

Our banner year was made possible by the focus and hard work of our officers and employees and the able guidance and firm support of all our directors. We are blessed to have all of them and are profoundly grateful for their contributions to our Company’s recovery and strength.

To comply with SEC regulations, we can no longer extend the terms of our esteemed independent directors, Atty. Ray. C. Espinosa and Atty. Val Antonio B. Suarez. As independent directors, these gentlemen were in every Board committee. The Company benefitted much from their expertise and wisdom.

We acknowledge also in a special way, our Director, Atty. Marilyn A. Victorio-Aquino, who, to comply with regulations of another government agency, is bowing out of our Board. Atty. Aquino was a constant source of enlightenment in Board deliberations. Thank you, Marilyn.

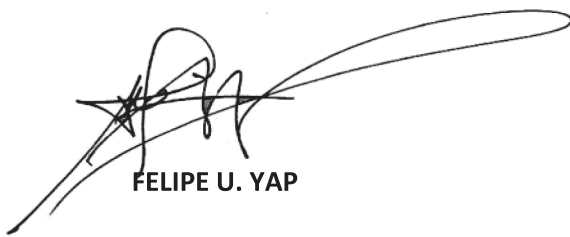
We have a long list of persons and organizations to thank, as their assistance have been invaluable:

- our banks, suppliers, and service providers for their reliability and patience;
- our retained legal counsels for their expertise and solicitousness;

- our external auditor SGV for their diligence;
- our stakeholders in the public sector: the DENR, including the MGB and EMB, and the NCIP and LGU officials, for their steadfast support; and
- the Mankayan communities, for their consent to our continued operations within our shared home by way of a resounding affirmation of our symbiotic relationship.

Finally, I wish to thank all our shareholders. You have been very patient and supportive. Trust that we consider it our medium-term goal to reward that patience.

As we say in Mankayan, *Iyaman!*



FELIPE U. YAP

Chairman and Chief Executive Officer



BRYAN U. YAP

President and Chief Operating Officer

FINANCIAL AND OPERATING HIGHLIGHTS

	2025	2024	Percent Increase (Decrease)
AVERAGE SELLING PRICES			
Gold -per ounce	\$ 3,403.09	\$ 2,378.08	43
Silver -per ounce	39.65	27.89	42
Copper -per pound	-	-	-
OPERATIONS			
Copper production -DMT	-	-	-
Gold production -ounces	22,239	19,788	12
Silver production -ounces	50,090	47,933	5
Copper production -pounds	-	-	-
FINANCIAL RESULTS (In million pesos)			
Revenue			
Sale of metals	₱ 4,412	₱ 2,782	59
Sales by subsidiaries, etc.	22	20	11
Total revenue	4,434	2,802	58
Net Income	1,449	103	1311
Deficit	(5,501)	(6,950)	-21
INVESTMENT IN ASSETS (In million pesos)			
Total assets	₱ 16,825	₱ 15,816	6
Property, plant and equipment, net	₱ 6,282	₱ 6,125	3
STOCKHOLDERS' DATA			
Stockholders' equity (in million pesos)	₱ 6,045	₱ 4,612	31
Number of stockholders	27,620	27,684	-0.23
Citizenship-% of ownership			
Philippines	92	92	-
U.S.A. and others	8	8	-
PER- SHARE DATA (In pesos)			
Par value	₱ 0.10	₱ 0.10	-
Basic/Diluted Loss (a)	0.02182	0.00154	1316
Book value (b)	0.09108	0.06948	31
NUMBER OF EMPLOYEES			
	2,125	1,986	7

a. Computed on the basis of the weighted average number of shares subscribed and issued during the year.

b. Computed on the basis of the total shares outstanding as of December 31.

REPORT ON OPERATIONS

Financial highlights

Metal sales significantly increased to ₱4.4 billion from ₱2.7 billion in the prior year, driven by improved metal production, stronger metal prices, and favorable foreign exchange movements. Gold production totaled 22,239 oz, up from last year's 19,788 oz. Silver production increased to 50,090 oz from 47,933 oz. Average gold price reached US\$3,403.09/oz significantly higher than last year's average of US\$2,378.08/oz, while silver price averaged US\$39.65/oz compared with US\$27.89/oz last year. Operating income after tax was ₱1.44 billion versus last year's net income of ₱94 million.

Capital expenditures for 2025 totaled P469.5 million, of which P209 million went to exploration; P169.7 million to machinery and equipment; P62.7 million to mine development; and P28.1 million to maintenance of tailings storage facility 5A.

A BREAKOUT YEAR.

2025 marked Lepanto's strongest financial performance, driven by the focused mine plan execution that improved gold production just as gold prices peaked.



**P1.45 billion
NET PROFIT**



**360,316 MT
ORE MILLED**



**22,239 oz
GOLD
PRODUCED**

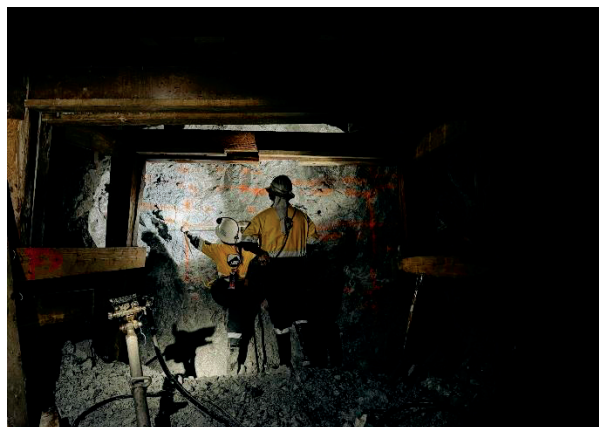


**2.14 g/t Au
AVERAGE HEAD
GRADE**



MINE OPERATIONS

In 2025, Lepanto continued to strengthen its mining operations through sustained mine development, infrastructure improvements and ventilation upgrades. The Company produced 22,239 oz of gold and 50,091 oz of silver from 360,316 tonnes of ore processed through the mill.



Mine Development: Advancing underground operations

Mine development reached 9,384 meters against a planned 8,612 meters, achieving 109% of the annual target. Major projects included the advancement of the 230K Ramp at the 880 Level in Victoria, providing access to the 870 Level mining blocks, and the development of the 335A Ramp to support the extension of the Teresa South ore zone. Complementary works such as additional ramps, crosscuts, attack ramps, ore passes, and ventilation connections were completed to support production and improve mine accessibility.

Mine ventilation was enhanced through the installation and maintenance of auxiliary ventilation facilities, highlighted by the conversion of the Buaki Portal from an intake airway to a secondary exhaust airway, improving airflow distribution and underground working conditions.



91.7%

Gold Recovery

Through ongoing process optimization



1,029 dmt/day

Average Throughput

Consistent mill performance over 350 operating days



16km+

Drill Core Generated

Strengthening resource generation



33,431

Training Hours

Investing in our people and capabilities

EXPLORATION

The Exploration Group achieved its targets while improving cost efficiency in resource upgrading activities.

Diamond drilling generated more than 16 km of drill core, exceeding the planned annual meterage even as all-in drilling costs declined due to more efficient drilling management, stronger support from the mine and operations groups, and more focused sampling and assay strategies.



Exploration's New Petro Laboratory



Lepanto Geologists in actual drill core visit in January 2025 with distinguished geologists, Douglas Kirwin (Lepanto Director and Consultant), international geology researchers, Jeffrey Hedenquist and Keiko Hattori and AVP Exploration Leo Subang.

Exploration activities were concentrated on near-mine development targets within the Teresa-Felicia Project, covering six key cuddy locations for diamond drilling. This approach improved resource definition, increased confidence in ore shoot continuity, and refined the understanding of mineralization geometry.

As a result, nine (9) new vein models (F001–F009) were defined within the 123, 124, and 125 vein series of the intermediate sulfidation system. These developments enhanced the understanding of the deposit and supported ongoing resource updates. Intercepts across these veins averaged approximately 2.73 g/t Au, reinforcing the consistency of mineralization. Intercepts obtained from eastern targets later in the year also indicate additional expansion potential, which will be incorporated into future updates.

The technical capability of the Exploration Group was further strengthened with the acquisition of new instruments and software for petrography, spectroscopy, and geochemical analysis. Targeted training and mentorship also enhanced the expertise of the geology team, supporting improved technical interpretation and resource definition.

The Exploration Team likewise continued collaborating with academic researchers, providing exposure to advanced exploration techniques while contributing insights into local geology. These collaborations further strengthened the team's technical capability and knowledge base.

Under the Core Rescue Program, a total of 15,476 core boxes were successfully delivered to the Shiptside Warehouse in San Fernando, La Union from 2022 to 2025. The program is now nearing completion, with almost all intercepted porphyry and QPG-related drill cores consolidated in the La Union Warehouse to ensure centralized and secure storage for ongoing and future due diligence work.

In parallel, the Exploration Team commenced recovery activities for historical Far Southeast (FSE) drill cores, including re-boxing, re-labeling, and core photography. These preparatory activities laid the groundwork for detailed core logging, spectral analysis, and petrographic studies, which formally began in the fourth quarter of 2025.

MINERAL RESERVES	CATEGORY	TONNES	g/t Au	% Cu	M oz Au	M lbs Cu
VICTORIA @ 1.80 gpt Au	Proven	1,335,000	5.79	-	0.25	
	Probable	996,000	4.42	-	0.14	
	Sub-total	2,331,000	5.20	-	0.39	
TERESA @ 1.80 gpt Au	Proven	541,000	3.01	-	0.05	
	Probable	544,000	2.88	-	0.05	
	Sub-total	1,085,000	2.95	-	0.10	
Total Victoria/Teresa		3,416,000	4.08	-	0.49	
ENERGITE-QPG @ US\$ 50 NSR	Proven	1,665,000	2.16	2.26	0.12	82.93
	Probable	3,445,000	2.54	1.71	0.28	129.84
	Sub-total	5,110,000	2.42	1.89	0.40	212.77
GRAND TOTAL		8,526,000	3.25	-	0.89	

The mineral reserve estimates were certified by Engr. Reynaldo T. Conti, an accredited competent person under the Philippine Mineral Reporting Code.

MILL OPERATIONS

The Cabron-in-Pulp plant processed a total of 360,317 dry metric tons (dmt) of ore, achieving an average daily throughput of 1,029 dmt over 350 operating days. Final head grades averaged 2.11 g/t Au and 8.69 g/t Ag, with peak gold grades of 2.62 g/t Au recorded in March and May.

Overall recoveries totaled 22,238 oz of gold and 50,091 oz of silver, corresponding to metallurgical recovery rates of 91.7% and 51.4%, respectively.



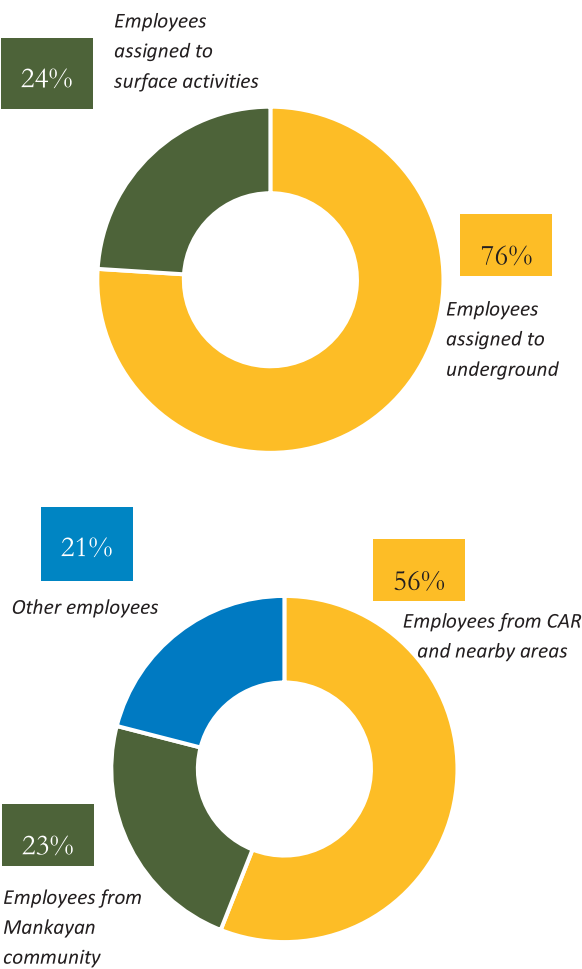
Gold pouring: Molten gold being poured into a mold

Since resuming in 2020 the Victoria and Teresa operations, 2025 represented the second-highest annual production year, surpassed only by 2023, which benefited from higher head grades.

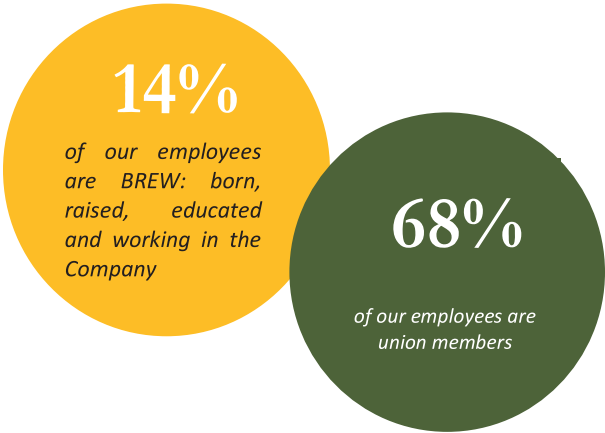
Tail grades continued to decline as a result of the improved recovery rates and concomitant lower tail assays resulted from the ongoing process optimization that reduced target grind sizes progressively over the last five years.

HUMAN RESOURCES

Lepanto’s workforce remains a key driver of the Company’s operational performance and long-term sustainability. In 2025, the Company maintained a total regular manpower complement of 1,658 employees, supporting both underground and surface operations.



The workforce is becoming more diverse and inclusive, and the company continues to support greater participation of women across the organization. Women contribute significantly in technical, professional, and leadership functions, including executive and managerial roles, reflecting the Company’s commitment to fostering broader opportunities within the mining industry.



Reflecting Lepanto’s commitment to employee growth and capability building, we recorded a total of 33,431 training man-hours in 2025 covering both in-house and external training programs. These initiatives focused on strengthening technical competencies, operational excellence, leadership development, and workplace safety across the organization.

Through continuous workforce development, skills enhancement, and community engagement, Lepanto aims to foster a capable, resilient, and future-ready organization that supports the Company’s long-term operational goals.

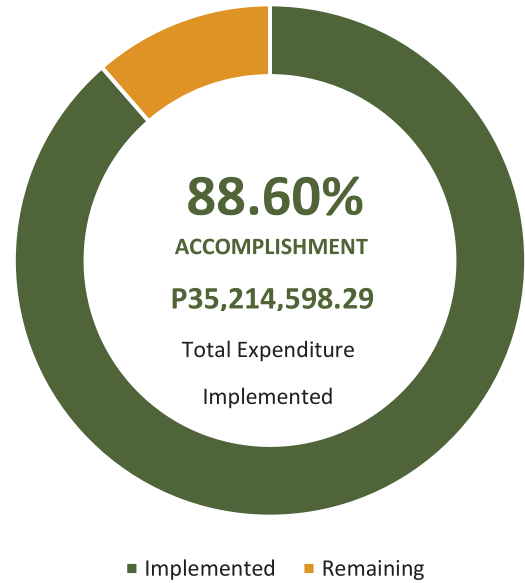
MANPOWER STATISTICS

Total Regular Manpower	1658
Male	92%
Female	8%
Female in Executive/Manager Role	5%
Underground	76%
Surface	24%
Unionized Labor	68%
Management	18%
Professional/Technical Staff	24%
Rank and File	70%
Indigenous People - CAR and outside	79%
Indigenous People – Mankayan	23%
Lepanto Born, Raised, Educated, and Working (BREW)	14%

SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM (SDMP)

The Company achieved significant progress in implementing its SDMP through continuous partnership with its host and neighboring communities, as well as other stakeholders. Efforts focused closely on addressing and aligning programs with the needs and priorities of the host and neighboring communities.

The Company continues to look after the welfare of its stakeholders amidst the challenges in the social and environmental landscape. It remains committed to implementing the approved annual plans and programs on education, livelihood, healthcare, including safety and disaster response, public infrastructure, human resources, networking, and socio-cultural development.



Lepanto Educational Assistance Program (LEAP)



Tilapia Raising



Banana chips making livelihood project



Mankayan Public Market Infrastructure Project

Plans and Programs



EDUCATION



LIVELIHOOD



HEALTHCARE



INFRA



SOCIO-CULTURAL
DEVELOPMENT

INFORMATION, EDUCATION, AND COMMUNICATION

Information, Education, and Communication (IEC) approaches with the company; included both formal and informal engagement with the company's stakeholders. These initiatives aimed to improve stakeholders' understanding and promote public awareness of the Company's mining operations and activities. The Company also continued to strengthen stakeholder relations through regular meetings and engagements with local officials and community representatives, particularly among groups affected by mining activities.



Throughout 2025, the Company implemented a comprehensive Training and Development Program to strengthen technical competence, reinforce safety culture, ensure regulatory compliance, promote continuous improvement, and enhance overall operational efficiency across the Lepanto Mine Division. Employees of Lepanto and its contractors participated in the various training initiatives, demonstrating broad organizational engagement.



Collectively, these initiatives strengthened workforce capability, enhanced risk management, supported a culture of continuous improvement, improved productivity and equipment efficiency, and ensured alignment of employee competencies with regulatory requirements and industry best practices. As a result, the program contributed significantly to operational stability, improved safety performance, and the long-term sustainability of the Company's mining operations.



1,219

Stakeholders engaged



670,264

Social media views

To further support training activities, particularly for underground operations, the Company commenced the construction of a training center at the Nayak area, which is expected to be completed by the second quarter of 2026. The facility is intended to support the bulk of the Company’s related training activities.



Memorandum of Agreement signing with DMTG scholars

The Company likewise continues to support employee development through educational assistance programs. Four scholars pursuing technical courses, particularly Geology, Geodetic Engineering, and Chemistry, remain under Company support.

HEALTHCARE

Lepanto Consolidated Mining Company, in partnership with Lepanto High School, the Lepanto National High School Alumni Association, Inc., and the Rural Health Unit of Mankayan, Benguet, successfully conducted its 6th Biennial Medical-Dental Mission in Mankayan, Benguet on May 22–23, 2025.

The two-day initiative brought together healthcare professionals, volunteers, and partner institutions to provide free medical and dental services to residents of Mankayan and nearby communities.



6th Biennial Medical-Dental Mission at Brgy. Guinaoang

SERVICES PROVIDED



652
Medical
Consultations



559
Dental



369
Ophthalmology



219
X-rays



92
Ultrasounds



34
ECGs



31
Minor
Surgeries



21
Emergency
Cases



2,038

Patients served

In addition to the medical mission, the Lepanto Hospital carried out 15 community consultations and various health-related activities across target barangays in Mankayan. These initiatives aimed to expand access to healthcare services and promote preventive medicine.



Free Medical Consultation Activities were conducted for 15 communities in Mankayan, Benguet

SUSTAINABILITY

Sustainable Use of Resources

Guided by the United Nations Sustainable Development Goal on Responsible Consumption and Production, Lepanto continued to strengthen its Energy Conservation (Enercon) program in 2025. The program contributed to notable reductions in resource consumption across the Company's operations.

These initiatives reflect the Company's continuing commitment to improve operational efficiency while promoting the responsible and sustainable use of natural resources.



Electricity consumption down by

30%



Freshwater consumption down by

37%



Gasoline consumption down by

21%

BIODIVERSITY CONSERVATION

Lepanto remains committed to balancing economic growth with environmental protection by restoring ecosystems, ensuring community stability, and promoting biodiversity.



Philippine Arbor Day 2025: Students from Saint Louis University, Benguet State University, Partido State university, and University of Abra join Lepanto's Tree Planting Activity at San Roque, Paco, Mankayan, Benguet in support of Biodiversity Conservation

25,400

Benguet Pine Seedlings

3,000

Bamboo Propagules

5,119

Fruit-bearing and other tree species

In support of the government's National Greening Program and Mining Forest Program, the Company propagated a total of 33,519 seedlings. These were planted in partnership with various stakeholders and local communities.

Since the inception of the Company's reforestation program, a total planted and maintained area of 1,019.58 hectares has been established, including approximately 14.77 hectares of new plantation and expansion areas in 2025.



Maintenance activities such as fireline establishment, firebreak plantations, brushing, weeding, mulching, pruning, organic fertilizer application, water spraying, and pest control were continuously undertaken. These efforts contributed to an improved survival rate of 99% for the latest plantation sites.

Lepanto also partnered with Benguet State University for the implementation of the research project entitled "Bamboo Industry Development for Environment Conservation (BIDEC)," a 5-year initiative aimed at supporting environmental conservation and sustainable resource development.



MOA signing with Benguet State University on the implementation of the research project on Bamboo Industry Development for Environment Conservation

As part of the company's compliance with biodiversity requirements, three (3) reference ecosystems were established covering an aggregate area of 1,259 hectares, equivalent to 10.37% of the Company's tenement area, exceeding the Department of Environment and Natural Resources (DENR) minimum requirement of 5%.

POLLUTION PREVENTION

Monitoring of air emissions and effluent was regularly conducted in-house as well as by regulatory agencies, and DENR-accredited service providers to ensure compliance with national environmental standards. Pollution control devices and facilities are also regularly maintained and monitored to ensure their continued efficiency and effectiveness.



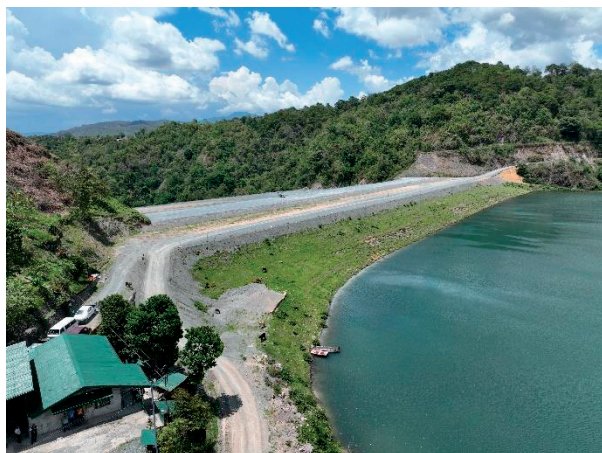
Earth Day Clean-Up Drive: Representatives from BLGU-Paco, BLGU-Poblacion, the 54th Infantry Battalion of the Philippine Army, Vulcan Security Agency, and Lepanto Mine Division personnel at the rehabilitated Tailings Pond No. 4.

The Company also continued its research and development initiatives focused on process improvement, the use of alternative reagents, enhancement of effluent treatment systems, and the management of acid mine drainage.

In addition, the Company maintained its Engineered Sanitary Landfill (ESL) in compliance with the provisions of Republic Act No. 9003 or the Ecological Solid Waste Management Act. Aside from servicing the mine camp, the ESL also accommodated wastes generated from two barangays in Manakayan.

TAILINGS STORAGE FACILITY

The crest elevation of Tailings Storage Facility (TSF) 5A stood at 702.70 meters above sea level (masl) at year-end. A freeboard of 10.80 meters was consistently maintained in accordance with operational and safety requirements. Drilling activities were also conducted for the installation of additional vibrating wire piezometers to further strengthen monitoring and dam safety measures.



