

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2025**
2. SEC Identification number: **101**
3. BIR Tax Identification number: **000-160-247-000**
4. Exact name of registrant as specified in its charter

LEPANTO CONSOLIDATED MINING COMPANY

5. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)

Mining

7. Address of registrant's principal office:
**21st Floor, Lepanto Building
8747 Paseo de Roxas, Makati City, Philippines**
8. Registrant's telephone number, including area code:
(632) – 815-9447

9. Former name, former address and former fiscal year, if changed since last report: **N/A**
10. Securities registered pursuant to Sections 4 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of each Class:	Number of shares of common stock outstanding:
Class "A"	39,822,869,196
Class "B"	26,552,888,901

11. Are any or all of the securities listed on a Stock Exchange?

Yes [] No []

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

Philippine Stock Exchange

Classes "A" & "B"

The Company has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months. The Company has not been subject to such filing requirements for the past 90 days.

The aggregate market value of the voting stock held by non-affiliates of the Company as of December 31, 2025 was P12,332,621,025.75

Business and General Information

Business

Lepanto was incorporated in 1936 and until 1997 was operating an enargite copper mine located in Mankayan, Benguet. Lepanto has been producing gold dore since 1997 through its Victoria Project. It produced copper-gold concentrates from the fourth quarter of 2017 to the first quarter of 2020.

The only raw material component of Lepanto's products is the ore that it mines. Its ore reserves, per the attached Certification as of January 15, 2026 (Exhibit "J"), consist of 490,000 oz. of gold from the Victoria and Teresa orebodies; and 400,000 oz. of gold and 212.77 million lbs. of copper from the Enargite-Quartz-Pyrite-Gold deposits, as certified by Ms. Keziah C. Chamollog and Engr. Reynaldo T. Conti, both Accredited Competent Persons under the Philippine Mineral Reporting Code.

The Company's revenues (100%) from 2021-2025 came solely from its sales of gold/silver dore and gold/copper concentrates. Under the contract with Heraeus Ltd., the Company ships gold (dore) bars to the said buyer at least three times a month. The contract has a term of two years which is regularly renewed, and has provisions regarding assay, manner of delivery, weighing and sampling, settlement/payment, pricing and refining charges.

There is no market competition in the industry. The gold/silver dore and gold/copper concentrates of the Company are readily marketable. Metal prices are dictated by world market forces.

The following schedule indicates the percentage of Sales and Net Income contributed by foreign sales in the last three years:

Percentage of Sales Contributed by Foreign Sales:

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Hongkong	100%	100%	100%

Percentage of Net Income/Loss Contributed by Foreign Sales:

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Hongkong	100%	99.82%	99.90%
Other Income	0.00	0.18%	.10%
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	100%	100%	100%

The Company has Environmental Compliance Certificates for its tailings storage facility 5A and for its mineral extraction and processing operations.

Subsidiaries

SHIPSIDE, INC., based in San Fernando, La Union, was incorporated in 1958. It is engaged principally in the hauling business and supports the hauling requirements of the parent company. It has 3 flatbed and 2 dump trucks, and is a heavy user of diesel, gasoline and tires. It also has warehouses for lease located at Poro Point, San Fernando, La Union. Generally, Shipline is not dependent on any single supplier for its raw material requirements, i.e., fuel and tires, and these are readily available from a number of suppliers. In 2025, income from hauling and rentals businesses amounted to P18 million and P15 million, respectively.

The DIAMOND DRILLING CORPORATION OF THE PHILIPPINES (DDCP) was incorporated in 1971 and is in the business of providing diamond drilling services. It services mostly mining companies. DDCP has a ready market in Lepanto Consolidated Mining Company and affiliate Manila Mining Corporation. Contract Revenues for 2025 amounted to P127.65 million.

LEPANTO INVESTMENT AND DEVELOPMENT CORPORATION (LIDC), incorporated in 1969, is in the insurance business. It owns 12.38% of Philippine Fire and Marine Insurance Corporation (Philfire) and 25% of DIAMANT MANUFACTURING AND TRADING CORPORATION (DMTC), a manufacturer of industrial diamond tools for mining exploration, marble cutting and the construction industry. LIDC'S income is principally in the form of commissions on insurance policies of various clients, none of whom contributes more than 10% of total revenues.