The Company likewise commenced the rehabilitation of the decommissioned Tailings Pond No. 6 in partnership with the local residents and the Indigenous People Organization of Barangay Paco, reflecting its continuing commitment to environmental rehabilitation and community participation.

COMPLIANCE OBLIGATIONS

ISO 14001: Environmental Management System

External auditor TUV Nord confirmed that Lepanto successfully maintained its ISO 14001: 2015 Certification with zero non-conformities recorded. This reflects the Company's continued commitment to effective environmental management systems and compliance with applicable environmental regulations and standards.

This certification likewise supports the Company's continued operation in accordance with the requirements of DENR Administrative Order (DAO) No. 2015-07.



Lepanto Consolidated Mining Company successfully passed the surveillance audit of its ISO 14001:2015 certification, with ZERO non-conformities, following a three-day audit conducted on April 22–24, 2026 by TÜV Nord.

LEGAL AND REGULATORY FRAMEWORK

Lepanto is committed to full compliance with all applicable laws, regulations, and standards. We continuously strengthen our systems, build capacity, and collaborate with stakeholders to ensure responsible, safe, and sustainable mining.

✓	Republic Act No. 7942 Philippine Mining Act of 1995
✓	Executive Order No. 36 National Greening Program
✓	Republic Act No. 9003 Ecological Solid Waste Mgmt. System
✓	PD 856 Code of Sanitation in the Philippines
✓	PD 1067 Water Code of the Philippines
✓	Republic Act 9175 Chainsaw Act of 2002
✓	Republic Act No. 6969 and DENR Administrative Order 2013-22 Toxic Substances and Hazardous and Nuclear Wastes Control of 1990 and its revised IRR; Revised Procedures and Standards for Management of Hazardous Wastes
✓	DAO 2010-21 Consolidated DENR Administrative Order for IRR of RA No. 7942
✓	DAO 99-32 Policy Guidelines and Standards for Mine Wastes and Tailings Management
✓	DENR DMO 1999-32 Policy Guidelines and Standards for Mine Waste and Mill Tailings Management
✓	DENR Memorandum Circular 001 Series of 2020 Suspension on the Implementation of Advanced Training Modules for PCOs
✓	DAO 2016-08 Water Quality Guidelines and General Effluent Standards of 2016
✓	DAO 2021-19 Updated Water Quality Guidelines (WQG) and General Effluent Standards (GES) for Selected Parameters
✓	DAO 2014-02 Revised Guidelines for Pollution Control Officer Accreditation
✓	PD 705 Revised Forestry Code of the Philippines

✓	Republic Act No. 8749 Philippine Clean Air Act of 1999
✓	Republic Act No. 9275 Philippine Clean Water Act of 2004
✓	Republic Act No. 9371 Indigenous People's Right Act
✓	DENR DAO 2004-52 Tree Cutting Permit
✓	DENR DAO 2015-07 Securing ISO 14001 Certification
✓	PD 1586 Philippine Environmental Impact Statement System (PEISS) of 1978
✓	DAO 2000-101 Amendments to the Rules and Regulations of the National Pollution Control Commission (1978) Incorporating Permit Regulations Governing Mine Wastes and Mill Tailings Storage Structures
✓	DAO 2015-02 Harmonization of the Implementation of the Philippine Environmental Impact Statement System and the Philippine Mining Act of 1995 in Relation to Mining Projects
✓	Republic Act 10173 Data Privacy Act of 2012
✓	RA9514 Revised IRR Rev 2019 The Fire Code
✓	IRR of RA 11166 Philippine HIV and AIDS Policy Act
✓	Republic Act 10173 Data Privacy Act of 2012
✓	DAO 2022-04 Enhancing Biodiversity Conservation and Protection in Mining Operations
✓	MGB Memorandum Order No.2025-001 Guidelines for Integration of Natural Succession Strategies in the Progressive Mine Rehabilitation of Mined-Out Areas and Other Disturbed Areas
✓	MGB Memorandum Order Dated June 11, 2020 Establishment of Bamboo Plantation in Mining Areas
✓	NGP Executive Order No.26 and No. 193 National Greening Program and Expanding the Coverage of the National Greening Program

COMMUNITY ENGAGEMENT

Renewal of MPSA 001-90

The Company assisted the NCIP in facilitating a Community Assembly in September 2025 in connection with the Free, Prior and Informed Consent (FPIC) process for the renewal of MPSA 001-90. The assembly was attended by 333 participants, composed of elders and leaders of the Mankayan Ancestral Domain, barangay and municipal local government officials, Indigenous Peoples Mandatory Representatives (IPMRs), and NCIP personnel.



Further, a second Community Assembly was conducted across the 12 barangays of Mankayan, participated in by 757 stakeholders. Stakeholders openly raised issues and concerns, allowing the Company to clarify matters, address misconceptions, and explain its position on various issues.



For MPSA No. 151, the Field-Based Investigation (FBI) was conducted facilitated by the NCIP FBI team, with the Company's Community Relations (ComRel) team providing support and coordination. The process commenced with orientation meetings and ocular inspections of the covered areas of MPSA No. 151 area in the concerned barangays, followed by consultations during which all concerns were appropriately addressed by representatives from NCIP and MGB-CAR.



SUBSIDIARIES



DIAMOND DRILLING
CORPORATION OF THE PHILIPPINES

**DIAMOND DRILLING CORPORATION OF THE
PHILIPPINES**

Gross revenue rose to ₱127 million, up from ₱91.2 million in the prior year. DDCP reported a net income of ₱10.9 million, an increase from ₱5.8 million last year.

LIDC

**LEPANTO INVESTMENT AND DEVELOPMENT
CORPORATION (LIDC)**

Lepanto Investment and Development Corporation incurred a net loss of ₱0.77 million, versus prior year's ₱0.37 million.



SHIPSIDE, INCORPORATED (SSI)

SSI incurred a net loss of ₱0.83 million from a net income of ₱5 million last year.

FSGRI

FAR SOUTHEAST GOLD RESOURCES, INC.

This year's net income amounted to ₱0.46 million compared with last year's ₱1.69 million.

DIVIDEND RECORD AND STOCK PRICES

STOCK DIVIDEND RECORD		
Record Date	Rate (%)	Amount
November 28, 1949	50.00	₱ 1,000,000.00
August 22, 1950	66.66	2,000,000.00
April 4, 1954	100.00	5,000,000.00
April 6, 1957	33.33	3,458,333.40
April 30, 1962	4.51	1,630,999.42
April 30, 1964	43.00	6,000,000.00
December 19, 1966	40.00	8,000,000.00
December 27, 1968	50.00	14,000,000.00
September 13, 1969	33.33	14,038,900.00
November 20, 1970	20.00	11,265,439.70
April 28, 1972	25.00	16,928,759.50
April 27, 1973	25.00	21,250,359.40
November 16, 1973	75.00	79,876,497.75
January 10, 1975	25.00	46,688,310.33
September 30, 1975	20.00	46,712,804.70
May 2, 1978	12.50	35,193,442.25
May 16, 1980	20.00	63,674,667.10
May 16, 1983	20.00	77,002,748.00
September 26, 1986	20.00	92,421,009.60
February 23, 1989	50.00	277,263,028.90
October 13, 2000	25.00	423,271,296.10
TOTAL		₱ 1,246,676,596.15

QUARTERLY HIGH AND LOW MARKET PRICES OF LEPANTO “A” AND “B” SHARES. 2025-2024

LEPANTO “A” (P/Share)				
	1Q'25	2Q'25	3Q'25	4Q'25
High	0.09	0.15	0.18	0.19
Low	0.09	0.14	0.17	0.18
	1Q'24	2Q'24	3Q'24	4Q'24
High	0.08	0.08	0.07	0.07
Low	0.08	0.08	0.07	0.07

LEPANTO “B” (P/Share)				
	1Q'25	2Q'25	3Q'25	4Q'25
High	0.09	0.15	0.18	0.19
Low	0.09	0.14	0.18	0.19
	1Q'24	2Q'24	3Q'24	4Q'24
High	0.08	0.08	0.07	0.07
Low	0.08	0.08	0.07	0.07

CASH DIVIDEND RECORD			
Dividend Nos.	Year Declared	Per Share	Amount
1	1939	0.005	₱ 52,500.00
2-5	1940	0.035	577,500.00
6-7	1941	0.02	350,000.00
8	1949	0.01	200,000.00
9-11	1950	0.04	1,800,000.00
12-15	1951	0.10	5,000,000.00
16-20	1952	0.10	5,000,000.00
21-23	1953	0.08	4,000,000.00
24-27	1954	0.06	5,000,000.00
28-32	1955	0.06	6,000,000.00
33-37	1956	0.06	6,000,000.00
38-39	1957	0.02	2,418,333.34
40-41	1958	0.03	4,150,000.02
42-43	1959	0.02	2,766,666.68
44-48	1960	0.05	6,928,666.67
49-51	1961	0.04	5,405,333.38
52-56	1962	0.05	6,939,566.71
57-61	1963	0.07	9,800,000.00
62-65	1964	0.05	9,400,000.00
66-69	1965	0.06	12,000,000.00
70-73	1966	0.10	20,000,000.00
74-77	1967	0.12	33,600,000.00
78-81	1968	0.12	33,600,000.00
82-85	1969	0.10	45,597,250.00
86-89	1970	0.10	56,284,298.80
90-93	1971	0.085	57,527,182.40
94-96	1972	0.045	38,149,138.92
97-100	1973	0.055	63,309,214.88
101-103	1974	0.0225	41,982,124.95
104	1978	0.005	15,844,913.85
105-106	1979	0.01	31,763,953.36
107-110	1980	0.02	70,019,939.43
111	1981	0.005	19,140,369.90
112	1986	0.0025	11,552,654.39
113-116	1987	0.02	110,905,279.45
117-118	1988	0.015	83,178,952.05
119-120	1989	0.005	41,158,324.98
121	1998	0.004	66,613,920.76
122	1999	0.004	66,918,503.47
TOTAL			₱ 1,000,934,588.39

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Lepanto Consolidated Mining Company** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the appointed by the financial statements including the schedules attached therein, and submits the same to the stockholders.

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



FELIPE U. YAP
Chairman of the Board
SSS#06-0091101-0



BRYAN U. YAP
President
SSS#33-3067339-5



MA. LOURDES B. TUASON
Vice President - Treasurer
SSS#03-2082979-6

Signed this April 20, 2026

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Lepanto Consolidated Mining Company 21st Floor, Lepanto Building
Paseo de Roxas, Makati City

Opinion

We have audited the consolidated financial statements of Lepanto Consolidated Mining Company and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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), as applicable to the audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of consolidated financial statements of public interest entities in the Philippines. We have also 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.

Going Concern Assessment

The Group has resulting deficit of ₱5,501.4 million and ₱6,949.8 million as of December 31, 2025 and 2024, respectively. In addition, the Group's current liabilities exceeded its current assets by ₱196.5 million and ₱1,701.9 million as of December 31, 2025 and 2024, respectively. Additionally, the MPSA No. 001-90-CAR is currently under renewal with remaining certain requirements needed to be complied with.

The consolidated financial statements have been prepared on a going concern basis. The positive outlook for current and future operating results and cash inflows, availability of sufficient funding and management's assessment of whether the Group will be able to continue meeting its currently maturing obligations are largely based on the expectations of, and the estimates made by management. The expectations and estimates can be influenced by subjective elements in its estimated future cash flows, specifically the forecasted metal production level, commodity prices, foreign exchange rate, operating costs and expenses, the feasibility of the Group's financing activities and the continued validity of its mining rights/tenements. As the going concern assessment is a significant aspect of our audit, we have identified this as a key audit matter.

The Group's disclosures on the going concern assessment are included in Note 1 to the consolidated financial statements.

Audit Response

We obtained an understanding of management's going concern assessment, taking into consideration the Group's current business plans. We evaluated the key assumptions used, such as the forecasted production, commodity prices, foreign exchange rate and operating costs, that were used by management in the Group's cash flows forecast for the next twelve months from reporting period. We evaluated these key assumptions by reference to historical information, actual results of operations for the first few months of 2026,

information up to report date, and relevant market data and by taking into consideration the actions undertaken and the planned strategies by management in relation to the Group's operating activities. We obtained and inspected copies of the supporting documents, such as minutes of meetings of board of directors and stockholders, letters and correspondence with external parties and deferral of payments on liabilities. We inspected regulatory documents and confirmation related to the Group's mining permits, including the details and status of their renewal process. We evaluated the events that transpired up to date of our report which may have an impact on the Group's operating activities. We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

Recoverability of Mine Exploration Costs

As at December 31, 2025, the carrying value of the Group's mine exploration costs amounted to ₱7,083.4 million, which mainly pertains to the expenditures incurred by the Group for the Far Southeast Project. Under PFRS 6, Exploration for and Evaluation of Mineral Resources, these mine exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The ability of the Group to recover its mine exploration costs would depend on the discovery of commercially viable quantities of mineral resources and of extracting the resulting ore 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 mine exploration costs are included in Note 12 of the consolidated financial statements.

Audit Response

We obtained the schedule of exploration expenses by project, performed an understanding of the stage of the related project and the type of expenses incurred. We obtained management's assessment on whether there is any indication that mine exploration costs may be impaired. We reviewed contracts and agreements, and budget for exploration and development costs. We inspected all the licenses/permits of each of the exploration projects 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 or have been applied for renewal accordingly, and compared these licenses and permits with the disclosures of regulatory agencies. We also inquired about the existing mining areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

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, 2025 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, 2025 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 PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III

Partner

CPA Certificate No. 85501

Tax Identification No. 102-100-830

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 85501-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-060-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765157, January 2, 2026, Makati City

April 20, 2026

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash (Note 4)	₱ 849,362	₱ 62,114
Receivables (Note 5)	30,795	49,855
Inventories (Note 6)	507,055	522,118
Advances to suppliers and contractors (Note 7)	84,525	94,488
Other current assets (Note 8)	663,621	492,235
Total Current Assets	2,135,358	1,220,810
Noncurrent Assets		
Property, plant and equipment - net (Note 9)	6,281,608	6,125,470
Mine exploration costs (Note 12)	7,083,393	7,081,745
Financial assets designated at fair value through other comprehensive income (FVOCI; Note 10)	94,251	78,114
Investments in and advances to associates (Note 11)	515,528	448,575
Deferred tax assets - net (Note 18)	269,972	228,752
Other noncurrent assets (Note 8)	444,715	632,951
Total Noncurrent Assets	15,265,745	14,595,607
TOTAL ASSETS	₱ 16,824,825	₱ 15,816,417
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	₱ 2,270,833	₱ 2,900,618
Current portion of long-term borrowings (Note 14)	42,847	19,215
Current portion of lease liabilities (Note 30g)	427	2,449
Income tax payable	17,769	438
Total Current Liabilities	2,331,876	2,922,720
Noncurrent Liabilities		
Advances from Far Southeast Services Limited (FSE; Note 30a)	₱ 6,378,919	₱ 6,378,919
Long-term borrowings - net of current portion (Note 14)	171,310	152,977
Lease liabilities - net of current portion (Note 30g)	-	427
Liability for mine rehabilitation cost (Note 16)	23,129	22,590
Retirement benefits liability (Note 17)	1,371,023	1,225,784
Deferred tax liabilities - net (Note 18)	178,958	177,364
Deposit for future stock subscriptions	69,200	69,200
Total Noncurrent Liabilities	8,192,539	8,027,261
Total Liabilities	10,524,415	10,949,981
Equity Attributable to the Equity Holders of the Parent Company		
Capital stock (Note 19)	₱ 6,635,685	₱ 6,635,685
Additional paid-in capital	5,077,033	5,077,033
Remeasurement loss on retirement benefits liability	(153,702)	(122,947)
Fair value reserve of financial assets designated at FVOCI (Note 10)	(12,174)	(28,311)
Deficit	(5,501,354)	(6,949,763)
	6,045,488	4,611,697
Non-controlling interests (Note 20)	254,922	254,739
Total Equity	6,300,410	4,866,436
TOTAL LIABILITIES AND EQUITY	₱ 16,824,825	₱ 15,816,417

See accompanying Notes to Consolidated Financial Statements.

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands, Except Loss per Share)

	Years Ended December 31		
	2025	2024	2023
REVENUES (Note 29)	₱ 4,434,040	₱ 2,801,514	₱ 2,488,701
COST OF SALES (Note 22)	(2,475,454)	(2,279,712)	(2,155,565)
COST OF SERVICES (Note 23)	(70,386)	(70,786)	(44,587)
OPERATING EXPENSES (Note 24)	(329,124)	(268,383)	(279,051)
FINANCE COSTS (Note 27)	(112,467)	(74,222)	(71,490)
SHARE IN NET LOSSES OF ASSOCIATES (Note 11)	(1,275)	(2,613)	(1,511)
FOREIGN EXCHANGE GAINS (LOSSES) - net	13,213	(2,152)	(5,071)
OTHER INCOME (CHARGES) - net (Note 28)	(9,738)	24,369	(124)
INCOME (LOSS) BEFORE INCOME TAX	1,448,809	128,015	(68,698)
PROVISION FOR INCOME TAX (Note 18)			
Current	23,781	11,830	9,769
Deferred	(23,564)	13,529	29,032
	217	25,359	38,801
NET INCOME (LOSS)	1,448,592	102,656	(107,499)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Item that will be reclassified to profit or loss in subsequent periods:			
Changes in fair values of financial assets designated at FVOCI (Note 10)	16,137	11,933	19,098
Remeasurement loss on retirement benefits liability - net of tax (Note 17)	(30,755)	(246,378)	(23,118)
	(14,618)	(234,445)	(4,020)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱ 1,433,974	₱ (131,789)	₱ (111,519)
Net income (loss) attributable to:			
Equity holders of the Parent Company NCI (Note 20)	₱ 1,448,409	₱ 102,298	₱ (107,474)
	183	358	(25)
	₱ 1,448,592	₱ 102,656	₱ (107,499)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company NCI (Note 20)	₱ 1,433,791	₱ 132,147	₱ (111,342)
	183	358	(177)
	₱ 1,433,974	₱ 131,789	₱ (111,519)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE (Note 21)	₱ 0.0218	₱ 0.0015	₱ (0.0016)

See accompanying Notes to Consolidated Financial Statements.

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

Years Ended December 31

	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱ 1,448,809	₱ 128,015	₱ (68,698)
Adjustments for:			
Depletion, depreciation and amortization (Notes 22, 23 and 24)	406,362	419,794	487,195
Movement in retirement benefits liability	114,484	(79,768)	(79,768)
Finance costs (Note 27)	32,250	60,074	71,487
Loss (gain) on disposal of property and equipment and inventories - net (Note 28)	-	(635)	1,478
Gain on settlement of retirement liability	-	-	(11,474)
Provision for inventory obsolescence	22,131	-	-
Unrealized foreign exchange losses (gains) - net	(8,318)	2,366	1,892
Share in net losses of associates (Note 11)	1,275	2,613	1,512
Provision for impairment of investment in associates (Note 28)	-	198	83
Interest income (Note 28)	(205)	(45)	(33)
Operating income before working capital changes	2,016,788	532,612	403,674
Decrease (increase) in:			
Receivables	19,060	(12,913)	28,993
Inventories	(7,068)	23,735	41,641
Advances to suppliers and contractors	9,963	(35,935)	(2,169)
Other current assets	(171,386)	(20,843)	(37,417)
Increase (decrease) in trade and other payables	(627,890)	(57,416)	55,121
Cash generated from operations	1,239,467	429,240	489,843
Interest received	205	45	33
Income taxes paid	(22,512)	(11,397)	(12,869)
Net cash flows from operating activities	1,217,160	417,888	477,007
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment	(562,500)	(448,200)	(300,869)
Mine exploration costs	(1,648)	(49,376)	(62,689)
Proceeds from disposal of investment designated at FVOCI	-	(1,506)	-
Proceeds from disposal of property, plant and equipment	-	3,591	1,478
Extension of advances to an associate	(678)	11,473	(1,346)
Decrease (increase) in other noncurrent assets	188,236	35,310	(137,248)
Net cash flows used in investing activities	(376,590)	(448,708)	(500,674)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from FSE (Note 30a)	-	74,407	61,631
Availment of loans	-	17,003	17,003
Payments of:			
Borrowings	(25,979)	(64,591)	(19,612)
Interest	(34,157)	(4,192)	(5,774)
Principal portion of lease liability (Note 30g)	(2,449)	(3,837)	(8,109)
Net cash flows from financing activities	(62,585)	18,790	45,139
NET INCREASE (DECREASE) IN CASH	777,985	(12,030)	21,472
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	62,114	74,840	53,590
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	9,263	(696)	(222)
CASH AND CASH EQUIVALENT AT END OF YEAR (Note 4)	₱ 849,362	₱ 62,114	₱ 74,840

See accompanying Notes to Consolidated Financial Statements.

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2024 AND 2023
(Amounts in Thousands)

Attributable to Equity Holders of the Parent Company

	Capital Stock (Note 20)			Additional Paid-in Capital	Re-measurement Gain (Loss) on Retirement Benefits Liability (Note 17)	Fair Value Reserves of Financial Asset Designated at FVOCI (Note 10)	Deficit	Sub-total	Non-controlling interests (Note 20)	Total
	Issued	Subscribed	Sub-total							
Balances at January 1, 2025	₱ 5,136,596	(₱ 1,499,089)	₱ 6,635,685	₱ 5,077,033	(₱ 122,947)	₱ 28,311	(₱ 6,949,763)	₱ 4,611,697	₱ 254,739	₱ 4,866,436
Net income	-	-	-	-	-	-	1,448,409	1,448,409	183	1,448,592
Other comprehensive income (loss), net of tax	-	-	-	-	(30,755)	16,137	-	(14,618)	-	(14,618)
Total comprehensive income (loss)	-	-	-	-	(30,755)	16,137	1,448,409	1,433,791	183	1,433,974
Balances at December 31, 2025	₱ 5,136,596	(₱ 1,499,089)	₱ 6,635,685	₱ 5,077,033	(₱ 153,702)	₱ 12,174	(₱ 5,501,354)	₱ 6,045,488	₱ 254,922	₱ 6,300,410
Balances at January 1, 2024	₱ 5,136,596	(₱ 1,499,089)	₱ 6,635,685	₱ 5,077,033	(₱ 125,613)	₱ 40,244	(₱ 7,054,243)	₱ 4,743,844	₱ 254,381	₱ 4,998,225
Net income	-	-	-	-	-	-	102,298	102,298	358	102,656
Other comprehensive income (loss), net of tax	-	-	-	-	(246,378)	11,933	-	(234,445)	-	(234,445)
Total comprehensive income (loss)	-	-	-	-	(246,378)	11,933	102,298	(132,147)	358	(131,789)
Recycling to retained earnings of remeasurement gain on retirement benefits liability	-	-	-	-	(2,182)	-	2,182	-	-	-
Balances at December 31, 2024	₱ 5,136,596	(₱ 1,499,089)	₱ 6,635,685	₱ 5,077,033	(₱ 122,947)	₱ 28,311	(₱ 6,949,763)	₱ 4,611,697	₱ 254,739	₱ 4,866,436
Balances at January 1, 2023	₱ 5,136,596	(₱ 1,499,089)	₱ 6,635,685	₱ 5,077,033	(₱ 147,506)	₱ 59,342	(₱ 6,945,693)	₱ 4,855,189	₱ 254,555	₱ 5,109,744
Net income	-	-	-	-	-	-	(107,474)	(107,474)	(25)	(107,499)
Other comprehensive income (loss), net of tax	-	-	-	-	(22,969)	19,098	-	(3,871)	(149)	(4,020)
Total comprehensive income (loss)	-	-	-	-	(22,969)	19,098	(107,474)	(111,345)	(174)	(111,519)
Recycling to retained earnings of remeasurement gain on retirement benefits liability	-	-	-	-	1,076	-	(1,076)	-	-	-
Balances at December 31, 2023	₱ 5,136,596	(₱ 1,499,089)	₱ 6,635,685	₱ 5,077,033	(₱ 125,613)	₱ 40,244	(₱ 7,054,243)	₱ 4,743,844	₱ 254,381	₱ 4,998,225

See accompanying Notes to Consolidated Financial Statements.