Lepanto owns 60% of FAR SOUTHEAST GOLD RESOURCES, INC. (FSGRI), another mining company with resources in Mankayan, Benguet; the remaining 40% is owned by Gold Fields Switzerland Holding AG ("Gold Fields"). Incorporated in 1989, FSGRI is not yet in operation. On September 20, 2010, Lepanto entered into an Option and Shareholders' Agreement with Gold Fields which grants Gold Fields an option to subscribe to new shares of stock of FSGRI representing a 20% interest in FSGRI. This option was terminated in July 2024.

Cost and Effects of Compliance with Environmental Laws/Governmental Approvals

Lepanto complies with governmental regulations, particularly those of the Department of Environment and Natural Resources, with respect to mining methods, disposal of waste and tailings, rehabilitation of environment, etc. Lepanto has the approvals needed for its operations: Environmental Compliance Certificates from the DENR for the operation of its tailings dam and for mining and mineral processing. It has two Mineral Production Sharing Agreements, as discussed below. A total of P159.09 million was spent for the Company's Environmental Protection and Enhancement Program (AEPEP) in 2025. AEPEP includes treatment of mill tailings and wastewater, rehabilitation, reforestation and resource management. Also, P28.10 million went to Tailings Storage Facility maintenance and management.

Research and Development Activities

During the last three years, Lepanto spent a total of P39.85 million for Research and Development, to wit: 2023, P14.18 million; 2024, P11.24 million and 2025, P14.43 million.

Mining Claims

The Company's mining properties are summarized as follows:

Mineral Production and Sharing Agreements (MPSAs)

Lepanto has two (2) Mineral Production Sharing Agreements (MPSAs), namely MPSA No. 001-90-CAR (948.9696 has.), where subsidiary FSGRI is a co-contractor, and MPSA No. 151-2000-CAR (1,829.3565 has.), approved on March 3, 1990 and March 9, 2000, respectively. Both MPSAs have a term of twenty-five (25) years, renewable for another 25 years. Mining claims subject of the said MPSAs are located in Mankayan, Benguet where commercial mining operations are presently undertaken. The reportorial requirements are regularly submitted by Lepanto to the Mines and Geosciences Bureau (MGB) of the DENR to preserve the Company's rights and privileges under the agreements.

LCMC and FSGRI applied in June 2014 for the renewal of MPSA No. 001-90-CAR. The application has been endorsed to the National Commission on Indigenous Peoples in compliance with the Indigenous Peoples' Rights Act. The Free and Prior Informed Consent process (FPIC) required under the said law is underway. Meanwhile, Lepanto continues mining operations within this MPSA.

MPSA No. 151-2000-CAR is also subject of an application for renewal filed by LCMC with the MGB on 18 July 2024, and of an FPIC.

MPSA Applications

Lepanto has (2) MPSA applications docketed as APSA No. 096-CAR with a total area of 1,057.1739 hectares located in Mankayan, Benguet and APSA No. 000004-VIII with a total area of 57.0901 hectares located in Villaba, Leyte. Pursuant to Executive Order No. 130 dated April 14, 2021 and DAO No. 2021-25, Lepanto filed for the conversion of both APSAs into applications for Exploration Permit which are still pending with the MGB-CAR and MGB-VIII, respectively.

Financial and Technical Assistance Agreement (FTAA) Application

Lepanto filed with the MGB on January 12, 2005 an application for an FTAA covering an area of 10,468.9397 hectares located in Benguet and Mt. Province. The said application was denominated as AFTA No. 024-CAR which remains pending with the MGB.

Patented Claims

Lepanto has forty-six (46) patented mining claims, which was allowed under the Philippine Bill of 1902, with a total area of 335.5179 hectares, all situated in Mankayan, Benguet. Exploration works are ongoing in these areas.