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Amounts Per Unit and Number of Shares)

1. Corporate Information and Authorization for Issuance of the Consolidated Financial Statements

Lepanto Consolidated Mining Company

Lepanto Consolidated Mining Company (Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 8, 1936, primarily to engage in the exploration and mining of gold, silver, copper, lead, zinc and all kinds of ores, metals, minerals, oil, gas and coal and their related by-products. On January 29, 1985, the Philippine SEC approved the extension of the Parent Company's corporate term for another 50 years after the expiration of its original term on September 8, 1986.

The Parent Company's shares are listed and traded in the Philippine Stock Exchange (PSE).

On January 14, 1997, the Parent Company was registered with the Board of Investments (BOI) under Executive Order (EO) No. 226 as a new export producer of gold bullion on a preferred non-pioneer status. This registration entitled the Parent Company to a four-year income tax holiday (ITH), which can be further extended for another three years subject to compliance with certain conditions, and lower tariff rates on acquisition of capital equipment. It is required to maintain a base equity of at least 25% as one of the conditions of the registration.

On April 1, 1997, the Parent Company started the commercial operations of its gold mine (Victoria Project) located in Mankayan, Benguet, Philippines and suspended its copper mining operations. Consequently, in October 1997, the Parent Company temporarily ceased operating its roasting plant facilities in Isabel, Leyte, Philippines for an indefinite period. The roasting plant facility was registered with the Philippine Economic Zone Authority (PEZA) on December 17, 1985 pursuant to the provisions of Presidential Decree No. 66, as amended, and EO No. 567 as a zone export enterprise to operate a roasting plant for the manufacture of copper calcine at the Isabel Special Export Processing Zone.

On March 30, 2000, the Parent Company registered its copper flotation project with the BOI as a new producer of copper concentrates on a preferred non-pioneer status. This registration entitled the Parent Company to a four-year ITH, subject to compliance with certain conditions, simplified customs procedures, additional deduction for labor expense and unrestricted use of consigned equipment for a period of 10 years. It is required to maintain a base equity of at least 25% as one of the conditions of the registration. The copper flotation project was suspended at the end of 2001; the BOI registration was cancelled on July 11, 2006.

On January 5, 2004, the Parent Company was registered with the BOI under EO No. 226 as new export producer of gold bullion on a non-pioneer status for its Victoria II (renamed Teresa) Project located also in Mankayan, Benguet, Philippines. This registration entitles the Parent Company to ITH with the same incentives that were granted on their registration with BOI on January 14, 1997. The Teresa Project commenced its commercial operations in April 2004.

On November 21, 2006, the Parent Company was registered with the BOI under EO No. 226 as new export producer of copper-gold concentrate on a non-pioneer status for its copper-gold flotation project located also in Mankayan, Benguet, Philippines. This registration entitles the Parent Company to ITH for four (4) years, which can be further extended for another three years subject to compliance with certain conditions, and duty-free importation of equipment, spare parts and accessories for five years. The copper-gold flotation operations were suspended in 2009 in view of the sharp decline in copper prices, of which the BOI was notified. In August 2017, the Parent Company notified the BOI that it will resume copper-gold flotation operations in the fourth quarter of 2017.

The Parent Company is entitled to tax incentives under its Certificate of Registration (C.R. No. 2004 001). The Company's Income Tax Holiday has expired, while its entitlement to duty exemption on imported capital equipment remains valid until December 31, 2034 pursuant to Section 311(D) of the National Internal Revenue Code (NIRC) of 1997, as amended, and Section 31(5) of Republic Act No. 12066. The Parent Company likewise enjoys VAT zero rated status on qualifying transactions. As of December 31, 2025, management confirms full compliance with all conditions attached to these tax privileges.

The registrations mentioned above enable the Parent Company to avail of the rights, privileges and incentives granted to all registered enterprises.

The Parent Company continues to operate the Victoria Project from which it produces gold dore. The commercial operation of the Copper-Gold Project commenced in October 2017 producing copper-gold concentrate. On March 2020, the copper-gold flotation operation was suspended.

The Parent Company has two Mineral Production Sharing Agreements (MPSA), referred to as MPSA No. 001-090-CAR and MPSA No. 151-2000-CAR, both in Mankayan, Benguet.

MPSA No. 001-090-CAR was jointly executed by the Parent Company and a subsidiary, Far Southeast Gold Resources, Inc. (FSGRI) on March 3, 1990 with the Philippine Government, through the Department of Environment and Natural Resources. This MPSA has a term of 25 years, renewable for another term not exceeding 25 years under the same terms and conditions. The Parent Company and FSGRI filed with the Mines and Geosciences Bureau (MGB) an application for its renewal on June 4, 2014. The application for renewal of this MPSA is still pending approval as at December 31, 2025 (Note 30c).

MPSA No. 151-2000-CAR is also subject of an application for renewal filed with the MGB on July 18, 2024, which is still pending as of December 31, 2025.

The Parent Company's principal office is at 21st Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City.

Diamond Drilling Corporation of the Philippines (DDCP)

DDCP is a wholly-owned subsidiary of the Parent Company and was incorporated and registered with the Philippine SEC on August 8, 1971, primarily to provide technical, engineering and management services for the purpose of engaging in mining, mineral or oil exploration, construction or other business activity, particularly but not limited to drilling, boring and sinking holes for the purposes of mineral exploration.

In 1994, DDCP's Articles of Incorporation was amended to include in Article II the following secondary purpose: to engage in the business of exploration, development, processing and marketing of minerals that may be found anywhere in the Philippines either by original acquisition, joint venture or operating agreements with other holders of existing mining rights. On April 21, 2008, the stockholders of the DDCP passed a resolution authorizing it to engage directly in the business of mining or otherwise make investments in mining projects.

DDCP primarily provides drilling services to the Parent Company and Manila Mining Corporation (MMC), an associate.

DDCP's registered office, which is also its principal office, is at 20th Floor, Lepanto Building, Paseo de Roxas, Makati City.

Shipside, Incorporated (SI)

SI, a Company existing and incorporated in the Philippines and registered with the Philippine SEC on November 13, 1958, is a wholly-owned subsidiary of the Parent Company and is organized to engage in handling all kinds of materials, products and supplies in bulk and leasing of its properties which include apartments, guesthouses, warehouses and operating terminal facilities such as pier and warehouses.

SI's principal office is located at 21st Floor, Lepanto Building, Paseo de Roxas, Makati City.

Lepanto Investment & Development Corporation (LIDC)

LIDC, a wholly-owned subsidiary of the Parent Company, was incorporated and registered with the Philippine SEC on April 8, 1969, primarily to act as a general agent, broker or factor of any insurance company, whether domestic or foreign, or as a commercial broker, real estate dealer or broker, agent or factor of any person, partnership, corporation or association engaged in any lawful business, industry or enterprise.

LIDC's principal office is located at 21st Floor, Lepanto Building, Paseo de Roxas, Makati City.

Far Southeast Gold Resources, Inc.

FSGRI was incorporated and registered with the Philippine SEC on February 2, 1989, primarily to operate mines and prospect, explore, mine and deal with all kinds of ores, metals and minerals.

FSGRI is a 60%-owned subsidiary of the Parent Company and 40%-owned by Gold Fields Switzerland Holding AG (GFS), a company incorporated in Switzerland. It owns the Far Southeast Project, a gold- copper porphyry deposit located in Mankayan, Benguet and covered by MPSA No. 001-90-CAR.

The Parent Company continues to provide financial and administrative support to FSGRI. As at December 31, 2025, FSGRI is still in the pre-operating stage.

Deferred exploration costs incurred for all exploration projects are expected to be recovered upon the start of commercial operations. Despite technical difficulties in developing the ore body, the current improving trend in metal prices and integration of recent breakthroughs in both mining and milling technologies enhance the economic feasibility of the Project. The Project is considered one of the priority mining projects of the Philippine Government.

FSGRI's principal office is located at 21st Floor, Lepanto Building, Paseo de Roxas, Barangay Bel-Air, Makati City.

The Group's Ability to Continue as a Going Concern

The Group has resulting deficit of ₱5,501.4 million and ₱6,949.8 million as of December 31, 2025 and 2024, respectively. In addition, the Group's current liabilities exceeded its current assets by ₱196.5 million and ₱1,701.9 million as of December 31, 2025 and 2024, respectively. Additionally, the MPSA No. 001-90-CAR is currently under renewal with remaining certain requirements needed to be complied with (see Note 30g).

In response to these matters, the Group continues to adopt the following action plans:

- continue to improve and sustain efficiency and production level of mine operations through strategic operational changes and
- capital developments to increase cash inflows generated, while capitalizing on the continuing positive trends on commodity prices.
- In 2025 and 2024, the Group posted net income amounting to ₱1,448.6 million and ₱102.7 million, respectively;
- manage expenditures for its day-to-day activities;
- negotiate deferral arrangement of payments of certain liabilities;
- continue confirmatory and exploration activities to further enhance Ore Reserves/Resources; and
- proceed with the necessary actions to complete the requirements on its permit renewal.

Management has determined that the actions above are sufficient to increase financial resources for at least the next twelve months from December 31, 2025 and has therefore prepared the financial statements on a going concern basis.

Authorization for the Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 were authorized for issue by the BOD on April 20, 2026.

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

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets designated at FVOCI that have been measured at fair value in the consolidated statements of financial position. Disclosures have not been illustrated for standards that are either not relevant to the Group's consolidated financial statements and are not applicable to the Group's circumstances. The consolidated financial statements are presented in Philippine Peso, the Group's functional and presentation currency. All values are rounded to the nearest thousand (₱000), except when otherwise indicated.

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31 of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

Subsidiaries	Nature of Business	Direct Ownership	
		2025	2024
DDCP	Service	100%	-
SI	Service	100%	-
LIDC	Investment	100%	-
FSGRI*	Mining	60%	-

* Pre-operating subsidiary.

New PFRS Accounting Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendments to PAS 21, *Lack of exchangeability*

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

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

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

- Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

- Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

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

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

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

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

- **PFRS 18, *Presentation and Disclosure in Financial Statements***

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

- **PFRS 19, *Subsidiaries without Public Accountability***

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

The application of the standard is optional for eligible entities.

- **Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency***

The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

Deferred effectivity

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

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

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

Summary of Material Accounting Policy Information

Financial Instruments

Financial instruments are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As at December 31, 2025 and 2024, the Group has no financial assets at FVPL.

Subsequent measurement

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

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

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include trade receivables (not subject to provisional pricing), nontrade receivables, advances to officers and employees and receivable from stockholders and related parties.

Financial assets at FVOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in the other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

The Group does not have financial assets at FVPL.

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

The Group recognizes an allowance for expected credit loss (ECL) for all debt instruments not held at FVPL. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For any other financial assets carried at amortized cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime expected credit losses that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

For cash, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

For trade receivables (not subject to provisional pricing), the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

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

Financial Liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include payables and loans and borrowings.

Subsequent measurement - payables and loans and borrowings

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category generally applies to trade and other payables and borrowings and other interest-bearing liabilities.

Derecognition

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

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 31.

Operating Segment

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a distinct economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

For management purposes, the Group is organized into three major operating segments (mining, services and others) according to the nature of products and the services provided with each segment representing a strategic business unit that offers different products and serves different markets. The Group reports its primary segment information based on business segments which are the main revenue generating activities. Financial information on business segments is presented in Note 34.

Inventories

Mine products inventory, which consist of gold dore inventory is stated at cost. Parts and supplies are valued at the lower of cost and net realizable value (NRV).

NRV for mine products inventory is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. In the case of parts and supplies, NRV is the current replacement cost. In determining the NRV, the Group considers any adjustments necessary for obsolescence. Provision for obsolescence is determined by reference to specific items of stock.

Costs of parts and supplies comprise all costs of purchase and other costs incurred in bringing the materials and supplies to their present location and condition. The purchase cost is determined on a moving average basis. Parts and supplies in-transit are valued at invoice cost.

Advances to Suppliers and Contractors

Advances to suppliers and contractors are non-financial assets arising from payments made by the Group to its suppliers and contractors before goods or services have been received or rendered. These are classified as current since it follows the final classification of the asset to which the advances pertain to and are recognized in the books at amounts initially paid.

Other Current Assets

The Group's other current assets include various prepayments, deferred costs, deposits, creditable withholding tax and excess input value-added tax (VAT). These are classified as current since the Group expects to realize or consume the assets within 12 months after the end of the reporting period.

Input VAT

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

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

Input VAT represents the VAT paid on purchases of applicable goods and services, net of output tax, which can be claimed for refund or recovered as tax credit against future tax liability of the Group upon approval by the Philippine Bureau of Internal Revenue (BIR) and/or the Philippine Bureau of Customs (BOC).

The current portion is presented as part of "Other current assets" and the noncurrent portion under "Other noncurrent assets" in the consolidated statement of financial position and stated at its estimated NRV.

Investments in and Advances to Associates

The Group's investments in associates are accounted for using the equity method. The carrying amount of an investment in associates also includes other long-term interests in an associate, such as loans and advances. Advances and loans granted by the Group are within the nature of cash advances or expenses paid by the Group on behalf of its associates. These are based on normal credit terms, unsecured, interest-free and are recognized and carried at original amounts advanced.

The following are the Group's associates with the corresponding percentage of ownership:

	Percentage of Ownership	
	2025	2024
MMC	13.37%	13.37%
Diamant Manufacturing and Trading Corporation (DMTC)	25.44%	25.44%

Property, Plant and Equipment

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

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

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

Construction in-progress is recorded at cost and the related depreciation starts upon transfer to the appropriate account of the completed project.

Mine and mining properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalization of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Depreciation on assets are calculated using the straight-line method to allocate the cost of each property, plant and equipment less its residual value, if any, over its estimated useful life, as follows:

Type of asset	Estimated useful life in years
Buildings and improvements	2-15
Plant machinery and equipment	2-20
Office furniture and fixtures	3-5

Mine exploration and development costs of mineral properties already in operations are capitalized as mine and mining property and are included in "Property, plant and equipment" account.

Depletion of mine and mining properties is computed based on ore extraction over the estimated volume of proved and probable ore reserves as estimated by the Group's mining engineer or geologist and certified by a competent person.

The estimated recoverable reserves, depreciation and depletion methods applied are reviewed at the end of reporting period to ensure that the estimated recoverable reserves, depreciation, and depletion methods are in line with expected pattern of consumption of the future economic benefits from property plant and equipment. If there has been significant change, the method shall be changed to reflect the changed pattern.

Mine Exploration Costs

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

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

Once commercial reserves are established, exploration and evaluation assets are tested for impairment and transferred to mine and mining properties. No amortization is charged during the exploration and evaluation phase. If the area is found to contain no commercial reserves, the accumulated costs are expensed.

Impairment of Nonfinancial Assets

Property, Plant and Equipment and Other Nonfinancial Assets

Property, plant and equipment and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, as when the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Management has assessed its CGUs as being individual mines, which is the lowest level for which cash inflows are largely independent of those of other assets. Impairment losses are recognized in profit or loss.

In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure, and cash flows beyond six years are based on life-of-mine plans.

Value in use does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in fair value less costs of disposal calculations.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset or CGU in prior years. Such a reversal is recognized in the consolidated statement of comprehensive income.

Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

Investments in and Advances to Associates

After application of the equity method for investment in associates, the Group determines whether it is necessary to recognize an additional impairment loss of the Group's investments in its associates, including long-term interests, that, in substance, form part of the Group's net investment in associates.

The Group determines at the end of the reporting period whether there is any objective evidence that the investment and advances in associates is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of the associate and the acquisition cost and recognizes the amount in the consolidated statement of comprehensive income. Recoverable amount is determined as the higher between fair value less cost of disposal and value in use.

Mine Exploration Costs

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial period in which this is determined. Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

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

Deposit for future stock subscriptions

Stock subscriptions payable are recognized and carried in the books at the original subscription price in exchange of which, the shares of stock will be issued.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of bullion (i.e., Gold, Silver)

Income is recognized upon actual shipment of bullions. Net revenue is measured based on shipment value price based on quoted metal prices in the London Bullion Market, for both gold and silver, weight and assay content, less smelting and treatment charges. Contract terms for the Group's sale of gold and silver bullion allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine the content. 98% of total value for gold and silver based on provisional prices is collected upon shipment, while the remaining 2% for gold and silver is collected upon the determination of the final shipment value based on final weight and assay for metal content and prices during the applicable quotational period less applicable smelting and treatment charges.

Service Fees

Service fees are recognized upon performance of the services.

Rental Income

Rental income arising from operating leases on land is accounted for on a straight-line basis over the lease terms and included in revenue due to its operating nature.

Interest Income

Interest income is recognized as it accrues using EIR method.

Other Income

Other income are income and expenses which are not directly related to the Group's regular results of operations. These include interest income, rental income, gain (loss) on disposal of assets, gain or loss from deconsolidated subsidiaries, and gain due to retrenchment.

Trade Receivables

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

Leases

Leases - Group as a Lessee

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

Lease Liabilities

At the commencement date of the lease, the Group recognized lease liabilities measured the present value of lease payments to be made over the lease term. The lease payments include fixed payments (and in, some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

Short-term Leases and Leases of Low-value Assets

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

Employee Benefits

The net defined retirement benefits liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined retirement benefits liability or asset
- Remeasurements of net defined retirement benefits liability or asset

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

Net interest on the net defined retirement benefits liability or asset is recognized as expense or income under “Finance costs” in the statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest on defined retirement benefits liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Remeasurements recognized in OCI after the initial adoption of Revised PAS 19 are not closed to any other equity account and is shown as a separate item in equity under “Remeasurement gain (loss) on retirement benefits liability”.

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

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

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting period. All differences are taken to the consolidated statement of comprehensive income.

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

Income Taxes

Current Income Tax

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

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

Deferred Income Tax

Deferred income tax is provided, using the balance sheet method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

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

Deferred income tax relating to items recognized in OCI or equity is recognized in OCI or equity and not in profit or loss.

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

Liability for Mine Rehabilitation Cost

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of the Group's facilities and mine properties. The Group assesses its liability for mine rehabilitation at each reporting date. The Group recognizes a liability for mine rehabilitation where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or, the ground/environment is disturbed at the mining operation's location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result, of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognized as part of the related inventory item. Additional disturbances which arise due to further development/construction at the mine are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequently at the start of the commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognized as part of an asset measured in accordance with PAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of comprehensive income.

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

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of comprehensive income as part of finance costs.

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

Rehabilitation trust funds committed for use in satisfying environmental obligations are included within "Other noncurrent assets" in the consolidated statement of financial position.

Capital Stock and Additional Paid in Capital (APIC)

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

Where the Group purchases its own shares (treasury shares), the consideration paid including any directly attributable incremental costs is deducted from equity attributable to the Group's stockholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's stockholders.

Dividend Distribution

Dividend distribution to the Group's stockholders and non-controlling interest (NCI) is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved or declared by the Group's BOD.

Deposit for Future Subscriptions

This pertains to the amount of cash and advances from stockholders as payment for future issuance of stocks. This is classified as an equity instrument when the Group will deliver a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset. Otherwise, it is classified under noncurrent liabilities.

Earnings (Loss) Per Share

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

Provisions

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

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

Events after the End of the Reporting Period

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

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments

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

Assessing Going Concern

The use of going concern assumption requires management to make judgments at a particular point in time about the future outcome of events and conditions that are inherently uncertain. The underlying assumption in the preparation of financial statements is that the Group has neither the intention nor the need to liquidate the business.

Note 1 to the consolidated financial statements discusses the matters considered by management in concluding the appropriateness of the use of going concern assumption in the preparation of the financial statements. These matters include continuous confirmatory and exploration activities to further enhance Ore Reserves/Resources, management of expenditure for its day-to-day activities, negotiation of the deferral of payments of related party and third-party liabilities, proceed with the necessary actions to complete the requirements on its permit renewal and improvement of the efficiency of the production level of mine operations through strategic operational changes and capital developments to increase cash inflows. As such, the consolidated financial statements have been prepared on a going concern basis of accounting.

Assessing Recoverability of Mine Exploration Costs

Mineral property acquisition costs are capitalized until the viability of the mineral interest is determined. Exploration, evaluation and pre-feasibility costs are charged to “Mine exploration costs” until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized to mine and mining properties. The Group reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. Mine exploration costs amounted to ₱7,083,393 and ₱7,081,745 as at December 31, 2025 and 2024, respectively (see Note 12).

As at December 31, 2025 and 2024, mine exploration costs transferred to mine and mining properties amounted to nil (see Note 12).

Assessing Existence of Significant Influence

In assessing whether significant influence still exists, the Group considered not only its percentage ownership but other factors such as the board seat representations it has in the associate’s governing body, its interchange of managerial personnel with the associate, and material transactions between the Group and its investee, among others. As at December 31, 2025 and 2024, the Group assessed that it has significant influence over DMTC and MMC and has accounted for the investments as associates (see Note 11).

Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRS Accounting Standards require management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes. The estimates and assumptions used in the consolidated financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Revenue Recognition

The Group recognizes revenue from sale of bullion and concentrate at the time these are produced and shipped to buyer smelters, respectively. Revenue is measured based on shipment value based on quoted metal prices in the London Bullion Market, and weight and assay for metal content net of smelting and treatment charges. Provisional shipment values up to 98% bullion while the remaining balance is collected upon determination of the final shipment value based on final weights and assays for metal content and prices during the applicable quotational period less deduction for smelting and treatment charges. Total recognized revenue relating to sale of metals amounted to ₱4,412,079, ₱2,781,674 and ₱2,474,384 in 2025, 2024 and 2023, respectively (see Note 29).

Estimation of Depletion Rate

Estimated recoverable mineral reserves are key inputs in determining the depletion of mine assets. This results in a depreciation/depletion charge proportional to the depletion of the anticipated remaining mine life. Mineral reserves and resources estimates for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors.

Each item’s life, which is assessed annually, has regard to both physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located.

Estimating Allowance for Inventory Obsolescence

Parts and supplies inventories, which are used in the Group’s operations and mine products, are stated at the lower of cost or NRV. Allowance for inventory obsolescence is established when there is evidence that the equipment where the parts and supplies were originally purchased for are no longer in service. Materials which are non-moving or have become unusable are priced at their recoverable amount. The selling price estimation of mine products is based on the London Bullion Market Association, which also represents an active market for the product. Any changes in the assay for metal content of the mine products is accounted for and adjusted accordingly.

Inventories carried at lower of cost or NRV, amounted to ₱507,055 and ₱522,118 as at December 31, 2025 and 2024, respectively (see Note 6).

Estimating Impairment on Property, Plant and Equipment and Other Nonfinancial Assets

The Group assesses impairment on property, plant and equipment and other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions such as commodity prices, discount rates and foreign currency exchange rates that can materially affect the consolidated financial statements. Commodity prices and foreign exchange rates are based on the current and forecasts in different banks. Discount rate estimate is computed using the weighted average cost of capital.

An impairment loss would be recognized whenever evidence exists that the recoverable amount is less than the carrying amount. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The recoverable amount of the asset is determined as the higher of its fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties, net of direct costs of selling the asset. When value in use has been undertaken, fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows.

The aggregate net book values of property, plant and equipment amounted to ₱6,281,608 and ₱6,125,470 as at December 31, 2025 and 2024, respectively (see Note 9).

The carrying amount of other nonfinancial assets, which includes advances to suppliers and contractors, other current assets and other noncurrent assets amounted to ₱1,192,861 and ₱1,219,674 as at December 31, 2025 and 2024, respectively.

Estimating Impairment of Investments in and Advances to Associates

The Group assesses whether there are any indicators of impairment for investments in and advances to associates at the end of the reporting period. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the investment is written down to its recoverable amount.

Allowance for impairment of investment in associates amounted to ₱7,640 as at December 31, 2025 and 2024. Provision for impairment losses amounted to nil and ₱198 in 2025 and 2024, respectively.

Investments in and advances to associates amounted to ₱515,528 and ₱448,575 as at December 31, 2025 and 2024, respectively (see Note 11).

Estimation of Retirement Benefit Expense

The cost of defined retirement obligation as well as the present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return on assets, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligation are highly sensitive to changes in these assumptions. All assumptions are reviewed at each end of the reporting period. As at December 31, 2025 and 2024, the retirement benefits liability of the Group amounted to P=1,371,023 and P=1,225,784, respectively. Net retirement costs amounted to ₱105,638, ₱79,978 and ₱92,796 in 2025, 2024 and 2023, respectively (see Note 17).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Further details about the assumptions used are provided in Note 17.

Estimating Liability for Mine Rehabilitation Cost

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

The provision for mine rehabilitation and decommissioning costs is based on estimated future costs using information available at the end of the reporting period. To the extent the actual costs differ from these estimates, adjustments will be recorded and, the profit or loss may be impacted. As at December 31, 2025 and 2024, liability for mine rehabilitation cost amounted to ₱23,129 and ₱22,590, respectively (see Note 16).

Assessing Recoverability of Deferred Tax Assets

The Group reviews the carrying amounts of deferred tax assets at the end of the reporting period and reduces the amounts to the extent that it is no longer probable that sufficient future taxable profit and taxable temporary timing differences will be available to allow all or part of the deferred income tax assets to be utilized.

The Group has deferred tax assets amounting to ₱336,028 and ₱293,384 as at December 31, 2025 and 2024, respectively (see Note 18). No deferred tax assets were recognized for temporary differences amounting to ₱1,139,847 and ₱2,075,668 as at December 31, 2025 and 2024, respectively, since there is no assurance that the Group will generate sufficient future taxable income to allow all or part of its deferred tax assets to be utilized (see Note 18).

4. Cash and Cash Equivalent

	2025	2024
Cash on hand	₱ 5,477	₱ 2,533
Cash in banks	643,885	59,581
Cash equivalent	200,000	-
	₱ 849,362	₱ 62,114

Cash in banks earn interest at the respective bank deposit rates.

Cash equivalents pertain to investment in time deposits which have a maturity of 45 days and earn interest at 5% in 2025.

Interest income earned from cash in banks amounted to ₱205, ₱46 and ₱33 in 2025, 2024 and 2023, respectively (see Note 28).

The Group has United States dollar (US\$)-denominated cash in banks amounting to US\$7,391 and US\$122 as at December 31, 2025 and 2024, respectively (see Note 31).

5. Receivables

	2025	2024
Trade	₱ 25,068	₱ 27,296
Nontrade	12,532	27,994
Other receivables	6,773	18,050
	44,373	73,340
Less allowance for expected credit losses	13,578	23,485
	₱ 30,795	₱ 49,855

Trade receivables include the Group's receivables arising from its shipments of gold, and silver to refinery and smelter customer under the Refining Agreements (RA; see Note 29) and receivables from third party customers for drilling, hauling and rental services. These are carried at fair value and is not subjected to assessment of expected credit losses.

Nontrade receivables comprise mainly of receivables from other third parties, while receivables from officers and employees pertain to cash advances made by employees for the operations of the Group subject for liquidation. Unliquidated receivables from officers and employees are collectible on demand or considered as salary deduction.

Trade, nontrade and other receivables are noninterest-bearing and are generally collectible on demand.

Provision for expected credit losses on receivables amounted to nil and ₱174 were recognized by the Group in 2025 and 2024, respectively.

Movements of allowance for expected credit losses are as follows:

	2025	2024
Balance at beginning of year		
Trade	₱ 23,485	₱ 22,925
Nontrade	-	386
Provision	-	174
Write-off	(9,907)	-
Balance at end of year	₱ 13,578	₱ 23,485

The Group has US\$-denominated trade receivables amounting to US\$194 and US\$168 as at December 31, 2025 and 2024, respectively (see Note 31).

6. Inventories

	2025	2024
Parts and supplies:		
At NRV	₱ 384,288	₱ 430,008
At cost	29,758	64
Mine products at cost	93,009	64,050
	₱ 507,055	₱ 522,118

Parts and supplies on hand include materials and supplies stored in Metro Manila, Bulacan, Mankayan and Leyte. Cost of parts and supplies on hand carried at NRV amounted to ₱443,131 and ₱496,065 as at December 31, 2025 and 2024, respectively.

Mine products inventory includes gold dore inventory stored in the Lepanto Mining Division located at Mankayan, Benguet. This inventory forms part of the following year's sales and are therefore shipped subsequently.

Movements in allowance for inventory obsolescence on parts and supplies on hand as at December 31, 2025 and 2024 are as follows:

	2025	2024
Balance at beginning of year	₱ 38,061	₱ 38,061
Provision (Note 21)	22,131	-
Write-off	(1,349)	-
Balance at end of year	₱ 58,843	₱ 38,061

The Group recognized a provision for allowance for inventory obsolescence amounting to ₱22,131 and nil in 2025 and 2024, respectively.

Inventories charged to profit and loss under "Consumables and supplies" account amounted to ₱871,986, ₱871,968 and ₱654,490 in 2025, 2024 and 2023, respectively (see Notes 22, 23, and 24).

7. Advances to Suppliers and Contractors

As at December 31, 2025 and 2024, the Group has advances to suppliers and contractors amounting to ₱84,525 and ₱94,488, respectively. These advances will be offset against future billings. Advances to suppliers and contractors are non-financial assets arising from advanced payments made by the Group to its suppliers and contractors before goods and services have been received or rendered. These are classified as current since these are expected to be offset against future short-term billings and are recognized in the books at the amounts initially paid.

Advances to suppliers and contractors are attributable to contracts generally requiring advance payments. Amounts deposited will be applied as part of the full payment of the contract price upon completion of the contract.

8. Other Current and Noncurrent Assets

Other current assets

	2025	2024
Excess tax credits	₱ 511,193	₱ 399,331
Prepaid expenses	72,347	81,496
Deposits	12,842	2,974
Prepaid income tax	6,312	-
Deferred costs	543	8,434
Others	60,384	-
	₱ 663,621	₱ 492,235

Other noncurrent assets

	2025	2024
Input VAT	₱ 426,157	₱ 521,053
Final mine rehabilitation fund	15,686	4,545
Software license - net of accumulated amortization	2,538	852
Deferred charges	-	100,770
Others	334	5,731
	₱ 444,715	₱ 632,951

Other current and noncurrent assets mainly consist of:

Prepaid expenses include advance payments for taxes, insurance, rent and other services and costs incurred under operating development drives.

Deposits are payment to suppliers and contractors before goods or services has been received or rendered.

Deferred costs represent withdrawals of tubing to be used in drilling operations.

Input VAT represents VAT paid on purchases of applicable goods and services, net of output tax, which can be claimed for refund or recovered as tax credit against certain future tax liability of the Group upon approval by the BIR and/or the Philippine Bureau of Customs. Input VAT is considered as current when the Group expects that it will be utilized as tax credit within the next 12 months after the reporting period, portion that will be utilized beyond 12 months are recognized as noncurrent under "Other noncurrent assets". Allowance for impairment losses on input VAT represents input VAT refund claims that have been long-outstanding in the Supreme Court or Court of Tax Appeals. The Group recognized provision for impairment in input VAT amounted to =P40,897 and nil in 2025 and 2024, respectively.

Final mine rehabilitation fund pertains to rehabilitation trust funds that the Group is required by regulations to establish and maintain through cash deposits to cover their rehabilitation liability upon closure of the mine and to ensure payment of compensable damages that may be caused by mine waste. The rehabilitation trust funds are held in government depository banks.

Software license includes purchase of system used in the accounting process of the Group.

Movement analysis of software license is as follows:

	2025	2024
Cost:		
Balances at beginning of year	₱ 10,880	₱ 10,880
Additions	2,123	-
	13,003	10,880
Accumulated amortization:		
Balances at beginning of year	10,880	9,648
Amortization	438	380
	10,466	10,028
	₱ 2,537	₱ 852

Deferred charges represent advance payments of services that will be completed beyond one year after the reporting period.

9. Property, Plant and Equipment

2025							
	Mine and mining properties	Buildings and improvements	Plant, machinery, equipment, and office furniture and fixtures	Land	Construction in-progress	Right-of-use assets—warehouse and building	Total
Cost:							
Balances at December 31, 2024	₱ 12,822,286	₱ 573,552	₱ 3,068,673	₱ 702,275	₱ 58,015	₱ 38,095	₱ 17,262,896
Additions	206,336	16,722	170,310	-	169,132	-	562,500
Transfers	116,973	-	233	-	(117,206)	-	-
Retirements/disposals	-	(1,616)	(167,085)	-	-	-	(168,701)
Balances at end of year	13,145,595	588,658	3,072,131	702,275	109,941	38,095	17,656,695
Accumulated depletion, depreciation and amortization:							
Balances at beginning of year	7,879,244	479,708	2,719,231	-	-	35,311	11,113,494
Depletion, depreciation & amortization	231,488	17,951	154,537	-	-	2,386	406,362
Retirement and disposals	-	(1,616)	(167,085)	-	-	-	(168,701)
Balances at end of year	8,110,732	496,043	2,706,683	-	-	37,697	11,351,155
Allowance for impairment:							
Balances at beginning and end of year	-	19,241	4,691	-	-	-	23,932
Net book values	₱ 5,034,863	₱ 73,374	₱ 360,757	₱ 702,275	₱ 109,941	₱ 398	₱ 6,281,608

2024							
	Mine and mining properties	Buildings and improvements	Plant, machinery, equipment, and office furniture and fixtures	Land	Construction in-progress	Right-of-use assets—warehouse and building	Total
Cost:							
Balances at December 31, 2023	₱ 12,546,507	₱ 561,297	₱ 3,071,497	₱ 702,275	₱ 59,714	₱ 39,411	₱ 16,980,701
Additions	275,779	12,255	162,724	-	(1,699)	815	449,874
Retirements/disposals	-	-	(165,548)	-	-	(2,131)	(167,679)
Balances at end of year	12,822,286	573,552	3,068,673	702,275	58,015	38,095	17,262,896
Accumulated depletion, depreciation and amortization:							
Balances at beginning of year	7,625,545	464,656	2,735,124	-	-	36,054	10,861,379
Depletion, depreciation & amortization	253,699	15,052	149,655	-	-	1,388	419,794
Retirement and disposals	-	-	(165,548)	-	-	(2,131)	(167,679)
Balances at end of year	7,879,244	479,708	2,719,231	-	-	35,311	11,113,494
Allowance for impairment:							
Balances at beginning and end of year	-	19,241	4,691	-	-	-	23,932
Net book values	₱ 4,943,042	₱ 74,603	₱ 344,751	₱ 702,275	₱ 58,015	₱ 2,784	₱ 6,125,470

Prior to 2005, the Group adopted the revaluation model and engaged an independent firm of appraisers to determine the fair value of its land classified under “Property, plant and equipment” in the consolidated statement of financial position, which is equal to the amount in terms of money at which the property would exchange in the current real estate market, between willing parties both having knowledge of all relevant facts. The fair value was estimated using the market data approach, which is based on sales and listings of comparable property registered within the vicinity that considered factors such as location, size and shape of the properties.

In adopting the revaluation model, the Group applied the fair value as deemed cost exemption under PFRS 1, *First-time Adoption of PFRS Accounting Standards*, to measure the Group’s land at fair value at January 1, 2004. In 2012, the Group closed out the revaluation increment amounting to ₱511,504 as at January 1, 2010 to retained earnings. The revaluation reserve pertains to the remaining deemed cost adjustment on its land when the Group transitioned to PFRS Accounting Standards in 2005.

As at December 31, 2025 and 2024, the balance of retained earnings which will not be available for dividend distribution, includes the remaining balance of the deemed cost adjustment amounting to ₱248,502.

The rates used by the Parent Company in computing depletion are ₱691, ₱791 and ₱699 per ton in 2025, 2024 and 2023, respectively, as a result of the costs capitalized under “Mine and mining properties” for the development of the Victoria and Quartz Pyrite Gold (QPG) Project.

Certain machinery and equipment and drilling equipment under “Plant, machinery, equipment, and office furniture and fixtures” with total costs of around ₱641,429 were used as collateral for the Group’s short-term and long-term loans with a local bank (see Note 14).

Construction in-progress pertains to various mining operations requirements that undergo in-house constructions and fabrications in Mankayan. As at December 31, 2025 and 2024, the Group transferred construction in-progress amounting to ₱169,132 and ₱1,699, respectively, to mine and mining properties, and plant, machinery, equipment, office furniture and fixtures.

Depreciation capitalized as part of mine exploration costs in 2025, 2024 and 2023 amounted to ₱32, nil and ₱6,971, respectively (see Note 12).

In 2024, additions to mine and mine mining properties include additions to asset retirement obligation as a result of changes in accounting estimate amounted to ₱7,768 (see Note 16).

10. Financial Assets Designated at FVOCI

As at December 31, 2024 and 2023, the financial assets designated at FVOCI consists of investments in:

	2025	2024
Quoted equity shares	₱ 85,562	₱ 74,218
Unquoted equity shares	8,689	3,896
	₱ 94,251	₱ 78,114

Movements in financial assets designated at FVOCI are as follows:

	2025	2024
Balance at beginning of year	₱ 78,114	₱ 66,181
Changes in fair values of financial assets designated at FVOCI	16,137	11,933
Balance at end of year	₱ 94,251	₱ 78,114

The following table shows the movement on fair value reserves for financial assets designated at FVOCI shown as a separate component of equity.

	2025	2024
Balance at beginning of year	₱ (28,311)	₱ (40,244)
Changes in fair values of financial assets designated at FVOCI	16,137	11,933
Balance at end of year	₱ (12,174)	₱ (28,311)

Investments in quoted equity shares pertain to investment in common shares of various local public companies and golf club shares.

Investments in unquoted equity shares pertain to investments in private local companies and therefore have no fixed maturity date or coupon rate.

There were no dividend income earned by the Group in 2025, 2024 and 2023.

The Parent Company executed a deed of assignment in favor of LCMC Employee Pension Plan (“the Plan”) on December 22, 2016 covering 160,568,775 of 180,000,000 of its Prime Orion Philippines, Inc. (POPI; now known as Ayalaland Logistics Holdings Corp.) shares for a total consideration of ₱308,292.

As at December 31, 2025, the Group has no intentions to dispose its unquoted equity shares.

11. Investments in and Advances to Associates

As at December 31, 2024 and 2023, the financial assets designated at FVOCI consists of investments in:

2025	DMTC	MMC	Total
Acquisition cost:			
Balances at beginning and end of year	₱ 11,800	₱ 409,099	₱ 420,899
Accumulated equity:			
Share in net earnings (loss):			
Balances at beginning of year	(1,936)	24,438	22,502
Share in net loss	(565)	(710)	(1,275)
Balances at end of year	(2,501)	23,728	21,227
Allowance for impairment losses:			
Balances at beginning of year	(7,640)	-	(7,640)
Provision for impairment losses	-	-	-
Balances at end of year	(7,640)	-	(7,640)
Investments in associates	1,659	432,827	434,486
Advances to associate (Note 15)	-	81,042	81,042
	₱ 1,659	₱ 513,869	₱ 515,528

2024	DMTC	MMC	Total
Acquisition cost:			
Balances at beginning and end of year	₱ 11,800	₱ 409,099	₱ 420,899
Accumulated equity:			
Share in net earnings (loss):			
Balances at beginning of year	(1,750)	26,951	26,951
Share in net loss	(186)	(2,427)	(2,427)
Share in OCI - FA at FVOCI	-	(135)	(135)
Share in OCI - RBO	-	49	49
Balances at end of year	(1,936)	24,438	24,438
Allowance for impairment losses:			
Balances at beginning of year	(7,442)	-	(7,442)
Provision for impairment losses	(198)	-	(198)
Balances at end of year	(7,640)	-	(7,640)
Investments in associates	2,224	433,537	435,761
Advances to associate (Note 15)	-	12,814	12,814
	₱ 2,224	₱ 446,351	₱ 448,575

Investment in MMC

The Group effectively has 13.37% ownership in MMC in 2025 and 2024 due to the increase in outstanding shares of MMC after its stock rights offering and sale of shares from its indirect party in 2023. In 2022, the Group has 16.2% direct and 0.3% indirect ownership in MMC. Due to not meeting the presumption to demonstrate significant influence, the Group assessed that it has significant influence over MMC due to the following:

- (a) The Group has four out of nine board seats and three out of nine representations; and
- (b) The Group has at least nine executive officers and one managerial personnel serving as part of MMC's corporate management.

As at December 31, 2025, the fair value per share of MMC shares A and B amounted to ₱0.0072. As at December 31, 2024, the fair value per share of MMC shares A and B amounted to ₱0.0046. Fair market value of the investment in MMC amounted to ₱501 and ₱320 as at December 31, 2025 and 2024, respectively.

Investment in DMTC

The Group assessed that it has significant influence over DMTC due to the following:

- (a) The Group has ownership interest of 25.44% over its outstanding capital shares; and
- (b) The Group, through DDCP, has at least ₱15.1 million or 54.71% contribution in the total assets of the DMTC.

Provision for impairment of investment in associates amounting to nil, ₱198 and ₱83 were recognized by the Group in 2025, 2024 and 2023, respectively.

The Group measures the investments under the equity method and prepares financial statements for the same financial reporting period as the Group.

2025	DMTC	MMC	Total
Assets:			
Current Assets	₱ 12,112	₱ 75,251	₱ 87,363
Noncurrent Assets	107	3,743,104	3,743,211
Total Assets	12,219	3,818,355	3,830,574
Liabilities:			
Current Liabilities	4,668	384,759	389,427
Noncurrent Liabilities	—	54,226	54,226
Total Liabilities	4,668	438,985	443,653
Net Assets	₱ 7,551	₱ 3,379,370	₱ 3,386,921

2024	DMTC	MMC	Total
Assets:			
Current Assets	₱ 16,311	₱ 72,145	₱ 88,456
Noncurrent Assets	107	3,635,714	3,635,821
Total Assets	16,418	3,707,859	3,724,277
Liabilities:			
Current Liabilities	6,644	278,501	285,145
Noncurrent Liabilities	—	52,991	52,991
Total Liabilities	6,644	331,492	338,136
Net Assets	₱ 9,774	₱ 3,376,367	₱ 3,386,141

2025	DMTC	MMC	Total
Revenue	₱ -	₱ -	₱ -
Cost and expenses	(2,223)	(5,308)	(7,531)
Net loss (continuing operations)	(2,223)	(5,308)	(7,531)
Comprehensive income	-	8,012	8,012
Total comprehensive income loss	(2,223)	2,704	481
Share in net income (loss)	₱ (566)	₱ 362	₱ (204)

2024	DMTC	MMC	Total
Revenue	₱ -	₱ -	₱ -
Cost and expenses	(733)	(18,144)	(18,877)
Net loss (continuing operations)	(733)	(18,144)	(18,877)
Comprehensive income	—	(741)	(741)
Total comprehensive income loss	(733)	(18,885)	(19,618)
Share in net income (loss)	₱ (186)	₱ (2,523)	₱ (2,709)

12. Mine Exploration Costs

	2025	2024
Balances at beginning of year	₱ 7,081,745	₱ 7,032,369
Additions	1,648	49,376
Balances at end of year	₱ 7,083,393	₱ 7,081,745

Capitalized mine exploration costs pertain to the exploration and pre-development expenses of the Far Southeast Project under FSGRI. Far Southeast Project is a gold-copper porphyry deposit located in Mankayan, Benguet and covered by MPSA No. 001-90-CAR.

FSGRI is a 60%-owned subsidiary of the Parent Company and 40%-owned by Gold Fields Switzerland Holding AG ("GFS"), a company incorporated in Switzerland. As of December 31, 2025, ongoing exploration and pre-development expenses are being incurred on the Far Southeast Project (see Note 30a).

Depreciation capitalized as part of mine exploration costs in 2025, 2024 and 2023 amounted to ₱32, nil and ₱6,971, respectively (see Note 9).

No allowance for impairment losses on mine exploration costs was recognized in 2025 and 2024.

13. Trade and Other Payables

	2025	2024
Trade	₱ 1,906,535	₱ 2,501,684
Accrued expenses and other liabilities	102,892	185,940
Due to related parties (Note 15)	85,794	75,138
Accrued production tax	47,428	29,591
Payable to regulatory authorities	44,312	63,510
Employee-related expenses	41,268	3,337
Unclaimed dividends	26,693	26,693
Accrued interest expense	10,015	11,745
Customer deposits	5,896	2,980
	₱ 2,270,833	₱ 2,900,618

Nature, terms and conditions of the Group's liabilities:

- Trade payables include import and local purchases of equipment and inventories such various parts and supplies used in the operations of the Group. These are non-interest bearing and are normally settled on 60 days' terms.
- Accrued expenses and other liabilities are noninterest-bearing and are normally settled on a 30 to 60 days term. These include unpaid billings for power, communication, light and water charges other operating expenses that are payable to various suppliers and contractors.
- Accrued production taxes pertain to excise taxes on metal sales. These are non-interest bearing and are settled within 15 days after the end of each quarter.
- Payable to regulatory agencies include withholding taxes and other government contributions related to employees of the Group. These are non-interest bearing and are normally remitted within 10 days from the close of each month.
- Employee-related expenses include unclaimed wages, accrued vacation and sick leave and accrued payroll. These are non-interest bearing and are payable in 30 days' term.
- Unclaimed dividends pertain to unpaid cash dividends declared by the Parent Company to its stockholders. These are non-interest bearing and are payable upon demand of the payee.
- Customer deposits represent advance payments received from the customer as a result of excess in provisional invoice over final invoice.