Operating Agreements

A. APSA Nos. 063-CAR, 064-CAR and 065-CAR

On October 12, 1992, Lepanto entered into separate Operating Agreements with Jaime Paul B. Panganiban, June Prill Brett and James D. Brett (Now Heirs of James D. Brett), registered MPSA applicants of APSA Nos. 063-CAR, 064-CAR and 065-CAR, respectively, all situated in Suyoc, Mankayan, Benguet. The combined total area of the subject MPSA applications is 330.87 hectares. Pursuant to Executive Order No. 130 S. 2021 and DAO No. 2021-25, Lepanto, as

mining operator, filed an application for the conversion of the said APSAs into applications for Exploration Permits. The applications are currently pending with the MGB-CAR.

B. APSA No. 023-CAR

An Operating Agreement was entered into between Lepanto and Montanosa Mining Exploration Company (“Montanosa”) over mining tenements located in Bontoc, Mountain Province. On October 07, 1991, Lepanto, as mining operator and on behalf of Montanosa, filed an MPSA application denominated as APSA No. 023-CAR with the MGB-CAR. Pursuant to E.O. No. 130 S. 2021 and DAO 2021-25, Lepanto filed an application for the conversion of APSA No. 023-CAR into an Exploration Permit which is pending approval.

C. Exploration Permit No. 2004-000003-VIII

Lepanto has an agreement with the Philippine National Oil Company/ Energy Development Corporation for the Leyte Geothermal Reservation. With the expiration of the Exploration Permit on March 19, 2006, PNOC-EDC filed for the renewal of the EP. An Order of Denial on the application for renewal was issued by the MGB. An appeal with the DENR was made by PNOC-EDC which is currently pending.

Employees

Lepanto has 1,742 mine-based and 64 Makati-based employees. In the Lepanto Mine Division, there are 39 managerial employees; 326 Supervisory and Technical Staff, of whom 260 are members of the Supervisors’ Union (LLSU); 27 clerical and technical non-union members; 957 rank-and-file employees, of whom 863 are members of the Lepanto Local Employees’ Union or LLEU. The 30th CBA of LLEU and 14th CBA of LLSU, both effective for two years, were executed in November 2024 and July 2024, respectively.

Of the 64 employees in Makati, 14 are members of the Lepanto Employees Union-Makati (LEUM) whose CBA was renewed on July 1, 2025 and will expire on June 30, 2028; 19 are managerial/supervisory employees (including officers); and 31 are clerical non-union members.

Lepanto provides health card benefits to its Makati employees. Mine-based employees get free housing, and free hospitalization at the Lepanto Hospital.

Shipside has 21 employees, of whom 5 are administrative, 3 are clerical and 13 are involved in operations. They are not subject to any CBA. There are no plans to hire additional employees in the next twelve months.

DDCP has a total of fifteen employees, 3 managerial, 12 staff and supervisory. The employees are not covered by any CBA.

LIDC and FSGRI have no employees.

Properties

Parent Company

The Company owns about 2,030.2 has. of land in Mankayan, Benguet, where its plants and mining facilities are located. As discussed above, it has two (2) Mineral Production Agreements with the

Government, namely: MPSA Nos. 001-90-CAR and MPSA No. 151-2000-CAR, both subject of applications for renewal with the MGB.

Lepanto owns two storeys of the Lepanto Building located at Paseo de Roxas, Makati City, where its principal offices are located. It also owns a 3,493 sq. meter residential property in Baguio City; 3.5 has. of commercial land in Poro Point, San Fernando, La Union; and a 3.1hectare property in Isabel, Leyte where its Roaster Plant is located. Lepanto leases a 1,789.65 sq. meter property in Malolos, Bulacan, used for its warehouse. The lease, at the rate of P241,602.75 per month, is good until February 28, 2029.

Its Machinery and Equipment located in Mankayan, Benguet, include the following:

- Mineral Processing Plant
- Tubo Shaft Complex
- Power House
- Machine Shop
- Sandfill Tramline
- Furniture and Fixtures
- Foundry Shop
- Assay Laboratory Equipment
- Mechanical equipment
- Internal Shaft at Nayak

Further, it has various automotive equipment/vehicles in Makati City, Benguet and Leyte.