The Group has US\$-denominated trade and other payables amounting to US\$755 and US\$655 as at December 31, 2025 and 2024 (see Note 31).

14. Short-term and Long-term Debt and Other Interest-bearing Liabilities

	2025	2024
Gold delivery agreement (US\$1,000 in 2025 and 2024)	₱ 58,790	₱ 57,845
Peso-denominated loans from banks	155,367	114,347
Total borrowings	214,157	172,192
Less current portion of long-term borrowings	42,847	19,215
Long-term borrowings – net of current portion	₱ 171,310	₱ 152,977

Gold Delivery Agreement (GDA)

In December 1998, the Parent Company entered into a Loan and Hedging Facilities Agreement (the Agreement) with NM Rothschild & Sons (Australia) Ltd. (Rothschild) and Dresdner Bank AG (Dresdner) which provides for borrowings up to US\$30 million and hedging facility up to 300,000 ounces of gold as may be agreed upon by the parties up to December 2002. A minimum hedging amount of 250,000 ounces was imposed to secure the payment of the loan. The loan was intended to finance the working capital requirements of the Victoria Project (see Note 1).

In accordance with the hedging facility, the Parent Company entered into various forward gold contracts with Rothschild and Dresdner (Lenders) which provide for the buying or selling of gold in fixed quantities at certain fixed prices for delivery in various maturity dates in the future. Any gains or losses on the forward sales contracts are recognized upon closing of the pertinent contracts.

On December 31, 2004, the Parent Company's forward gold contracts to sell 169,043 ounces of gold at an average price of US\$295 per ounce will mature on various dates in the future and are being rolled forward relative to the ongoing discussion with Lenders. These contracts had a negative mark-to-market valuation of US\$24 million based on the spot rate of US\$437 per ounce as at December 31, 2004.

The Parent Company does not recognize any derivative financial liability under the hedging contracts with Dresdner. After months of discussion and negotiations, the Parent Company and Dresdner agreed in December 2005 on a commercial resolution to their controversy which was formalized through a GDA that was signed on January 25, 2006. Under the GDA, a gold loan of about US\$14 million shall be repaid by way of minimum monthly installments starting from February 1, 2006 up to September 30, 2009 of the cash equivalent in US\$ of 200 ounces of gold computed at the spot price in the market and any remaining balance to be fully repaid by the final delivery on September 30, 2009. The Parent Company also has an option to settle by delivery of quantity of gold.

The GDA contains certain covenants, which include, among others, payment of interest, strict compliance with regulatory provisions regarding internal revenue taxes and environmental requirements, restrictions in the incurrence of indebtedness and certain derivative transactions, limitation in the disposal and transfer of assets and prohibitions in the purchase of issued shares, reduction in capital and issuance of shares other than for cash or make a distribution of assets or other capital to its stockholders.

As from September 28, 2010, the rights of Commerzbank AG (Commerzbank; formerly constituted as Dresdner Bank AG) under the GDA have been transferred to Statham Capital Corporation (Statham). Accordingly, Statham is substituted for Commerzbank as the financier under the GDA.

An amendment to the GDA was entered into by the Parent Company. On October 5, 2010, a moratorium was agreed on, providing for the resumption of monthly deliveries of 200 ounces on January 2011 and a final delivery date of December 31, 2011. Total amount under the GDA is US\$10,027.

On February 10, 2011, another moratorium and restructure agreement were entered into by the Parent Company. This resulted in a reduction in the total outstanding liability, with the corresponding gain included in "Service fees and other operating income" in the parent company statements of comprehensive income. In 2014, the Parent Company and Statham entered into another restructure agreement wherein the due date was extended to 2017. The due date has been extended again to 2020 and, in 2020, the due date has been further extended to 2021. In 2022, another moratorium and restructure agreement were entered into by the Parent company wherein the due date was extended to 2025. As at December 31, 2025 and 2024, the remaining obligation owing to Statham under the GDA amounting to US\$1,000 with Peso equivalents of ₱58,790 and ₱57,845, respectively, is payable on December 31, 2027 as the final delivery date based on latest restructuring.

The Parent Company filed a civil case against Rothschild for the declaration of the nullity of the forward gold contracts to sell 97,476 ounces of gold. Rothschild filed a motion to dismiss and this was denied by the Regional Trial Court (RTC) and subsequently by the Court of Appeals in December 2006. Rothschild elevated the matter to the Supreme Court (SC) in February 2007. On November 28, 2011, the SC denied the Motion to Dismiss of Rothschild and upheld the jurisdiction of the RTC over the person of Rothschild in the case for nullity of hedging contracts filed by the Parent Company in 2005. Trial of the case was completed by the RTC in 2017. In a decision dated February 5, 2019, the RTC ruled in favor of the Parent Company, declaring the forward gold contracts null and void. Defendant Rothschild filed an appeal with the Court of Appeals, which appeal was dismissed by the court in a decision dated May 26, 2022. Rothschild has filed a Petition for Review with the Supreme Court.

Bank Loans

Borrowings from a local bank are all clean loans with interest rates ranging from 8% to 13.97% in 2025 and in 2024, respectively.

On March 30, 2017, the Parent Company entered into an Omnibus Loan agreement amounting to ₱150,000 with United Coconut Planters Bank (UCPB). Maturity date of the said loan is on July 28, 2017. The loan carries interest per annum of 6.50%. The loan is payable in full on maturity date and, is secured by a certain equipment with a cost of ₱300,000 which covers 200% of the loan. The loan was rolled over at maturity date after the Parent Company paid ₱12,400 of principal amount, therefore carrying an outstanding balance of ₱137,600. Same terms and conditions apply for the rolled over loan. The new maturity date of the loan is November 24, 2017 but was rolled over again during 2017.

On March 30, 2017, the Parent Company entered into a Term Loan agreement amounting to ₱170,000 with UCPB. The loan carries an interest rate of 6.50% and will vary after the first payment depending on prevailing market rate and is payable in 12 equal and continuous quarterly amortizations. The loan is secured by a chattel mortgage of drilling equipment with a cost of ₱340,000 which is equivalent to 200% of the said loan.

Under the restructuring agreement dated June 30, 2023, principal loans were merged into one amounting ₱135,218 and an additional capitalized interest and other charges was recognized amounting to ₱64,908. The principal loan shall continue to carry interest at 8.00% per annum while the capitalized interest and other charges will be paid quarterly over 3 years starting September 29, 2023. Total loan payments are set at ₱12,300 quarterly for the first year, ₱12,000 quarterly for the second year, ₱13,000 for the third year and average of ₱11,274 quarterly for the fourth and fifth years. Loan payment for the restructured plan will end on June 30, 2028. The combined carrying value of the loans including the capitalized interest and other charges amounted to ₱110,587 and ₱113,789 as at December 31, 2025 and 2024, respectively. Total interest incurred for the said loan in 2025 and 2024 amounted to ₱24,437 and ₱12,819, respectively (see Note 27).

On January 17, 2020, DDCP entered into a loan agreement with Asia United Bank (AUB) also for additional working capital. The proceeds of the loan amounted to ₱1,042, net of processing fees, documentary stamp taxes and mortgage fees. The loan carries an interest per annum of 10.25% and is payable in 36 equal monthly installments of ₱35, which started on February 17, 2020. The loan is secured by a chattel mortgage of transportation equipment amounting to ₱1,064. Total interest incurred for the said loan in 2023 amounted to ₱9 (see Note 27). The loan was fully settled in 2023.

On April 3, 2023, DDCP entered into a loan agreement with Rizal Commercial Banking Corporation for additional working capital amounting to ₱1,238. The loan carries an interest per annum of 13.97% and is payable in 36 equal monthly installments of ₱39. The Company acquired transportation equipment for the year amounting to ₱1,429, which is under a loan agreement and acts as the collateral itself. The carrying value of the loans amounted to ₱117 and ₱558 as at December 31, 2025 and 2024, respectively. Total interest incurred for the said loan in 2025 and 2024 amounted to ₱34 and ₱72, respectively (see Note 27).

Restructured Supplier Liability

On September 30, 2025, the Parent Company entered into a restructured obligation agreement with one of its major suppliers to settle outstanding arrearages. Under the agreement, the obligation was restructured into the following components: principal amounting to ₱67,000, restructured interest of ₱20,896, and earned interest on the restructured amount of ₱2,132, resulting in a total restructured obligation of ₱90,028.

The restructuring did not result in any gain or loss, as the modification of terms was not considered substantial. Interest on the restructured obligation is computed using the effective interest method, with the rate based on the PHP BVAL reference rate as of September 23, 2025, resulting in an effective interest rate of 5.7% per annum. The obligation is unsecured.

The restructured obligation is payable in monthly installments of ₱2,000 for 48 months, with a final installment of ₱2,126, and matures on September 28, 2029. Total undiscounted loan payments amount to ₱98,126. Interest expense incurred in 2025 amounted to ₱1,236.

The agreement contains an acceleration clause whereby, upon the Company's failure to pay the restructured obligation for six (6) consecutive months or an amount equivalent to six (6) monthly amortizations, whichever is applicable, the entire unpaid balance becomes immediately due and demandable.

15. Related Party Disclosures

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

The Group has a Board-approved Material Related Party Transactions (Material RPTs) Policy defining Material RPTs and setting forth the approval procedure for the same in compliance with the requirements of Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

Under the said policy, Material RPTs, that is, transactions which, either individually, or in aggregate over a 12-month period with the same related party, amount to at least ten percent (10%) of the Group's consolidated total assets based on its latest audited financial statements, need to be approved by at least a two-thirds (2/3) vote of the board of directors prior to execution.

Intercompany transactions involving subsidiaries are eliminated in the consolidated financial statements.

In the normal course of business, the Group grants and receives advances to and from its associates and stockholders, which are considered related parties, which are as follows:

	Year	Amount/ Volume	Outstanding Balance	Terms	Conditions
Advances to MMC (Note 11)	2025	₱ 67,662	₱ 81,042	On demand; non-interest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
	2024	₱ 338	₱ 12,814		
Payables Stockholders	2025	₱ 10,656	₱ 85,794	On demand; non-interest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
	2024	₱ -	₱ 75,138		
MMC	2025	₱ -	₱ -	On demand; non-interest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
	2024	₱ 26	₱ -		

On April 17, 2000, the Parent Company entered into a Trust Agreement with LIDC for the latter to serve as a second trustee for the Parent Company's retirement fund.

On March 31, 2003, the Parent Company entered into a separate Trust Agreement with LIDC whereby the latter ceased to be the second trustee of the Plans and instead to become the principal trustee. Prior to the Trust Agreement, the actual disbursements of the fund for the Plans, or payments to the retiree or beneficiaries, had been the responsibility of a local bank as the principal trustee. The Parent Company has decided to terminate the services of the local bank and consolidated to LIDC the administration of the Plans.

The retirement fund consists of cash in banks, short-term investments, and equity investments as at December 31, 2025 and 2024 (see Note 17). The carrying amount and fair value of the retirement fund amounted to ₱330,412 and ₱482,122 as at December 31, 2025 and 2024, respectively (see Note 17).

The voting rights on the shares of stock rest on the trustees of the retirement fund, who are also the key management personnel of the Parent Company.

The Group made contributions to the trust fund amounting to nil and ₱131,279 in 2025 and 2024, respectively (see Note 17).

Compensation of key management personnel are as follows:

	2025		2024		2023	
Short-term benefits	₱	45,000	₱	18,354	₱	62,996
Post-employment benefits		13,200		-		13,200
	₱	58,200	₱	18,354	₱	76,196

16. Liability for Mine Rehabilitation Cost

	2025		2024	
Balance at beginning of year	₱	22,590	₱	13,978
Effect of change in estimate (Note 9)		-		7,768
Accretion of interest (Note 27)		539		844
Balance at end of year	₱	23,129	₱	22,590

The Parent Company makes a full provision for the future cost of rehabilitating the mine site and other future costs on a discounted basis amounting to ₱23,129 and ₱22,590 as at December 31, 2025 and 2024, respectively. Provision for mine rehabilitation and decommissioning represents the present value of future rehabilitation and other costs. These provisions have been created based on the Parent Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take-into account any material changes to the assumptions. However, actual costs will ultimately depend upon future market prices for the necessary works required which will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation and expenditure of other costs is likely to depend on when the mine ceases to produce at economically viable rates, and the timing that the event for which the other provisions provided for will occur.

Discount rate used by the Parent Company is 2.76% and 2.39% in 2025 and 2024, respectively.

17. Retirement Plans

The Parent Company has funded, noncontributory defined benefit retirement plans covering substantially all regular employees, while DDGP, FSGRI and SI have unfunded defined benefit retirement plans. Benefits are dependent on the years of service and the respective employee's compensation. The defined benefit retirement obligation is determined using the projected unit credit method.

The amounts of defined benefit retirement expense recognized in the consolidated statements of comprehensive income follow:

	2025			2024			2023		
	Funded	Unfunded	Total	Funded	Unfunded	Total	Funded	Unfunded	Total
Current service cost (Note 25)	₱ 25,162	₱ 259	₱ 25,421	₱ 23,667	₱ 244	₱ 23,911	₱ 29,609	₱ 1,322	₱ 30,931
Interest cost - net (Note 27)	78,911	1,306	80,217	54,560	1,507	56,067	58,431	3,434	61,865
	₱ 104,073	₱ 1,565	₱ 105,638	₱ 78,227	₱ 1,751	₱ 79,978	₱ 88,040	₱ 4,756	₱ 92,796

The Group has current service costs capitalized to mine exploration costs amounted to nil, nil and ₱885 in 2025, 2024 and 2023, respectively. Further, interest costs capitalized to mine exploration costs in 2025, 2024 and 2023 amounted to nil, nil and ₱741, respectively.

The amounts of remeasurement loss recognized in the consolidated statements of comprehensive income follow:

	2025	2024	2023
Remeasurement loss on retirement	₱ (41,007)	₱ (325,936)	₱ (29,190)
Income tax effect of statutory income tax	10,252	81,484	7,297
Remeasurement loss on retirement liability - net of tax	₱ (30,755)	₱ (244,452)	₱ (21,893)

The table below shows the movement analysis of remeasurement gain (loss) on retirement benefits liability in the Group's statements of financial position as at December 31, 2025, 2024 and 2023:

	2025	2024	2023
Balances at beginning of year	₱ (122,947)	₱ 121,505	₱ 143,398
Remeasurement loss during the year	(30,755)	(244,452)	(21,893)
Balances at end of year	₱ (153,702)	₱ (122,947)	₱ 121,505

The amounts of defined benefit retirement obligation recognized in the consolidated statements of financial position follow:

	Funded			Unfunded	
	Defined Benefit Liability	Fair Value of Plan Assets	Net Defined Benefit Liability	Defined Benefit Liability	Total
2025					
Balances at beginning of year	₱ 1,686,500	₱ 482,122	₱ 1,204,378	₱ 21,406	₱ 1,225,784
Interest cost/income	103,045	24,134	78,911	1,306	80,217
Current service cost	25,162	-	25,162	259	25,421
Benefits paid from plan asset	(174,246)	(174,246)	-	(1,406)	(1,406)
Actuarial gain/loss:					
Change in financial assumptions	(27,944)	(1,598)	(26,346)	(355)	(26,701)
Change in demographic assumptions	(12,342)	-	(12,342)	-	(12,342)
Experience adjustments	71,861	-	71,861	8,189	80,050
Balances at end of year	₱ 1,672,036	₱ 330,412	₱ 1,341,624	₱ 29,399	₱ 1,371,023

	Funded			Unfunded	
	Defined Benefit Liability	Fair Value of Plan Assets	Net Defined Benefit Liability	Defined Benefit Liability	Total
2024					
Balances at beginning of year	₱ 1,390,401	₱ 465,713	₱ 924,688	₱ 37,717	₱ 962,405
Interest cost/income	82,034	27,474	54,560	1,507	56,067
Current service cost	23,667	-	23,667	244	23,911
Benefits paid from plan asset	(131,388)	(131,387)	-	(11,256)	(11,256)
Actuarial gain/loss:					
Change in financial assumptions	(44,347)	(10,957)	(33,390)	390	(32,999)
Change in demographic assumptions	(32,159)	-	(32,160)	(350)	(32,509)
Experience adjustments	398,292	-	398,292	(6,848)	391,444
Contributions	-	131,279	(131,279)	-	(131,279)
Balances at end of year	₱ 1,686,500	₱ 482,122	₱ 1,204,378	₱ 21,404	₱ 1,225,784

The overall expected return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

The major categories of the Group's plan assets as a percentage of the fair value of total plan assets follow:

	2025	2024	2023
Cash in banks	2.08%	0.17%	0.23%
Short-term investments	92.43%	98.34%	97.88%
Equity investments:			
Quoted	5.46%	1.46%	1.86%
Unquoted	0.03%	0.03%	0.03%
	100%	100%	100%

The principal assumptions used in determining pension and post-employment benefits for the Group's plan assets averages in 2025, 2024 and 2023 follow:

	2025	2024	2023
Discount rate	6.31%	6.11%	5.90%
Expected rate of return on plan assets	4.30%	4.30%	4.30%
Salary increase rate	3% (every two years)	3% (every two years)	2.00% for 2024 onwards
Turnover rate	Across the board 5% rate	Across the board 5% rate	Across the board 5% rate
Mortality rate	1994 US Group Annuity Mortality	1994 US Group Annuity Mortality	1994 US Group Annuity Mortality

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2025	2024
Discount rates	+0.25%	(P 33,706)	(P 34,753)
	-0.25%	35,702	36,204
Salary increase rate	+1.00%	11,936	13,212
	-1.00%	(11,381)	(12,556)

The average future working years of service covered by the Group's retirement benefit plan is 16.7 years in 2025 and nine to 17.7 years in 2024.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2025:

2026	P 250,948
2027	282,934
2028	150,266
2029	169,833
2030	189,635
2031-2035	951,119
	P 1,994,735

18. Income Taxes

Current provision for income tax in 2025 pertains to regular income tax of LCMC amounting to P23,781. Current provision for income tax in 2024 pertains to FSGRI and DDCP's RCIT amounting to P5,881 and SSI's Minimum Corporate Income Tax (MCIT) amounting to P350.

The components of the Group's deferred tax assets and liabilities at December 31, 2025 and 2024 follow:

	Deferred Tax Assets - net		Deferred Tax Liabilities - net	
	2025	2024	2025	2024
<i>Recognized directly in profit or loss:</i>				
Accrual of:				
Retirement benefits liability	P 295,440	P 233,145	P 7,350	P 5,562
Liability for mine rehabilitation cost	5,783	3,705	-	-
Lease liability	107			
Provisions for:				
Inventory obsolescence	14,630	7,712	82	1,466
Impairment losses on property, plant and equipment	5,983	5,983	-	-
Impairment losses on receivables	3,589	61	150	4,455
Unamortized past service cost	7,723			
Unrealized foreign exchange losses	73	476	-	-
Various expense	2,700	719	-	-
Unbilled revenue	-	-	-	-
<i>Recognized directly in other comprehensive income:</i>				
Retirement benefits liability	-	41,583	(40)	-
Deferred tax assets	336,028	293,384	7,542	11,483

	Deferred Tax Assets - net		Deferred Tax Liabilities - net	
	2025	2024	2025	2024
<i>Recognized directly in profit or loss:</i>				
Revaluation increment on land	₱ 62,125	₱ 62,125	₱ 87,537	₱ 87,537
Cost of mine rehabilitation and decommissioning	-	1,942	-	-
Right-of-use assets	100	696	-	-
Unrealized foreign exchange gains	3,831	(342)	98,963	101,310
Unbilled revenue	-	-	-	-
<i>Recognized directly in other comprehensive income:</i>				
Retirement benefits liability	-	211	-	-
Deferred tax liabilities	66,056	64,632	186,500	188,847
Net deferred tax assets (liabilities)	₱ 269,972	₱ 228,752	₱ (178,958)	₱ (177,364)

The reconciliation of the Group's provision for income tax for the three years ended December 31, 2025 computed at the statutory tax rates to the provision for (benefit from) income tax shown in the consolidated statements of comprehensive income follow:

	2025	2024	2023
Tax at statutory income tax rates	₱ 364,314	₱ (37,058)	₱ (15,673)
Additions to (reductions in) income taxes resulting from tax effects of:			
NOLCO and Excess MCIT for which no deferred tax assets were recognized	(226,771)	5,599	278
Change in unrecognized DTA	(1,038)	(26)	89,765
Unrecognized DTA	-	5,118	-
Nondeductible expenses	101,172	62,011	1,261
Nontaxable income	(237,411)	(10,367)	(36,844)
Share in operating results of associates	-	47	690
Interest income subjected to final tax	(49)	(14)	(7)
Provision for impairment loss on investment in associate	-	49	-
Others	-	-	(669)
Tax at effective income tax rates	₱ 217	₱ 23,359	₱ 38,801

The Group did not recognize deferred income tax assets on certain NOLCO and excess MCIT over RCIT because management believes that it is more likely than not that the carryforward benefits will not be realized in the near future.

	2025	2024
NOLCO	₱ 1,120,062	₱ 2,027,355
Allowance for impairment of investments in associates	15,439	14,874
Provisions	4,792	31,193
Excess MCIT over RCIT	696	2,103
Allowance for expected credit losses on receivables	244	143
	₱ 1,141,233	₱ 2,075,668

As of December 31, 2025, the Group has incurred NOLCO and excess MCIT over RCIT before taxable year 2021 which can be claimed as deduction from future taxable income and income tax payable and, excess MCIT over RCIT that can be claimed as tax credit, respectively, as follows:

Year Incurred	Year of Expiration	NOLCO	Excess MCIT over RCIT
2021	2026	₱ 553,132	₱ 112
2023	2026	213,428	350
2024	2027	353,502	350
		₱ 1,120,062	₱ 696

Movements of NOLCO and excess MCIT over RCIT for the years ended December 31, 2025 and 2024 are as follows:

NOLCO	2025	2024
Balance at beginning of year	₱ 2,027,355	₱ 2,021,525
Additions	-	5,830
Applications	(906,832)	-
Expirations	(461)	-
Balance at end of year	₱ 1,120,062	₱ 2,027,355

Excess MCIT over RCIT	2025	2024
Balance at beginning of year	₱ 2,103	₱ 1,753
Additions	-	350
Expirations	(1,407)	-
Balance at end of year	₱ 696	₱ 2,103

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act”, which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five taxable years following the year of such loss.

As at December 31, 2025, the Group has incurred NOLCO that can be claimed as deduction from future taxable income for the next three to five consecutive taxable years, as follows:

Parent Company

Year Incurred	Availment Period	NOLCO Unapplied Previous Years	NOLCO Incurred Current Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied Current Year
2020	2021-2025	538,036	₱ -	₱ -	₱ (538,036)	₱ -
2021	2022-2026	551,344	-	-	-	551,344
2022	2023-2025	552,571	-	-	(339,317)	213,254
2023	2024-2026	353,315	-	-	-	373,619
		1,995,266	₱ -	₱ -	₱ (877,353)	₱ 1,117,913

LIDC

Year Incurred	Availment Period	NOLCO Unapplied Previous Years	NOLCO Incurred Current Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied Current Year
2020	2021-2025	₱ 205	₱ -	₱ (205)	₱ -	₱ -
2021	2022-2026	940	-	-	-	₱ 940
2022	2023-2025	256	-	(256)	-	-
2023	2024-2026	174	-	-	-	174
2024	2024-2026	187	-	-	-	187
		₱ 1,762	₱ -	₱ (462)	₱ -	₱ 1,301

DDCP

Year Incurred	Availment Period	NOLCO Unapplied Previous Years	NOLCO Incurred Current Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied Current Year
2021	2022-2026	₱ 848	₱ -	₱ -	₱ -	₱ 848

SSI

Year Incurred	Availment Period	NOLCO Unapplied Previous Years	NOLCO Incurred Current Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied Current Year
2023	2026	₱ 416	₱ -	₱ -	₱ (416)	₱ -

FSGRI

Year Incurred	Availment Period	NOLCO Unapplied Previous Years	NOLCO Incurred Current Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied Current Year
2020	2021-2025	₱ 107	₱ -	₱ -	₱ (107)	₱ -

19. Capital Stock

The Parent Company's authorized share capital is ₱6.64 billion divided into 66.4 billion shares at ₱0.10 par value each, consisting of 39.8 billion Class "A" and 26.6 billion Class "B" common shares.

Only Philippine nationals are qualified to acquire, own, or hold Class "A" shares. The total number of Class "B" shares of stock subscribed, issued or outstanding at any time shall in no case exceed two-thirds (2/3) of the number of Class "A" shares or 40 of the aggregate number of Class "A" and Class "B" shares then subscribed, issued or outstanding.

As at December 31, 2025 and 2024, the Parent Company's capital stock is as follows:

	No. of shares	Amount
Issued and outstanding		
Class "A"	39,821,417,656	₱ 3,982,142
Class "B"	26,552,508,993	2,655,251
	66,373,926,649	6,637,393
Subscribed		
Class "A"	1,451,540	145
Class "B"	379,908	38
	1,831,448	183
Total shares issued and subscribed	66,375,758,097	6,637,576
Less subscription receivable		1,891
		₱ 6,635,685

On August 15, 2005, the Parent Company's BOD approved the offer of 2,558,803,769 Class "A" shares and 1,705,868,182 Class "B" shares, or 1 share for every 5 shares held by shareholders as at September 21, 2005 from the Parent Company's unissued capital stock at the offer price of ₱0.20 per share. The offer of shares was exempt from registration. As at the end of that year, the Parent Company had 22,035 stockholders.

On July 17, 2006, the Parent Company's BOD approved the offer of 1,919,102,827 Class "A" shares and 1,279,401,137 Class "B" shares, or 1 share for every 8 shares held by shareholders as at August 16, 2006 from the Parent Company's unissued capital stock at the offer price of ₱0.20 per share. The sale of shares was exempt from registration. As at the end of that year, the Parent Company had 21,788 stockholders.

On November 19, 2007, the Parent Company's BOD approved the grant of the 17th Stock Option Awards (Awards) to selected employees, directors and officers of the Group in accordance with the BOD approved Revised Stock Option Plan ("RSOP"). The Awards cover a total of 420,000,000 common shares consisting of 252,000,000 Class "A" and 168,000,000 Class "B" shares from the Parent Company's unissued capital stock, exercisable at the price of ₱0.32 per share, within five (5) years from the date of SEC approval of the same. The option price of ₱0.32 per share was computed based on a new formula in the RSOP, i.e., the amount equivalent to 80% of the average closing price of the stock for the ten (10) trading days immediately preceding the date of the approval of the Grant by the Parent Company's BOD. The SEC approved the Awards and the RSOP on February 1, 2008.

On February 18, 2008, the Parent Company's BOD approved the offer of 2,467,419,971 Class "A" shares and 1,644,944,414 Class "B" shares, or one (1) share for every seven (7) shares held by shareholders as at March 25, 2008 from the Parent Company's unissued capital stock at the offer price of ₱0.25 per share. The offer of shares was exempt from registration. As at the end of that year, the Parent

Company had twenty-one thousand four hundred thirty-nine (21,439) stockholders. By virtue of the 1:7 stock rights offering at the price of 0.25 per share approved by the Parent Company's BOD on February 18, 2008, the shares covered by the Awards increased by 36,000,000 Class "A" shares and 24,000,000 Class "B" shares. The average option price was accordingly adjusted to ₱0.3112 per share.

During the annual meeting of the stockholders on April 20, 2009, the shareholders approved the increase in the authorized capital stock from ₱3.35 billion to ₱6.64 billion. The stockholders also approved the one-time waiver of their pre-emptive right to subscribe to issues or dispositions of shares of the Parent Company in proportion to their respective shareholdings but only with respect to the issues or dispositions of shares in support of the increase in the authorized capital stock to ₱6.64 billion, provided that the shares to be issued to support such increase in the Authorized Capital Stock shall not exceed 20% of the stock subscribed, issued and outstanding after such issuance.

On October 18, 2010, the Parent Company's BOD approved the offer of 6,031,372,952 Class "A" shares and 4,020,909,888 Class "B" shares, or one (1) share for every 3.3 shares held by shareholders as at December 3, 2010 at the offer price of ₱0.30 per share to support the increase in the Parent Company's authorized capital stock from ₱3.35 billion to ₱6.64 billion. The offer was approved and confirmed by the SEC as an exempt transaction on November 9, 2010. As at the end of that year, the Parent Company had 21,173 stockholders.

By virtue of the 1:3.3 stock rights offering at ₱0.30 per share approved by the Parent Company's BOD on October 18, 2010, the number of shares covered by the Awards, specifically those for the fourth and fifth years of the option, increased by 33,409,662 Class "A" and 22,273,108 Class "B" shares. Accordingly, the average option price was adjusted to ₱0.3086 per share.

There were no outstanding stock options as at December 31, 2024 and 2023.

On September 15, 2014, the BOD approved an offer to shareholders, on record as at November 12, 2014, the right to subscribe to one share of common stock for every 5.5 shares held on such record date at the price of ₱0.20 per share from the Parent Company's unissued capital stock. Proceeds from the offering were utilized for the settlement of debts as well as for the exploration programs covering the Victoria, Enargite, and Honeycomb areas.

On July 17, 2017, the BOD approved an offer to shareholders, on record as at November 6, 2017, the right to subscribe to one share of common stock for every 4.685 shares held on such record date at the price of ₱0.15 per share from the Parent Company's unissued capital stock. Proceeds from the offering were/will be utilized for the further exploration and development of the Copper-Gold project and settlement of debts and pension obligations. As at December 31, 2017, the Parent Company's proceeds from the said offering amounted to ₱118,425.

Further to the Parent Company's SRO last November 6, 2017, proceeds from the offering amounted to ₱1,633,420 as at January 15, 2018.

Subscription Receivable amounting to ₱802,299 pertaining to the uncollected balance from the offering as of December 31, 2017 were fully collected as at January 15, 2018.

On June 15, 2020, the BOD approved and recommend to shareholders for approval, the amendment of the Articles of Incorporation for the purpose of (1) increasing the authorized capital stock from ₱6.64 Billion to ₱12.00 Billion; and (2) removing the requirement in paragraph (b) that "The total number of shares "B" common stock will shall at any time be subscribed, issued and outstanding shall in no case exceed four-sixths (4/6) of the number of shares of class "A" and class "B" common stock subscribed, issued, and outstanding". On July 27, 2020, the Board decided that the plans for amendment of the Articles of Incorporation and increase in authorized capital stock will no longer be taken up at the annual meeting as it was not necessary.

On February 2, 2022, in a special meeting, the BOD amended the board resolution dated June 15, 2020, approving the increase in the authorized capital stock from ₱6.64 billion to ₱9.00 billion, which superseded the earlier proposal.

During the special meeting of the stockholders on March 21, 2022, the shareholders approved the amendment to article VII of the Articles of Incorporation to reflect the increase in the authorized capital stock from ₱6.64 billion to ₱9.00 billion.

On April 7, 2022, the BOD approved an offer to shareholders, the right to subscribe to one share of common stock for every 4.6 shares held on such record date at the price of ₱0.14 per share from the Parent Company's unissued capital stock. Proceeds from the offering will be utilized to fund exploration drilling for gold and copper deposits; settlement of payables, pension update, capital expenditures, and for working capital.

On July 18, 2022, the price and other details of the stock rights offering have been changed in consideration of the present market conditions, as authorized by the BOD. The offer to shareholders was the right to subscribe to one share of common stock for every 3.95 shares held on such record date at the price of ₱0.12 per share from the Parent Company's unissued capital stock. The total number of shares offered amounts to 16.80 billion and the value of the stock rights offering amounts to ₱2.02 billion.

On August 7, 2025, the Securities and Exchange Commission (SEC) issued Memorandum Circular No. 10, Series of 2025, entitled "Repeal of the Rules Allowing the Trading of "B" Shares on the Regular Board and Requiring Buyers To Accept Either "B" or "A" Certificates." The Circular requires the Company to amend its Articles of Incorporation and By-Laws within one (1) year from its effectivity. At the regular board meeting held on February 16, 2026, the Board of Directors approved the declassification of Common Class A and Class B shares, and the corresponding amendments to Article Seventh of the amended Articles of Incorporation.

The Parent Company has 27,620, 22,035 and 27,684 stockholders as at December 31, 2025, 2024 and 2023, respectively.

20. Non-controlling Interests (NCI)

NCI represent third parties' interests in FSGRI.

Financial information of subsidiary that has material NCI is provided below:

	Principal Place of Business	2025	2024
FSGRI	Philippines	40%	40%
Equity attributable to material NCI:			
		2025	2024
FSGRI		₱ 254,922	₱ 254,739
Net loss and OCI attributable to material NCI:			
		2025	2025
FSGRI			
Net loss	183	358	(25)
Other comprehensive loss	-	-	(152)

The summarized financial information of this subsidiary is provided below. This information is based on amounts before intercompany eliminations.

	2025	2024
Operating expenses	₱ -	₱ (1,062)
Foreign exchange loss	-	(1,058)
Other income	603	3,412
Income before income tax	603	1,292
Provision for income tax	145	398
Net income	458	894
Other comprehensive income	-	-
Total comprehensive income	₱ 458	₱ 894
Attributable to NCI	₱ 183	₱ 358

Summarized statements of financial position as at December 31, 2025 and 2024 are as follows:

	2025	2024
Current assets	₱ 5,780	₱ 7,273
Noncurrent assets	7,439,392	7,435,107
Current liabilities	(152,944)	(150,609)
Noncurrent liabilities	(6,650,882)	(6,650,882)
Net assets	₱ 641,346	₱ 640,889
Attributable to:	2025	2024
Equity holders of the Parent Company	₱ 384,808	₱ 384,533
NCI	254,922	254,739

Summarized cash flow information for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Operating	₱ 4,826	₱ (25,268)
Investing	(3,931)	(41,917)
Financing	-	61,003
Effect of exchange rate changes on cash	20	890
Net increase (decrease) in cash	₱ 915	₱ (5,292)

21. Earnings Per Share

Basic earnings (loss) per share is calculated by dividing the income (loss) attributable to equity holders of the Parent Company by the weighted average number of common shares in issue during the year.

In computing for the diluted earnings (loss) per share, the Parent Company considered the effect of any potentially dilutive stock options outstanding as at December 31, 2025 and 2024. There were no outstanding stock options as of December 31, 2025 and 2024.

	2025	2024	2023
Net income (loss) attributable to equity holders of the Parent Company	₱ 1,448,409	₱ 102,298	₱ (107,474)
Divided by: Weighted average number of common shares for basic and diluted loss per share	66,373,758	66,373,758	66,373,758
Basic/diluted earnings (loss) per share	₱ 0.0218	₱ 0.0015	₱ (0.0016)

22. Cost of Sales

	2025	2024	2023
Consumables and supplies (Note 6)	₱ 837,247	₱ 821,721	₱ 628,709
Personnel costs (Note 25)	514,707	435,969	388,698
Depletion, depreciation, and amortization (Note 9)	396,294	408,169	472,987
Utilities	332,411	299,160	307,605
Production tax	179,706	110,882	99,541
Repairs and maintenance	86,998	70,921	129,165
Contractual services	35,674	21,690	53,590
Outside services	29,843	50,149	24,193
Taxes, duties and licenses	22,975	11,064	11,654
Professional fees	20,101	19,621	16,539
Insurance expense	11,653	7,314	2,993
Others	7,845	23,052	19,891
Total	₱ 2,475,454	₱ 2,279,712	₱ 2,155,565

Depletion, depreciation and amortization includes amortization for intangible assets under "Other noncurrent assets" amounting to ₱437, ₱381 and ₱291 in December 31, 2025, 2024 and 2023, respectively.

23. Cost of Services

	2025	2024	2023
Personnel costs (Note 25)	₱ 25,358	₱ 19,230	₱ 17,124
Consumables and supplies (Note 6)	20,597	39,878	18,273
Repairs and maintenance	5,501	8,678	2,125
Depreciation and amortization (Note 9)	1,383	637	3,892
Taxes, duties and license fees	873	700	1,197
Utilities	268	234	921
Professional fees	120	185	268
Transportation and travel	28	846	464
Others	16,258	398	323
	₱ 70,386	₱ 70,786	₱ 44,587

24. Operating Expenses

	2025	2024	2023
Personnel costs (Note 25)	₱ 116,298	₱ 99,353	₱ 91,079
Repairs and maintenance	50,440	2,576	3,276
Professional fees	22,511	11,509	12,898
Provision for allowance on inventory obsolescence (Note 6)	22,131	-	-
Consultancy and director's fee	18,764	1,884	1,833
Consumables and supplies (Note 6)	14,142	10,369	7,508
Utilities	13,170	12,499	12,067
Taxes, duties and license fees	12,928	18,347	7,434
Depreciation and amortization (Note 9)	8,685	9,814	10,316
Security and janitorial fees	8,615	7,167	6,208
Rentals	7,504	3,756	4,060
Outside services	6,222	5,125	3,925
Disallowed VAT Claims	5,968	68,179	91,308
Transportation and travel	4,396	3,791	5,792
Insurance expense	1,162	1,553	6,764
Representation and entertainment	749	7,531	7,464
Stockholders' meeting and expenses	480	560	759
Bank charges	364	615	422
Provision for impairment losses on receivable (Note 5)	-	-	1,321
Others	14,595	3,755	4,617
	₱ 329,124	₱ 268,383	₱ 279,051

25. Personnel Costs

	2025	2024	2023
Cost of sales (Note 22)	₱ 514,707	₱ 435,969	₱ 388,698
Operating expenses (Note 24)	116,298	99,353	91,079
Cost of services (Note 23)	25,358	19,230	17,124
	₱ 656,363	₱ 554,552	₱ 496,901

Details of personnel costs are as follows:

	2025	2024	2023
Salaries and wages	₱ 462,912	₱ 426,713	₱ 457,222
Retirement benefits (Note 17)	25,421	23,911	30,931
Others	168,030	103,928	8,748
	₱ 656,363	₱ 554,552	₱ 496,901

26. Supplemental Disclosure to Statements of Cash Flows

Non-cash investing and financing activities pertain to the following:

2025

- Increase in liability for mine rehabilitation costs due to accretion of interest amounting to ₱539.
- Increase in retirement benefit liability due to recognition of current service cost amounting to ₱25,163, interest expense amounting to 78,910 and measurement loss amounting to ₱33,174
- Decrease in trade and other payables and increase in short-term and long-term debt and other interest-bearing liabilities due to restructured supplier liability amounted to ₱67,000 (see Note)
- Increase in mine exploration costs as a result of capitalized depreciation expense amounted to ₱32 (see Note 12)

2023

- Increase in liability for mine rehabilitation costs amounting to ₱7,768 due to the effect of change in estimate and accretion of interest amounting to ₱844.
- Increase in other noncurrent assets amounting to ₱185 due to amortization of intangible assets.

2022

- Increase in liability for mine rehabilitation costs amounting to ₱1,673 due to the effect of change in estimate and accretion of interest amounting to ₱815.
- Increase in other noncurrent assets amounting to ₱291 due to amortization of intangible assets and reclassifications of input VAT from noncurrent assets to current assets amounting to ₱107,789.
- Increase in mine exploration costs as a result of capitalized depreciation expense amounted to ₱6,971 (see Note 12)

Movements on the reconciliation of liabilities arising from financing activities are as follows:

2025	January 1, 2025	Cashflows	Foreign exchange	Restructuring/ Addition	Leases	December 31, 2025
Interest-bearing loans and borrowings	₱ 172,192	₱ (25,979)	₱ 944	₱ 67,000	-	₱ 214,157
Lease liabilities	2,876	(2,449)	-	-	-	427
Total liabilities from financing activities	₱ 175,068	₱ (28,428)	₱ 944	₱ 67,000	-	₱ 214,584

2024	January 1, 2024	Cashflows	Foreign exchange	Restructuring/ Addition	Leases	December 31, 2024
Interest-bearing loans and borrowings	₱ 237,168	₱ (64,591)	₱ (385)	₱ -	-	₱ 172,192
Lease liabilities	1,940	(4,127)	-	4,773	290	2,876
Total liabilities from financing activities	₱ 239,108	₱ (68,718)	₱ (385)	₱ 4,773	₱ 290	₱ 175,068

2023	January 1, 2023	Cashflows	Foreign exchange	Restructuring/ Addition	Leases	December 31, 2023
Interest-bearing loans and borrowings	₱ 240,162	₱ (19,612)	₱ (385)	₱ 17,003	-	₱ 237,168
Lease liabilities	10,049	(8,659)	-	-	550	1,940
Total liabilities from financing activities	₱ 250,211	₱ (28,271)	₱ (385)	₱ 17,003	₱ 550	₱ 239,108

27. Finance Costs

	2025	2024	2023
Interest expense on short-term and long-term borrowings (Note 14)	₱ 25,707	₱ 12,891	₱ 4,875
Interest cost on retirement liability - net (Note 17)	80,217	56,067	61,685
Accretion of interest on mine rehabilitation costs (Note 16)	539	844	815
Interest cost on lease liabilities (Note 30g)	142	290	76
Others	5,862	4,130	4,039
	₱ 112,467	₱ 74,222	₱ 71,490

28. Other Income - net

	2025	2024	2023
Gain (loss) on disposal of property, and equipment	₱ (22,933)	₱ 3,078	₱ (1,478)
Rental income	1,556	1,022	-
Gain on disposal of parts and supplies	364	452	-
Interest income (Note 4)	205	46	33
Parking fees	131	52	235
Sale of scrap	-	534	527
Impairment loss on investment in associate (Note 11)	-	(198)	(83)
Gain on settlement of retirement liability	-	-	11,474
Other income (loss) - net	10,939	19,383	(10,832)
	₱ (9,738)	₱ 24,369	₱ (124)

29. Revenues

	2025	2024	2023
Revenue from contracts with customers:			
Sale of bullion	₱ 4,412,079	₱ 2,781,674	₱ 2,474,384
Other revenue	11,920	17,575	13,850
	4,423,999	2,799,249	2,488,234
Other revenues:			
Rent income (Note 30g)	10,041	2,265	467
	₱ 4,434,040	₱ 2,801,514	₱ 2,488,701

Sale of Bullion

The Parent Company entered into RA with Heraeus Limited (Heraeus) in 2005 for the refining of the former's gold and silver bullion production. Each shipment of materials under the agreement will consist of no less than 20 kilograms of materials.

At settlement, the prices for all sales are as follows:

- Gold - the London Bullion Market Association PM fixing in US\$
- Silver - the London Bullion Market Association fixing in US\$

Heraeus shall settle the metal payables initially up to 98% of the provisional values less smelting and treatment charges while the remaining balance shall be paid after determining the final assayed gold and silver contents of refined materials for each shipment.

Smelting and refining charges include refining, transportation and insurance charges incurred by Heraeus. These charges are deducted from the amount receivable from Heraeus. On January 1, 2008, the RA was renewed under the same terms. A further renewal was made on October 1, 2013, effective for two years. Heraeus confirmed purchase of gold and silver for the year 2015, also under the same and existing terms, in their letter dated April 1, 2015. On October 1, 2021, the refining agreement was renewed under the same terms of the previous year contract to be applied prospectively. In October 2023, the Parent Company and Heraeus entered into another Refining and Transportation agreement effective until October 1, 2025.

Smelting and refining charges in 2025, 2024, and 2023 related to sale of bullion and concentrates amounted to ₱5,012, ₱3,887 and ₱4,188, respectively.

30. Commitments, Agreements, Contingent Liabilities and Other Matters

- (a) The Parent Company's BOD approved its execution of an Option and Shareholders' Agreement ("Agreement") with Gold Fields Switzerland Holding AG ("GFS"), a wholly owned subsidiary of Gold Fields Limited, in relation to the development and operation of the Far Southeast Project.

The Agreement grants GFS an option to subscribe to new shares of FSGRI representing a 20% interest in FSGRI within 18 months from the execution of the Agreement or 10 days from the issuance of a Financial or Technical Assistance Agreement (FTAA) over the Project area, whichever comes later. If the option is exercised by GFS, the Parent Company's interest in FSGRI will be reduced from 60% to 40%.

The Parent Company was paid a non-refundable option fee of US\$10 million. The option requires GFS to sole-fund pre-development expenses including exploration and a feasibility study of the Project and contribute US\$110 million into FSGRI. GFS must also contribute its proportionate share of the development cost at which point GFS will receive its 20% interest in FSGRI.

On July 8, 2024, the Parent Company, FSGRI and the Gold Fields group have agreed to terminate the Agreement dated September 20, 2010 in respect of the Far Southeast Project. The exploration program sole-funded by Gold Fields has resulted in an inferred mineral resource of 19.8 million oz. gold and 4.6 million tons copper. Advances received from FSE Services Limited, a subsidiary of Gold Fields Ltd., amounted to ₱6,378,919 as at December 31, 2025 and 2024. FSE Services Limited retains the rights over the advances and the future conversion into equity of FSGRI. These advances were utilized to fund exploration activities undertaken in the Far Southeast Project. The Parent Company will continue to provide operational support to FSGRI.

- (b) In an agreement entered into with Philippine Associated Smelting & Refining Corporation (PASAR) on April 21, 1983, the Parent Company committed to deliver to PASAR and PASAR committed to take in a minimum quantity of its calcine production from its roaster plant in accordance with the pricing and payment terms defined in the agreement. The agreement is for an indefinite period unless otherwise terminated or cancelled pursuant to agreed terms or by the parties' mutual consent. In 1998, the agreement was suspended for an indefinite period in view of the temporary cessation of the Parent Company's roaster plant operations.
- (c) On March 3, 1990, FSGRI entered into a MPSA with the Philippine Government through the Department of Environment and Natural Resources (DENR) and the Parent Company pursuant to Executive Order No. 279. Under the terms of the agreement, FSGRI shall pay the Philippine Government a production share of 2% on gross mining revenues and 10% on net mining revenues payable within 30 days at the end of each financial reporting year and such will commence upon the start of FSGRI's commercial operations. The said government shares have been effectively revised by Republic Act. No. 7942 or the Philippine Mining Act, Sec. 84 of which states that the excise tax on mineral products provided under Sec. 151 of the National Internal Revenue Code shall be the government share under the MPSA.

The initial term of this agreement shall be twenty-five contract years from the effective date, subject to termination as provided in the agreement, and renewable for another period of twenty-five years upon such terms and conditions as may be mutually agreed upon by the parties or as may be provided for by law.