Lepanto's infrastructure include roads, rails and bridges, twin declines, undergrounds shafts, and an airport, all located in Mankayan, Benguet.

Lepanto's assets directly utilized for the Victoria Project were mortgaged to Rothschild and Dresdner Banks in connection with a Loan and Hedging Facilities Agreement executed in 1998. These include the plants and other facilities used for the Victoria project. The real properties covered by the mortgage constitutes about 1.2% of the Company's landholdings in Mankayan, Benguet. The subject loan has been fully repaid. It is the Company's position that the hedging contracts with the said banks are null and void and therefore the mortgages are likewise not effective. The Company initiated in 2005 a case for the declaration of nullity of the hedging contracts with Rothschild on the ground that they are considered as wagering transactions under Philippine law. In a decision dated February 5, 2018, the Regional Trial Court ("RTC") of Makati City ruled in favor of Lepanto, declaring the subject contracts null and void. The RTC decision has been affirmed by the Court of Appeals. Rothschild has filed a petition for review, still pending with the Supreme Court.

No acquisition of any real property is intended within the next 12 months.

Subsidiaries

Shipside has substantial properties in La Union. It owns about 16.4 hectares of land in Poro Point, San Fernando, La Union, used for its hauling and warehousing business. It owns 3 flatbed and 2 dump trucks for its trucking/ hauling business.

DDCP owns about 10 units of drill rigs which are vital to its operations, and 5.6982 hectares of land in Tanquián, La Unión.

LIDC's properties consist of shares of stock in DMTC and Philfire.

FSGRI is co-contractor of Lepanto in MPSA No. 001-90-CAR issued by the government on March 3, 1990. It also co-owns with Lepanto on a 50/50 basis Tailings Storage Facility No. 5A located in Mankayan, Benguet. FSGRI has applied for the partial conversion of MPSA No. 001-90-CAR into an FTAA.

Business Risks

i) Volatility of Metal Prices

The Company's revenues are directly affected by the prices of the metals it produces, which are gold, copper and silver. These metal prices are influenced principally by demand factors in the world market. The prices of these metals are currently at historical highs.

ii) Competition/ Market for Lepanto's Products

The gold dore and gold/copper concentrates produced by Lepanto are readily marketable. The gold is sold to Heraeus Metals of Hongkong. The gold-copper concentrates are sold to Swiss metals traders or Chinese smelters. The Company is free to sell its metal production to other traders or smelters/refiners. Because of the high demand for metals, there is virtually no competition in the industry and gold-silver-copper producers may easily sell their products.

iii) Appreciation of the Peso vis-a-vis the US Dollar

Being a 100% exporter, the Company's revenues are directly impacted by the appreciation of the Philippine Peso against the US dollar. Although it has dollar denominated costs, most of the Company's costs and expenses, such as labor and power, are in Pesos.

iv) Risk on Environmental Legislation

Mining activities in the Philippines are monitored and highly regulated by the DENR. New government regulations could affect the Company's exploration or mining activities and entail additional costs.

(v) Fuel Prices

Increases in fuel prices result in higher cost of hauling materials and equipment to the minesite, and of operating underground equipment.

A subsidiary, Shippside Incorporated, is in the hauling business and its revenues are affected by fuel prices. Hauling rates are adjusted to cushion the impact of fuel price changes.

Market for Registrant's Common Equity and Related Matters

Lepanto's shares of stock are listed on the Philippine Stock Exchange. Following are the quarterly prices of Lepanto securities for 2024-2025 and as of April 27, 2026:

Lepanto "A" (P/share)

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	April 27, 2026
Low	0.08	0.075	0.067	0.066	0.90	0.138	0.172	0.183	0.186
High	0.08	0.077	0.068	0.067	0.93	0.145	0.183	0.187	0.189

Lepanto "B" (P/share)

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	April 27, 2026
Low	0.082	0.077	0.066	0.067	0.086	0.140	0.176	0.187	0.181
High	0.082	0.077	0.067	0.067	0.093	0.148	0.182	0.190	0.186

Securities, Shareholders and Public Ownership

As of March 31, 2026, there were a total of 27,598 shareholders; 22,416 shareholders holding Common "A" shares, or 91.63% of total shareholders; and 5,182 shareholders with Common "B" shares, or 8.37% of total. As of the same date, Total Public Ownership constituted 64.61% of the outstanding shares.

Top 20 "A" and "B" Stockholders of the Company (as of March 31, 2026)

<u>Name of Stockholder</u>	<u>Class "A"</u>	<u>%</u>
1 F. Yap Securities, Inc.	14,135,348,139	35.50
2 First Metro Investment Corp.	2,550,682,926	6.41
3 Philex Mining Corporation	2,164,240,810	5.44
4 F. Yap Sec., Inc. A/C #CPHC-2	362,240,169	0.91
5 F. Yap Sec., Inc. A/C #CPHC-3	337,989,616	0.85
6 Felcris Hotels & Resorts	310,000,000	0.78
7 F. Yap Sec., Inc. A/C #CPHC-1	301,859,763	0.76
8 Coronet Property Holdings Corp	277,556,566	0.70
9 Bryan Yap	175,915,571	0.44
10 First Metro Investment Corp.	169,762,500	0.43
11 Christine Yap	116,620,522	0.29
12 Felipe U. Yap	86,063,611	0.22
13 Manila Mining Corporation	65,870,000	0.17
14 F. Yap Securities, Inc. A/C No. PKY-89	30,942,477	0.08
15 Allen Jesse C. Mangaoang	30,863,040	0.08
16 Felipe Yap	24,874,960	0.06
17 Christine Karen Uy Yap	24,386,376	0.06
18 Coronet Management, Inc.	23,936,541	0.06
19 F. Yap Securities, Inc. A/C #BSUY	20,643,306	0.05

20 Allen Jesse C. Mangaoang	14,250,000	0.04
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<u>Name of Stockholder</u>	<u>Class "B"</u>	<u>%</u>
1 F. Yap Securities, Inc.	8,352,326,256	31.47
2 F. Yap Securities, Inc.	3,765,979,349	14.19
3 F. Yap Securities, Inc. A/C 521	1,343,773,000	5.06
4 F. Yap Securities, Inc. A/C 1411	1,129,238,161	4.26
5 F. Yap Securities, Inc. A/C 5217	1,020,000,000	3.84
6 First Metro Investment Corp.	799,642,268	3.01
7 F. Yap Securities, Inc. A/C 5218	669,905,750	2.64
8 Coronet Property Holdings Corp	447,665,860	1.69
9 F. Yap Securities Inc. A/C 521	323,773.000	1.22
10 F. Yap Securities Inc. A.S.	218,404,905	0.82
11 YHS Holdings Corporation	87,758,339	0.33
12 Felipe U. Yap	54,643,386	0.21
13 Chase Leonard So Yap	50,000,000	0.19
14 David Go Securities Corp.	45,599,783	0.17
15 Luis L. and Teresa M. Oh, Trustees Luis Oh and Teresa Oh Trust Oh	24,365,714	0.09
16 F. Yap Sec., Inc. A/C No. 87-EU	23,014,545	0.09
17 Kathy Sue Trout	22,619,631	0.09
18 Allen Jesse C. Mangaoang	20,926,892	0.08
17 F. Yap Sec., Inc. A/C #PKY-89	20,577,792	0.08
18 F. Yap Sec., Inc. A/C #BSUY	20,302,971	0.08
19 Felcris Realty Investment Corp.	19,769,688	0.08
20 Coronet Management, Inc.	17,566,841	0.07

Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of 2025 to a vote of security holders.

Dividends Policy

Dividends may be declared out of the unrestricted retained earnings of the Company, which may be in the form of cash or stock to all stockholders on the basis of outstanding shares held by them as of the record date fixed by the Company in accordance with existing laws and rules. Any cash dividends due on delinquent stock shall first be applied to the unpaid balance on the subscription plus costs and expenses, while stock dividends shall be withheld from the delinquent stockholder until his unpaid subscription is fully paid: Provided, That no stock dividends shall be issued without the approval of stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose. (Section 42, Revised Corporation Code).