In November 2011, pursuant to the Agreement with GFS, the Parent Company filed a letter of intent with the Mine and Geosciences Bureau to convert portions of MPSA No. 01-90-CAR, MPSA No. 151-2000-CAR and APSA No. 096 with an aggregate area of 424.3477 hectares into an FTAA.

On August 13, 2013, the BOD resolved to renew MPSA No. 001-90 that will be expiring in March 2015. FSGRI joined LCMC in its application for the renewal of the MPSA without prejudice to FSGRI's pending application for conversion to FTAA. The assignment documents whereby the two (2) parties exchanged properties, with FSGRI obtaining about 304.08 hectares of the MPSA and the Parent Company getting the balance remain pending with the DENR.

The Parent Company and co-contractor FSGRI (the “Applicants”) filed a joint application for the renewal (the “Application”) of MPSA 001-90-CAR with the Mines and Geosciences Bureau- Cordillera Administrative Region (MGB-CAR) on June 4, 2014. In a letter dated August 20, 2014, the MGB-CAR informed the applicants that they had substantially complied with the requirements for the renewal of the said MPSA and that the Application will be indorsed to the National Commission on Indigenous Peoples (NCIP) for appropriate action. The Applicants replied that the imposition of new requirements such as the Free and Prior Informed Consent (“FPIC”) or the endorsement of the Application to the NCIP impairs the contractors’ vested rights under the MPSA, the Mining Act (MA) and the Constitution, including, but not limited to, the contractors’ right under Section 32 of the MA to a renewal of the MPSA “under the same terms and conditions.” Since, despite good faith efforts of the Applicants, the matter had remained unresolved as of mid-February 2015, a month prior to the expiry of the initial term of the MPSA, the Applicants initiated Arbitration proceedings against the Republic of the Philippines, represented by the DENR, pursuant to Sections 12.1 and 12.2 of the MPSA. Pursuant to the Republic Act (Rep. Act) No. 876, Arbitration Act, Rep. Act No. 9285, the Alternative Dispute Resolution (ADR) Act of 2004, and the Special ADR Rules, the applicants filed with the Regional Trial Court a Petition for Interim Measures of Protection whereby they prayed for the issuance of a writ of Preliminary Injunction against the DENR, MGB and the NCIP to be assured of uninterrupted operations during the pendency of the Arbitration.

In December 2015, the Applicants obtained the Arbitral Tribunal’s Final Award upholding their position. Specifically, the Final Award confirmed that the FPIC and Certification Precondition requirements under the Indigenous Peoples’ Rights’ Act may not be validly imposed as requirements for the renewal of the MPSA, and the latter should be renewed under the same terms and conditions, without prejudice to changes mutually agreed upon by the parties. In a decision dated April 30, 2018, the Court of Appeals upheld the Final Award of the Arbitral Tribunal. The Republic of the Philippines filed a Petition for Review with the Supreme Court.

In a decision of the Supreme Court dated June 21, 2022, the Final Award was vacated without prejudice to the Parent Company’s and FSGRI’s full compliance with the Free and Prior Informed and Written Consent requirement of the Mankayan Indigenous Cultural Communities/Indigenous Peoples as a condition for the renewal of the MPSA No. 001-90. A Motion for Reconsideration was filed by the Parent Company and FSGRI on January 4, 2023. In a Resolution dated January 24, 2023, the Supreme Court denied the said motion.

The MGB-CAR has endorsed to the NCIP the application of the Parent Company and FSGRI for the renewal of the MPSA and the FPIC process is underway. In the first quarter of 2026, Lepanto and FSGRI received a YES vote from the majority of the barangays of the Mankayan Ancestral Domain during the consensus-building phase of the FPIC process. Lepanto is looking to conclude a Memorandum of Agreement with the Indigenous Peoples of Mankayan soon.

- (d) Under a memorandum of agreement entered into on October 18, 1991 by FSGRI and the Parent Company among residents of various barangays of Mankayan, Benguet, the municipal government of Mankayan, the Benguet provincial government, the DENR, FSGRI and the Parent Company (collectively as “Group”), among other things, are mandated to abide by certain commitments to the barangays as contained in the said agreement in return for the continued implementation of the Far Southeast Project. The agreement likewise provides that: (1) the implementation of the project is subject to the conditions imposed or may be imposed by the DENR specifically on certain environmental concerns; and the residents shall not hinder the implementation of the project and shall assist the Group and the DENR in the peaceful solution of conflicts relative to the Group’s operations.

In April 1998, the Parent Company entered into a separate memorandum of agreement with the Office of Municipal Mayor and Sangguniang Bayan of Mankayan, DENR and MGB. Under the agreement, the Parent Company is mandated to establish and maintain a Monitoring Trust Fund and MRF amounting to ₱50 and ₱5,000, respectively. The funds are to be used for physical and social rehabilitation, reforestation and restoration of areas and communities affected by mining activities and for pollution control, slope stabilization and integrated community development. The rehabilitation fund to be maintained by the Parent Company in a mutually acceptable bank, subject to annual review of MRF committee, is payable in four equal quarterly payments of ₱1,250 up to March 1999. As at December 31, 2024 and 2023, the rehabilitation fund of ₱5,000, which does not meet the features provided under Philippine Interpretation IFRIC 5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*, is presented under “Other noncurrent assets” account in the consolidated statements of financial position.

- (e) The Parent Company is either a defendant or co-defendant in certain civil, labor and administrative cases which are now pending before the courts and other governmental bodies. In the opinion of management and the Parent Company’s legal counsel, any adverse decision on these cases would not materially affect the Parent Company’s financial position as at December 31, 2025 and 2024, and results of operations for the years ended December 31, 2025, 2024 and 2023.
- (f) The Parent Company filed a petition with the Panel of Arbitrators of the MGB-Cordillera Autonomous Region (CAR), Baguio City for the cancellation of the mining claims of the Gaffneys after discovering that the Gaffneys’ 6 patentable mining claims were floating claims in violation of Section (Sec.) 28 of the Philippine Bill of 1902, hence void ab initio. However, the Panel of Arbitrators, relying on a 1991 decision of the 1st Division of the Supreme Court (SC) (“Poe Mining Association vs. Garcia”, 202 SCRA 222) which has already been discarded and overruled by the SC En Banc in the 1997 case “Itogon-Suyoc Mines, Inc. vs. DENR Secretary, et al.” (which states that “the requirement that a mining claim must have valid tie points, i.e., must be described with reference to a permanent object, cannot be dispensed with and non-compliance therewith renders the mining claims null and void”) erroneously sustained the validity of the mining claims of the Gaffneys. The Panel further entertained the monetary counterclaim of the Gaffneys and awarded them damages notwithstanding that it has no jurisdiction whatsoever over money claims. This is clear in Sec. 77 of the Philippine

Mining Act and in the case of “Jorge Gonzales and the Panel of Arbitrators vs. Climax Arimco Mining Corp., et al.”, G.R. No. 161957, where the SC, reiterating its ruling in “Philex Mining Corp. vs. Zaldivia”, 150 PHIL 547 (1972), stated that contractual violations such as fraud, misrepresentation, non-payment of royalties, compensation, validity of contracts and the like, are judicial questions that only the courts, not the Panel of Arbitrators, could hear and decide. The Parent Company appealed this ruling to the Mines Adjudication Board which affirmed the decision of the Panel of Arbitrators in June 2011 but ordered the MGB Central Offices to review and determine the reasonable amounts of monetary awards to which the Gaffneys are entitled. Both parties filed motions for reconsideration. Acting on the said motions, the MAB affirmed its decision in respect of the validity of the mining claims, but reversed itself on the monetary awards, stating that monetary claims can only be determined through a competent court. Both parties appealed, the Parent Company in respect of the validity of the Gaffneys’ mining claims and the Gaffneys in respect of the jurisdiction of the Panel of Arbitrators over their monetary claims. The Gaffneys’ appeal was dismissed by the Court of Appeals and they have filed a motion for reconsideration. The Parent Company’s appeal was granted by the Court of Appeals in a decision dated August 26, 2015, declaring as null and void the mining claims of the Gaffneys. This decision was affirmed by the Supreme Court and became final and executory on July 5, 2016.

- (g) The Parent Company leases a 1,789.65 sq. meter property in Malolos, Bulacan, used for its warehouse. The lease, recently renewed, is effective until the end of February 2029. The Parent Company also has a lease agreement in Bulacan where its roasting plant is constructed which is effective until March 2024. On January 18, 2024, the lease agreement was renewed for another lease term of two (2) years starting February 28, 2024 to March 1, 2026.

The following amounts recognized in statement of comprehensive income:

	2025	2024
Depreciation expense of right-of-use assets included in property, plant and equipment (Note 9)	₱ 2,386	₱ 1,388
Interest expense on lease liabilities (Note 27)	142	290
Expenses relating to short-term leases (included in cost of sales)	102	-
Expenses relating to short-term leases included in operating expenses (Note 24)	7,504	4,485
	₱ 10,134	₱ 6,163

The roll forward analysis of lease liabilities follows:

	2025	2024
Balance at beginning of year	₱ 2,876	₱ 1,940
Addition	-	4,773
Interest expense (Note 27)	142	290
Payments of:		
Principal portion	(2,449)	(3,837)
Interest	(142)	(290)
Balance at end of year	₱ 427	₱ 2,876
Less current portion of lease liabilities	427	2,449
Lease liabilities – net of current portion	₱ -	₱ 427

Interest expense amounting to nil and ₱26 were capitalized as part of mine exploration costs in 2025 and 2024, respectively.

Shown below is the maturity analysis of the undiscounted lease payments for the period ended December 31, 2025:

	2025	2024
Within one year	₱ 435	₱ 2,590
More than one year to two years	-	435

The Parent Company leases out some of its properties which include land, a warehouse, guesthouses and other facilities to various entities. Rental income for 2025, 2024 and 2023 amounted to ₱10,041, ₱2,265 and ₱467, respectively (see Note 29). Lease term of the rent agreements are valid for one year and are renewable at the discretion of both the contracting parties.

- (h) As at December 31, 2025 and 2024, the Parent Company has no unused credit lines with various banks. These facilities can be availed of through short-term and long-term loans, opening of import letters of credit and outright purchase of negotiable bills.
- (i) In an execution sale held on December 12, 2001, DDCP acquired a 40% interest in the Guinaoang Project of Crescent Mining and Development Corporation (Crescent) which is covered by MPSA No. 057-096-CAR. The execution sale was done in connection with the case filed by DDCP before the RTC-Makati City against Pacific Falcon Resources Corporation (Pacific Falcon) for the payment of drilling services rendered at the Guinaoang Project amounting to US\$307,187. Per records of the MGB and the Joint Venture Agreement between Crescent and Pacific Falcon (formerly known as Trans Asian Resources Ltd.), Pacific Falcon has a 40% interest in the subject MPSA. DDCP had the pertinent certificate of sale registered with the MGB and requested the MGB for approval of the transfer to DDCP of Pacific Falcon’s 40% interest in MPSA No. 057-096-CAR. The MGB having refused to effect, such transfer DDCP, filed a motion with the RTC of Makati praying that an Order be issued directing the MGB and the DENR to amend the MPSA of

Crescent to reflect DDCP's 40% interest therein, which the RTC granted, subject to the pertinent provisions of mining law and its Implementing Rules and Regulations ("IRR"). The DENR filed a petition for review of the said Order with the Court of Appeals but the same was dismissed for lack of merit. On the other hand, Crescent filed a Petition for Review with the Court of Appeals, claiming that the Decision of the RTC dated 23 April 2001 could no longer be executed because it was barred by prescription. The CA granted the petition. DDCP elevated the matter to the Supreme Court but its petition was dismissed.

(j) Reclassification adjustments

There were some reclassifications made in December 31, 2024 balances to facilitate proper classification and conform to the December 31, 2025 consolidated financial statements presentation.

(k) Enhanced Fiscal Regime for Large-Scale Metallic Mining Act or Republic Act No. 12253 (RA 12253)

On September 4, 2025, Republic Act No. (RA) 12253, otherwise known as the "Enhanced Fiscal Regime for Large-Scale Metallic Mining Act", was signed into law. It took effect 15 days after its complete publication in the Official Gazette and in newspapers of general circulation or September 20, 2025. The Implementing Rules and Regulations (IRR) of RA 12253 were promulgated on December 18, 2025, although the transitory clause provides that large-scale metallic mining contractors and/or operators shall immediately be subject to the fiscal regime provided therein after 150 days from the date of effectivity or February 17, 2026.

RA 12253 applies to large-scale metallic mining operations, or the exploration, development and utilization of metallic minerals under a mineral agreement or Financial or Technical Assistance Agreement (FTAA). Patented mining claims validly located and perfected under the Philippine Bill of 1902, which have thereby been segregated from the public domain and vested with private ownership, and which have been expressly excluded from the coverage of any mineral agreement or FTAA, shall not be subject to the taxes imposed under Section 15L-A of the National Internal Revenue Code, as amended by RA 12253, except as may be otherwise determined by the Supreme Court of Philippines.

The following, among others, are the salient provisions of RA 12253:

- Income from metallic mining operations is defined as gross output less deductions directly attributable to mining operations, which include:
 - Mining, milling, transporting, and handling expenses together with smelting and refining costs incurred, which refer to ordinary and necessary costs incurred in the extraction and processing of minerals
 - General and administrative expenses actually incurred by the metallic mining contractor or operator
 - Environmental expenses of the metallic mining contractor or operator,
 - Expenses for the development of host and neighboring communities and of geosciences and mining technology
 - Lease and royalty payments which shall refer to necessary payments made by the contractor or operator to claim owners, or surface landowners, and/or Indigenous Cultural Community or Indigenous People relating to the contract area during the operating period
 - Continuing exploration and development expenses, which shall refer to costs incurred within the contract area after the pre-operating period for further exploration and development of the mining project
 - Interest expenses which shall refer to amounts paid or incurred on loans that are necessary for mining operations, subject to the financing requirement under the mineral agreement or FTAA, provided that interest incurred on related-party debts of metallic mining contractors or operators, in excess of a quarterly related-party debt-to-equity ratio of 2:1 at any time during a taxable year shall not be allowed as a deduction under Section 3a(B) of the Tax Code, as amended
 - Depreciation, depletion, or amortization, which shall refer to deductions representing the systematic allocation of the cost of tangible and intangible mining assets over their useful life or productive period
 - Duties, fees, charges, and taxes, which shall refer to compulsory payments imposed under existing laws and regulations, other than royalty as provided in this Section 151-A and the windfall profits tax under Section 151-B of the Tax Code, as amended
- Margin, for purposes of calculating the royalty tax, is defined as the ratio of income from large-scale metallic mining operations to gross output while for purposes of calculating the windfall profits tax, 'windfall' or 'margin' is defined as the ratio of 'net income from large-scale metallic mining operations' to gross output.
- Royalty of 5% on the gross output of the minerals or mineral products extracted or produced by large-scale metallic mineral operations within mineral reservations.
- Margin-based royalty ranging from 1% to 5% on income of large-scale metallic operations outside mineral reservations. If the margin of large-scale metallic mining operations outside mineral reservations is less than or equal to 0%, a minimum royalty of 1/10 of 1% of the gross output of the minerals or mineral products extracted or produced shall be imposed.

- Large-scale metallic mining operations shall be subject to a windfall profits tax on net income from metallic mining operations. The windfall profits tax rate is based on margin and ranges from 1% to 10%. For purposes of calculating the windfall profits tax, windfall or margin refers to the ratio of net income from large-scale metallic mining operations to gross output except that allowable tax deductions shall include corporate income tax and royalty tax. Further, for the purpose of computing the windfall or margin, the optional standard deduction shall not be used. The windfall profits tax shall not be deductible from taxable income as defined in Section 31 of the Code.
- For purposes of computing and paying the royalty tax and windfall profits tax, the following shall be treated as a separate taxable entity
 - A metallic mining contractor, with respect to each mineral agreement or FTAA that it holds and/or operates
 - Where there is more than one (1) valid mining operator under the same mineral agreement or FTAA, each mining operator shall be deemed a separate taxable entity for its respective mining operations under each mineral agreement or FTAA
- The fiscal regime and revenue-sharing arrangement provided under RA 12253 shall accordingly be embodied, as appropriate, in the mineral agreements and FTAA on metallic mineral production entered into by the Philippines government. This fiscal regime and revenue-sharing arrangement shall continue to be in force and effect for the entire duration of the contracts so entered and executed after the enactment of RA 12253. Valid mineral agreements and FTAA existing prior to the effectivity of the IRR shall continue to be governed by their respective terms and conditions until the expiration of their periods, except if said agreements provide that terms and conditions resulting from the repeal or amendment of existing laws or regulations or from the enactment of new laws or regulations shall be considered written into and part of said mineral agreements and FTAA.

As of April 20, 2026, the revenue regulations implementing changes to the Tax Code, as amended by RA 12253, have not yet been issued by the Bureau of Internal Revenue (BIR).

RA 12253 is not considered substantively enacted as of December 31, 2025, because the transitory clause in the IRR provides that large-scale metallic mining contractors and/or operators shall be subject to the fiscal regime provided therein only on February 17, 2026.

The Group is currently assessing the impact of the amendments introduced by RA 12253 on its December 2026 financial statements based on the provisions of the IRR. The Group will reassess the impact of RA 12253 on its financial statements after the relevant revenue regulations have been issued by the BIR.

31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and interest-bearing borrowings. The main purpose of the Group's financial instruments is to fund the Group's operations. The Group has other financial instruments such as receivables, financial assets designated at FVOCI and trade and other payables, which arise directly from operations. The main risks arising from the use of financial instruments are credit risk, market risk, and liquidity risk.

The Group's BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The credit risk arising from these financial assets arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Group's gross maximum exposure to credit risk is equivalent to the carrying values since there are no collateral agreements for these financial assets.

Credit Risk Exposure

With respect to credit risk arising from cash in banks and cash equivalents, trade and other receivables, and MRFs and under "Other noncurrent assets", the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows the gross maximum exposure to credit risk without consideration to collaterals or other credit enhancements for the components of the consolidated statements of financial position as at December 31, 2025 and 2024.

	2025	2024
Cash in banks (Note 4) Cash equivalents (Note 4)	₱ 643,885	₱ 59,581
Trade receivables (Note 5)	200,000	-
Nontrade receivables (Note 5)	25,068	27,296
MRFs under “Other noncurrent assets”	12,532	27,995
	15,686	4,545
	₱ 897,171	₱ 119,417

As at December 31, 2025 and 2024, these financial assets, except receivables where allowance for ECL were recognized, are neither past due nor impaired.

Cash in banks, cash equivalents, trade receivables not subject to provisional pricing, Nontrade and other receivables, and MRFs under “Other noncurrent assets”

In determining the credit risk exposure for cash in banks, and MRFs under “Other noncurrent asset, the Group has established probability of default rates based on available credit ratings published by third- party credit rating agencies. The credit ratings already considered the forward-looking information. When a counterparty does not have published credit ratings, the Group benchmarks the credit ratings of comparable companies, adjusted to account for the difference in size and other relevant metrics. While cash in banks and short-term cash investments are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

2025					
General Approach					
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Cash in banks	₱ 643,885	₱ -	₱ -	₱ -	₱ 643,885
Cash in equivalents	200,000	-	-	-	200,000
Trade receivables (not subject to provisional pricing)	-	-	-	24,888	24,888
Nontrade receivables	12,532	-	-	-	12,532
MRFs under “Other noncurrent assets”	15,686	-	-	-	15,686
	₱ 872,103	₱ -	₱ -	₱ 24,888	₱ 896,991

2024					
General Approach					
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Cash in banks	₱ 59,581	₱ -	₱ -	₱ -	₱ 59,581
Trade receivables (not subject to provisional pricing)	-	-	-	25,996	25,996
Nontrade receivables	27,995	-	-	-	27,995
MRFs under “Other noncurrent assets”	4,545	-	-	-	4,545
	₱ 92,121	₱ -	₱ -	₱ 25,996	₱ 118,117

General Approach

The credit risk of financial assets under the general approach are determined to be under Stage 1. Individually impaired that were specifically determined by the Group is under Stage 3 and is fully provided with ECL.

Simplified Approach

Set out below is the information about the credit risk exposure to the Group’s trade receivables (not subject to provisional pricing) using simplified approach (provisional matrix).

2025	Days past due					Total
	Current	< 30 days	31-60 days	61-90 days	>91 days	
ECL rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱ 11,310	₱ -	₱ -	₱ -	₱ 13,578	₱ 24,888
ECL	₱ -	₱ -	₱ -	₱ -	₱ 13,578	₱ 13,578

2024	Days past due					Total
	Current	< 30 days	31-60 days	61-90 days	>91 days	
ECL rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱ 1,579	₱ 526	₱ 316	₱ 89	₱ 23,486	₱ 25,996
ECL	₱ -	₱ -	₱ -	₱ -	₱ 23,486	₱ 23,486

Trade receivables (subject to provisional pricing)

All gold exports when priced are practically settled on cash basis. Parent Company's existing contracts with gold refineries allow for advances up to 98% of payable metals paid in two working days from pricing. Full settlement is normally received within three working days.

The Parent Company enters into marketing contracts only with refineries and smelters of established international repute. Since the Parent Company became a primary gold and copper concentrates producer, it has entered into exclusive refining agreement with Heraeus for gold and Open Mineral AG for gold-copper concentrates.

The Group has a significant concentration of credit risk in relation to its trade receivables from Heraeus Ltd. pertaining to sales of bullion. Such risk is managed by securing the specific approval of the BOD before entering into contracts with refineries and by assessing the creditworthiness of such refineries.

As at December 31, 2025 and 2024, the Group's trade receivables subject to provisional pricing amounted to ₱180 and ₱1,300, respectively.

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchange rates.

Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its consolidated financial statements and consolidated statements of cash flows.

The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-Philippine Peso currencies.

The Group sells its product to the interstates national market. All metal sales are denominated in US\$. Dollar conversion of metal sales to Philippine Peso is based on the prevailing exchange rate at the time of sale.

The Group's US\$ denominated monetary assets and liabilities as at December 31, 2025 and 2024 follow:

	2025		2024	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
<u>Assets</u>				
Cash	US\$7,391	₱ 434,532	US\$122	₱ 7,058
Trade receivables	194	11,464	168	9,719
	US\$7,585	₱ 445,996	US\$290	₱ 16,777
<u>Liabilities</u>				
Trade payables and accrued expenses	US\$755	₱ 44,386	US\$655	₱ 37,892
Borrowings	1,000	58,790	1,000	57,850
	US\$1,755	₱ 103,176	US\$1,655	₱ 95,742
Net assets (liabilities)	US\$5,830	₱ 342,820	(US\$1,365)	₱ (78,965)

As at December 31, 2025 and 2024, the exchange rate of the Philippine Peso to the US\$ is ₱58.79 and ₱57.85, respectively to US\$1.

The sensitivity to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's income before income tax as of December 31, 2025 and 2024 is as follows:

Currency	2025		2024	
	Change in foreign exchange rate	Sensitivity of Pretax Income	Change in foreign exchange rate	Sensitivity of Pretax Income
US\$	1.07 (0.73)	6,238 (4,256)	₱ (1.16) ₱ 1.06	6,188 (6,771)

There is no other impact on the Group's equity other than those already affecting the consolidated profit or loss.