Independent Public Accountant

Sycip Gorres Velayo & Co. ("SGV") has been the Company's external auditors since 2006. There has not been any disagreement between the Company and said accounting firm with regard to any

matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Mr. Jaime F. del Rosario was the certifying partner from 2007 to 2011 and 2014-2017. Ms. Eleanore A. Layug was the certifying partner in 2012 and 2013, and again for the 2018 to 2024 financial statements. Mr. Jose Pepito E. Zabat III is the engagement partner for the 2025 financial statements.

SGV will be recommended for re-appointment as external auditor of the Company.

Audit and Audit Related Fees

For the audit of the financial statements for the year 2024, SGV & Co. billed the Company the sum of P2,700,000. The amount was increased to P2,880,000 for the audit of the 2025 financial statements.

Audit Committee's Approval Policies and Procedures

Prior to the commencement of audit services, the external auditors submit their Audit Plan to the Audit Committee, indicating the applicable accounting standards, audit objectives, scope, approvals, methodology, needs and expectations and timetable, among others. A presentation on the same Plan is made by the external auditors before all the members of the Committee. All the items in the Plan are considered by the Committee, along with industry standards, in approving the services and fees of the external auditors. The Audit Committee is composed of: Atty. Ray C. Espinosa, Committee Chairman and an independent director; and Atty. Val Antonio B. Suarez (independent director) and Mr. Clark Lawton S. Yap, members.

The Committee revised its charter in 2012 to conform to SEC Memorandum Circular No. 4, Series of 2012.

Directors and Executive Officers of the Company

<u>Directors (with term of office of one year)</u>	<u>Age</u>	<u>Citizenship</u>	<u>Period Served</u>
FELIPE U. YAP	88	Filipino	Since 1975
BRYAN U. YAP	53	-do-	Since 1997
JAMES PETER ALMAAS	70	American	Since 2024
DOUGLAS J. KIRWIN	75	Australian	Since 2017
RAY C. ESPINOSA (Lead Independent Director)	69	Filipino	Since 2005
MARILYN V. AQUINO	70	-do-	Since 2012
REGIS V. PUNO	68	-do-	Since 2016
VAL ANTONIO B. SUAREZ (Independent)	67	-do-	Since 2011
CLARK LAWTON S. YAP	45	-do-	Since 2024

<u>Executive Officers</u>	<u>Citizenship</u>	<u>Position</u>
FELIPE U. YAP	Filipino	Chairman of the Board and Chief Executive Officer since 1988
BRYAN U. YAP	-do-	President/Chief Operating Officer since

		March 2003
RAMON T. DIOKNO	-do-	Chief Finance Officer since April 2008
MA. LOURDES B. TUASON	-do-	Vice President/Treasurer since 1995
HECTOR M. DE LEON, JR.	-do-	Corporate Secretary since June 10, 2024
RENE F. CHANYUNGCO	-do-	Vice President since 1997
ABIGAIL Y. ANG	-do-	Vice President-Tech. & Planning since 1999
ODETTE A. JAVIER	-do-	Vice President since Feb. 20, 2006/ Asst. Corp. Secretary since 1993
PABLO T. AYSON, JR.	-do-	Vice President-Mining Claims since Dec.18, 2006
KNESTOR JOSE Y. GODINO	-do-	Vice President for Human Resource since June 2015
CHERRY H. TAN	-do-	Asst. Vice President-Purchasing since July 1, 2004
LEONARDO L. SUBANG	-do-	Asst. Vice President-Exploration since July 17, 2023

Business Experience in the Last Five (5) Years

Mr. Felipe U. Yap became the Chairman of the Company in 1988. He is likewise the Chairman and Chief Executive Officer of Manila Mining Corporation and of Far Southeast Gold Resources, Inc. He is the Chairman of the Board of Kalayaan Copper-Gold Resources, Inc. and Zeus Holdings, Inc. and Vice Chairman of Ayala Land Logistics Holdings Corporation. Mr. Yap is a director of, among others, Manila Peninsula Hotel, Inc. and Philippine Associated Smelting and Refining Corp. (PASAR). Mr. Yap was the Chairman of the Board of the Philippine Stock Exchange from March 2000 to March 2002.