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations from financial instruments or that a market for derivatives may not exist in some circumstances.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from related parties. The Group considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debt.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include availment of bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

The table below summarizes the maturity profile of the Group's financial liabilities which is based on contractual undiscounted payments and financial assets which are used to manage the liquidity risk as at December 31, 2025 and 2024:

2025	On demand	Less than 3 months	3 to 6 months	More than 6 to 12 months	More than 1 to 2 years	More than 2 years	Total
Financial Assets:							
Cash on hand (Note 4)	₱ 5,477	₱ -	₱ -	₱ -	₱ -	₱ -	₱ 5,477
Cash in banks (Note 4)	643,885	200,000	-	-	-	-	843,885
Trade receivables (Note 5)	25,068	-	-	-	-	-	25,068
Nontrade receivables (Note 5)	12,532	-	-	-	-	-	12,532
MRF	-	-	-	-	-	15,686	15,686
Financial assets designated at FVOCI (Note 10)	-	-	-	-	-	94,251	94,251
Total	686,962	200,000	-	-	-	109,937	996,899
Financial Liabilities:							
Trade and other payables (Note 13)*	(398,022)	(233,122)	(173,000)	(1,374,949)	-	-	(2,179,093)
Borrowings (Note 14)	-	(9,786)	(9,957)	(23,104)	(40,977)	(130,333)	(214,157)
Lease liabilities:							
Carrying amount	-	(427)	-	-	-	-	(427)
Unamortized discount	-	(5)	-	-	-	-	(5)
Total	(398,022)	(243,340)	(182,957)	(1,398,053)	(40,977)	(130,333)	(2,393,682)
	₱ 288,940	₱ (43,340)	₱ (182,957)	₱ (1,398,053)	₱ (40,977)	₱ (20,396)	₱ (1,396,783)

*Excluding payable to regulatory authorities

2024	On demand	Less than 3 months	3 to 6 months	More than 6 to 12 months	More than 1 to 2 years	More than 2 years	Total
Financial Assets:							
Cash on hand (Note 4)	₱ 2,533	₱ -	₱ -	₱ -	₱ -	₱ -	₱ 2,533
Cash in banks (Note 4)	59,581	-	-	-	-	-	59,581
Trade receivables (Note 5)	1,300	39	25,957	-	-	-	27,296
Nontrade receivables (Note 5)	17,867	10,128	-	-	-	-	27,995
MRF	-	-	-	-	-	4,545	4,545
Financial assets designated at FVOCI (Note 10)	78,114	-	-	-	-	-	78,114
Total	159,395	10,167	25,957	-	-	4,545	200,064
Financial Liabilities:							
Trade and other payables (Note 13)*	(690,680)	(552,544)	(138,136)	(50,687)	(966,952)	(409,270)	(2,808,269)
Borrowings (Note 14)	-	(9,786)	(9,957)	(9,852)	(40,977)	(143,585)	(214,157)
Lease liabilities:							
Carrying amount	-	(2,876)	-	-	-	-	(2,876)
Unamortized discount	-	(149)	-	-	-	-	(149)
Total	(690,680)	(565,355)	(148,093)	(60,539)	(1,007,929)	(552,855)	(3,025,451)
	₱ (531,285)	₱ (555,188)	₱ (122,136)	₱ (60,539)	₱ (1,007,929)	₱ (548,310)	₱ (2,825,387)

*Excluding payable to regulatory authorities

The Group plans to address its liquidity gap by a combination of issuance of equity securities, availment of advances from related parties or loans from banks.

Fair Values

PFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Cash in Banks, Trade Receivables, Nontrade Receivables and Trade and Other Payables

The carrying amounts of cash in banks, trade receivables, nontrade receivables and trade and other payables, which are all subject to normal trade credit terms and are short-term in nature, approximate their fair values.

Financial Assets Designated at FVOCI

Fair values of financial assets designated at FVOCI quoted equity securities are based on quoted prices published in markets. Fair values of financial assets designated at FVOCI unquoted equity securities are based on the latest selling price available.

Borrowings

The outstanding short-term borrowings and long-term borrowings as at December 31, 2025 and 2024 bear floating rates that are repriced monthly and quarterly.

The fair value of the interest-bearing long-term debt in 2024 and 2023 is based on the discounted value of future cash flows using the applicable rates for the similar types of loans.

The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

- Quoted prices in active markets for identical asset or liability (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those inputs for asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value hierarchy of the financial assets and liabilities as at December 31 of each year is presented as follows:

2025	Level 1	Level 2	Level 3	Total
Financial assets designated at FVOCI	₱ -	₱ 89,617	₱ 4,634	₱ 94,251
Borrowings	-	-	(214,157)	(214,157)
	₱ 63,567	₱ 26,050	₱ (209,523)	₱ (119,906)

2024	Level 1	Level 2	Level 3	Total
Financial assets designated at FVOCI	₱ -	₱ 74,218	₱ 3,896	₱ 78,114
Borrowings	-	-	(172,192)	(172,192)
	₱ -	₱ 74,218	₱ (168,296)	₱ (94,078)

There were no transfers between levels of fair value measurement as at December 31, 2025 and 2024.

32. Capital Management

The primary objective of the Group's capital management is to ensure that the Group maintains positive cash balance in order to support their businesses, pay existing obligations and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2025 and 2024. The Group monitors capital using the consolidated financial statements. The Group has complied with all externally imposed capital requirements in 2025 and 2024.

As at December 31, 2025 and 2024, the Group's capital, which is composed of common shares and additional paid-in capital, amounted to ₱11,712,718.

33. Subsequent Events

On February 24, 2026, the Parent Company announced that LCMC and FSGRI received a YES vote from the majority of the barangays of the Mankayan Ancestral Domain during the consensus-building phase of the FPIC process. LCMC and FSGRI is in the process of doing next steps for the FPIC process and is undertaking to conclude a Memorandum of Agreement with the Indigenous Peoples of Mankayan soon.

34. Segment Information

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group derives revenue from the following main operating business segments:

Mining Activities

This segment engages in exploration and mining of gold, silver, copper, lead, zinc and all kinds of ores, metals, minerals, oil, gas and coal and their related by-products. Revenue from sale of metals - bullion represent sale from one customer, Heraeus.

Service

This segment derives its income from drilling, hauling and sawmilling services to its related and outside parties.

Others

This segment is engaged in the trading, manufacturing, investing and insurance broker activities of the Group.

Transfer prices between business segments are set on an arm's-length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

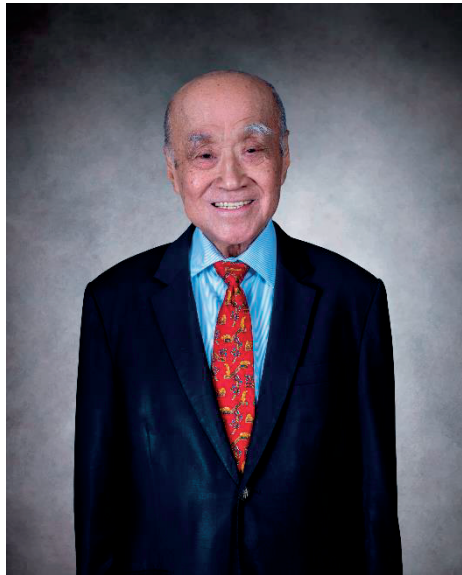
The Group operates and generates revenue principally in the Philippines. Thus, geographical segmentation is not required.

The following tables present certain information regarding the Group's operating business segments:

2025	Mining	Service	Others	Elimination	Consolidated
Revenue from external customers:					
Sale of metals	₱ 4,412,079	₱ -	₱ -	₱ -	₱ 4,412,079
Others	7,599	14,359	3	-	21,961
Inter-segment revenue	4,105	148,366	-	(152,471)	-
Segment revenue	4,423,783	162,725	3	(152,471)	4,434,040
Cost and operating expenses	(2,880,007)	(145,205)	(187)	150,435	(2,874,964)
Share in operating results of associates	-	-	(566)	(709)	(1,275)
Income (loss) before income tax	1,543,776	17,520	(750)	(2,745)	1,557,801
Finance cost, net of other income	(97,008)	(49)	(1,000)	(10,935)	(108,992)
Provision for (benefit from) income tax	5,472	(5,664)	(25)	-	(217)
Net income (loss)	₱ 1,452,240	₱ 11,807	₱ (1,775)	₱ (13,680)	₱ 1,448,592
Segment assets					
Investments and advances to associate	₱ 16,795,296	₱ 763,196	₱ 18,849	₱ (752,516)	₱ 16,824,825
Segment liabilities	946,833	-	1,925	(433,230)	515,528
Depreciation	(10,535,733)	(204,569)	(15,759)	231,646	(10,524,415)
Capital expenditures:	403,942	2,420	-	-	406,362
Tangible fixed assets	5,872,178	359,354	-	50,076	6,281,608
Intangible assets	2,538	-	-	-	2,538
Cash flows arising from (used in):					
Operating activities	1,213,914	7,978	(4,732)	-	1,217,160
Investing activities	(374,382)	(2,208)	-	-	(376,590)
Financing activities	(41,725)	(476)	(20,384)	-	(62,585)
2024	Mining	Service	Others	Elimination	Consolidated
Revenue from external customers:					
Sale of metals	₱ 2,781,674	₱ -	₱ -	₱ -	₱ 2,781,674
Others	9,847	-	8,443	-	19,840
Inter-segment revenue	1,795	91,159	19,908	(112,862)	-
Segment revenue	2,793,316	91,159	28,351	(112,862)	2,801,514
Cost and operating expenses	(2,621,605)	(84,414)	(23,405)	112,093	(2,618,881)
Share in operating results of associates	-	-	-	(2,613)	(2,613)
Income (loss) before income tax	171,711	6,745	4,946	(3,382)	180,020
Finance cost, net of other income	(54,395)	636	(15)	(844)	(54,618)
Provision for (benefit from) income tax	(20,864)	(4,180)	(315)	-	(25,359)
Net income (loss)	₱ 96,452	₱ 3,201	₱ 4,616	₱ (4,226)	₱ 100,043
Segment assets					
Investments and advances to associate	₱ 15,787,467	₱ 138,420	₱ 665,583	₱ (775,053)	₱ 15,816,417
Segment liabilities	971,393	-	2,487	(525,305)	448,575
Depreciation	(10,963,273)	(90,142)	(154,823)	258,255	(10,949,983)
Capital expenditures:	413,568	3,996	2,230	-	486,904
Tangible fixed assets	5,717,591	3,437	354,367	50,076	6,125,471
Intangible assets	852	-	-	-	852
Cash flows arising from (used in):					
Operating activities	423,554	(7,865)	4,719	(2,520)	417,888
Investing activities	(377,057)	(1,570)	(1,701)	(68,380)	(448,708)
Financing activities	(15,693)	(859)	(5,880)	41,222	18,790

2023	Mining	Service	Others	Elimination	Consolidated
Revenue from external customers:					
Sale of metals	₱ 2,474,384	₱ -	₱ -	₱ -	₱ 2,474,384
Others	4,224	-	10,093	-	14,317
Inter-segment revenue	2,696	68,052	17,267	(88,015)	-
Segment revenue	2,481,304	68,052	27,360	(88,015)	2,488,701
Cost and operating expenses	(2,492,435)	(44,303)	(28,782)	86,317	(2,479,203)
Share in operating results of associates	-	-	-	(1,511)	(1,511)
Income (loss) before income tax	(11,131)	23,749	(1,422)	(3,209)	7,987
Finance cost, net of other income	(71,262)	(3,972)	(639)	(812)	(76,685)
Provision for (benefit from) income tax	(30,637)	(7,490)	(674)	-	(38,801)
Net income (loss)	₱ (113,030)	₱ 12,287	₱ (2,735)	₱ (4,021)	₱ (107,499)
Segment assets	₱ 15,693,711	₱ 180,009	₱ 640,992	₱ (832,497)	₱ 15,682,215
Investments and advances to associate	970,948	-	2,684	(522,605)	451,027
Segment liabilities	(10,722,362)	(140,379)	(143,374)	322,125	(10,683,990)
Depreciation	480,678	3,996	2,230	-	486,904
Capital expenditures:					
Tangible fixed assets	5,691,835	4,798	355,324	50,076	6,102,033
Intangible assets	1,038	-	-	-	1,038
Cash flows arising from (used in):					
Operating activities	443,066	(7,865)	(151)	41,957	477,007
Investing activities	(444,547)	(1,570)	-	(54,557)	(500,674)
Financing activities	30,567	(859)	(5,880)	19,593	45,139

BOARD OF DIRECTORS



FELIPE U. YAP

Chairman and Chief Executive Officer

Chairman and CEO, Manila Mining Corporation and
Far Southeast Gold Resources, Inc.

Director, Manila Peninsula Hotel, Inc.

Vice Chairman, Ayala Land Logistics Holdings Corporation

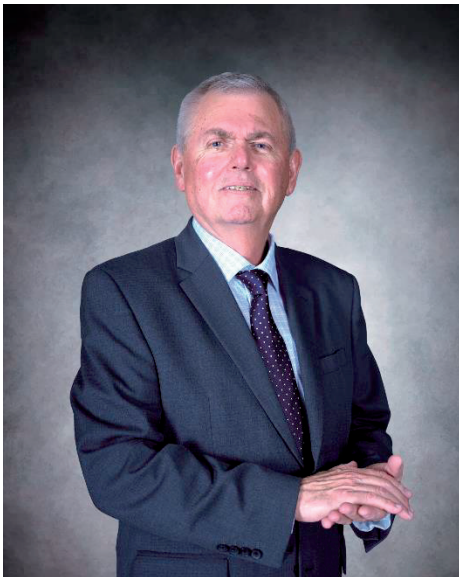


BRYAN U. YAP

President and COO

President, Manila Mining Corporation

Director, Far Southeast Gold Resources, Inc.



JAMES P. ALMAAS

Director

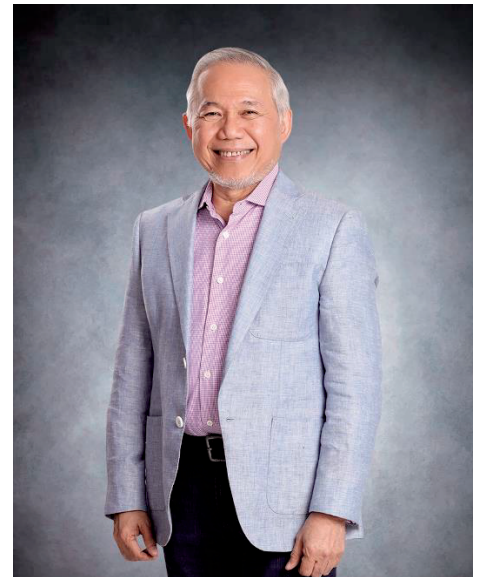


MARILYN A. VICTORIO- AQUINO

Director

Director, Philippine Stock Exchange, Philex Mining
Corporation, PXP Energy Corporation and PLDT;

Associate Director, First Pacific Company Limited
Corporate Secretary, Senior Vice President, and Senior
Legal Adviser to the Chairman, PLDT



RAY C. ESPINOSA

Director

Director, PLDT; MERALCO;

Metro Pacific Investment Corp.;

TV-5 Network, Inc.; Roxas Holdings, Inc.

Associate Director, First Pacific Company
Limited



DOUGLAS J. KIRWIN

Director

Director, Manila Mining Corporation, and Zeus Holdings, Inc.



REGIS V. PUNO

Director

Director, GT Capital Holdings Corporation and LMG Corporation;
General Counsel and Corporate Secretary,
Metropolitan Bank & Trust Company



VAL ANTONIO B. SUAREZ

Director

Director, Filinvest REIT Corporation



CLARK LAWTON S. YAP

Director

Director, Manila Mining Corporation



HECTOR M. DE LEON, JR.

Corporate Secretary

Corporate Secretary, Manila Mining Corporation
Managing Partner, Sycip Salazar Hernandez &
Gatmaitan law offices

CORPORATE OFFICERS AND OPERATING STAFF

CORPORATE OFFICERS

FELIPE U. YAP Chairman of the Board and Chief Executive Officer	JOEL B. DADULA Legal Manager Corporate Legal Services	JAYSON T. CAPIA-AO Department Head General Mine Services	NEIL MARCEL F. PAQUITO Chief Electrical Engineer Mine Mechanical & Electrical	PETER B. ALINAO Mine Planning Head Mine Engineering
BRYAN U. YAP President and Chief Operating Officer	EDEN C. CALDE Legal Manager for Land Concerns Corporate Legal Services	RICHARD C. DUCUSIN Department Head Mine Engineering	DARWIN A. ANONGOS Assistant Department Head Surface Mechanical & Electrical	ALFREDO F. VILLARICO Assist. Department Head Mine Information System
RAMON T. DIOKNO Chief Finance Officer	CHARINA RAISA D. TAN Legal Officer Corporate Legal Services	FERNANDO A. BUSTILLO JR. Department Head Mine Mechanical & Electrical	FLORENCE S. SAYSON Chief Nurse Medical Services	LEPANTO ROASTER DIVISION
MA. LOURDES B. TUASON Vice President and Treasurer	SERAFIN G. SOSA JR. Department Head Information System	MA. CONSUELO C. ODOÑO Department Head Community Relations	MELVIN S. DONATO Assistant Superintendent Mine Mechanical & Electrical	LEONARDO P. MONTEVIRGIN JR. Officer-in-Charge
RENE F. CHANYUNGCO Vice President Logistics and Marketing	DIANA Y. YAP Assistant Department Head Treasury	ZERUBABEL D. PATEÑA Department Head Physician – Surgeon Medical Services	ANDRES NOEL E. MENSÍ Chief Civil Engineer Project and Civil Engineering Services	SUBSIDIARIES
ODETTE A. JAVIER Vice President Assistant Corporate Secretary and Chief Information Officer	LEPANTO MINE DIVISION	ROLANDO E. VENTURA Department Head Surface Mechanical & Electrical	CLAYDE G. CAWI Power Compressor and Transport Head Surface Mechanical & Electrical	DIAMOND DRILLING CORPORATION OF THE PHILIPPINES
ABIGAIL Y. ANG Vice President Planning and Technology	ROLANDO D. URSUA Group Manager General Management and Administrative Services	JOANN A. GATCHALIAN Department Head Mine Environment Protection and Enhancement	LOWELL A. ANONGOS Assistant Superintendent Mill Production	BRYAN U. YAP President
PABLO T. AYSON, JR. Vice President Mining Claims	CHARISMA S. PASCUA Group Manager Finance Services	FE MARIE W. MATES Department Head Inventory Management	NORVY P. FRANCISCO Assistant Department Head Mill Mechanical	TOMAS A. DE JORAS JR General Manager
KNESTOR JOSE Y. GODINO Vice President Human Resource and Administration	BERNARDO A. DANGIWAN Group Manager Mine Operations	FABRIAN RODERICK S. LIKIGAN Department Head Tailings Storage Facility	FREDDIE L. DUMAL-IN Assistant Superintendent General Mine Services	FAR SOUTHEAST GOLD RESOURCES, INC.
CHERRY H. TAN Assistant Vice President Purchasing	ALAINE MILFRED P. VILLEGAS Group Manager Mill Processing	KAY B. LACAMBRA Department Head Mill Maintenance	HILBERT G. ANDONG Assistant Mine Superintendent Mine Production and Development	FELIPE U. YAP Chairman of the Board and Chief Executive Officer
LEONARDO L. SUBANG Assistant Vice President Exploration	REY A. TAYLAN Group Manager Mine Engineering and Geology	MARY GRACE C. TORRES Chief Exploration Geologist Exploration	ANTON ASHLEY S. LOKINO Assistant Department Head General Mine Services	BRYAN U. YAP President
OPERATING STAFF MAKATI HEAD OFFICE	KURT LINUS Z. URSUA Chief Mine Geologist and FSE-Technical Services Manager Mine Geology	LOURDES F. INAO Chief Chemist Assay	RAYFORD R. GRACIA UG Fixed Maintenance Head Mine Mechanical & Electrical	LEPANTO INVESTMENT AND DEVELOPMENT CORPORATION
MICHAEL E. ALBERTO Chief Accountant	VENANCIO A. BAD-AY Mine Superintendent Mine Production and Development	JOHN PAUL C. LICOT Senior Metallurgist Metallurgy	RYAN S. ORTEZA Maintenance Planning Head Mine Mechanical & Electrical	BRYAN U. YAP President
RICHARD R. RICON Chief Pilot Aviation	ABRAHAM L. DAVIS Department Head Project and Civil Engineering Services	ALFE C. GUAKI Department Head Safety	VAN CHRISTIAN C. ADRIAS Assistant Chief Mine Geologist Mine Geology	MA. BELINA B. MARIANO Vice President
JAZEL B. DULNUAN Internal Audit Head Internal Audit		NELSON L. BAGUYA II Department Head Human Resource		ADELIA C. NUESTRO Operations Manager

DIRECTORY

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Makati Central Post Office
1254 City of Makati

Domestic and Foreign Air Mail
P.O. Box 7507
Domestic Airport Post Office
1300 Domestic Road, Pasay City
Philippines

FAX

63 (2) 8810-5583

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inquiry@lepantomining.com

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1226 Makati City

GENERAL COUNSELS

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Park West
Bonifacio Global City, 0399 Taguig

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Makati City

SyCip Salazar Hernandez & Gatmaitan Law Offices
4th Floor, SyCip Law All-Asia Center
Paseo de Roxas, Makati City

BANKERS

Banco de Oro
Paseo Tower – Makati Branch
City of Makati

Bank of Commerce
Zuellig Bldg. –Makati Branch, City of Makati

China Banking Corporation
Makati Head Office Branch, City of Makati

Land Bank of the
Philippines Buendia
Branch, City of Makati
Abatan Branch, Buguias,
Benguet

GOLD REFINERY

Heraeus Limited
Hong Kong

STOCK EXCHANGE LISTING

Philippine Stock Exchange

VISION AND MISSION

To be a global Filipino mining company by attaining world-class capabilities and becoming a corporate model in the fulfillment of social responsibilities.

We shall turn this vision into reality through the efforts of highly motivated committed and competent employees who:

- Continually explore and develop ore reserves
- Optimize metal production through cost-efficient operations
- Maintain outstanding safety records and ensure responsible environmental stewardship
- Foster mutually beneficial partnerships with host communities; and
- Exhibit initiative and decisiveness

We in Lepanto are determined to enhance shareholders' investment through the pursuit of excellence.

CORE VALUES



ENVIRONMENTAL POLICY

We commit to become a model of a socially responsible mining organization through the effective implementation of our Environmental Management System.

We commit to protect, keep sustainable and enhance our environment, minimize the impact of our operations thereon and continually improve our environmental management system performance by:

- Ensuring compliance with all applicable environmental compliance obligations and industry standards;
- Promoting environmental management system awareness to all interested parties through an effective information, education and communication strategy and program;
- Fostering sustainable, effective and responsible use of resources, conservation of biodiversity and effective means of pollution prevention, including tailings storage facility and waste management;
- Enhancing the organizational capability and employees' competencies towards environmentally responsible and efficient operations;

We further commit to consistently implement, measure, monitor, review and continually improve our environmental management system and performance to achieve the foregoing objectives.

This Policy has been disseminated to all interested parties in order to instill in them a commitment to environmental stewardship and accountability.