Mr. Bryan U. Yap has been the President and COO of the Company since 2003 and of Manila Mining Corporation since 2011. He is also the President of Far Southeast Gold Resources, Inc.; Kalayaan Copper-Gold Resources, Inc.; Lepanto Investment and Development Corporation (LIDC); Shipside, Inc.; Diamond Drilling Corporation of the Philippines; and Diamant Manufacturing and Trading Corporation (DMTC). He has been a member of the Board of Trustees of the Chamber of Mines of the Philippines since 2008.

Mr. James P. Almaas is a Mining and Metallurgical Engineer. His outfit, JPA Mining Consultants LLC, has since 2016 been providing consulting services in the areas of Mine Management, Mine Engineering, Due Diligence and Strategic Planning for both underground and surface mines. Prior to establishing JPA Mining Consultants PLC, he worked with Rio Tinto PLC for 20 years, where he served as manager for three departments: Mine Development, Mine Dewatering, and Reclamation, including Project Manager for the Rio Tinto-Lepanto JV from June 2001 to September 2003. Mr. Almaas has worked or consulted on 45 mines in 16 countries, and was the principal designer of four underground and two open pit mines in diverse regions and climates.

Atty. Marilyn V. Aquino has been a member of the board of Philippine Stock Exchange since June 2023; PLDT, Inc. since May 2023; Philex Mining Corporation since December 2009; and of PXP Energy Corporation since 2013. She was a partner of the law firm Sycip Salazar Hernandez & Gatmaitan until June 2012 when she joined First Pacific Company Limited as Assistant Director. She is now the Corporate Secretary, Senior Vice President, and Senior Legal Adviser to the Chairman, of PLDT.

Atty. Ray C. Espinosa is a director of MERALCO (and president from 2019 to 2023), PLDT, Meralco PowerGen Corporation, Metro Pacific Investment Corporation and Roxas Holdings, Inc., among many companies.

Mr. Douglas John Kirwin was the Executive Vice President of Ivanhoe Mines from 1995 (when it was known as Indochina Goldfields Ltd) until 2012 during which time several major mineral deposits were discovered, including the giant Hugo Dummett gold-copper porphyry at Oyu Tolgoi in Mongolia. He was the President of the Society of Economic Geology in 2019, where he continues to serve as an honorary lecturer and he is also a lifetime member of the Geological Society of the Philippines. Mr Kirwin is now semi-retired with a part time independent consulting business. He has been a Director of Manila Mining Corporation since 2014 and of Zeus Holdings, Inc. since 2017.

Atty. Regis V. Puno, is currently the General Counsel and Corporate Secretary of Metropolitan Bank & Trust Company (Metrobank). He is also Of Counsel at Angara Abello Concepcion Regala & Cruz Law Offices (ACCRALAW). He was formerly a Senior Partner of Puno & Puno Law Offices and formerly Undersecretary of the Department of Justice. He is also currently a Director of GT Capital Holdings Corporation and LMG Corporation (formerly LMG Chemicals Corporation), both publicly listed companies.

Atty. Val Antonio B. Suarez is the Managing Partner of Suarez and Reyes Law Offices. He is the Lead Independent Director of Filinvest REIT Corporation. Atty. Suarez was the President and Chief Executive Officer of the Philippine Stock Exchange (PSE) and the Securities Clearing Corporation of the Philippines in 2010.

Mr. Clark Lawton S. Yap is currently a Director of Manila Mining Corporation; Far Southeast Gold Resources, Inc.; and First Rural Bank of Tagum. He is also the President of Felcris Hotels and Resort Corporation, and the Vice President of Davao Central Warehouse Club, Inc., Davao Central Convenience Stores, Inc., and Felcris Supermarket, Inc.

Mr. Ramon T. Diokno rejoined the Company as CFO effective April 1, 2008. He held that same position from 1985 to 1996. Mr. Diokno is a member of the Board of Directors of Alcantara Consolidated Resources, Inc. and Zeus Holdings, Inc. He is also the CFO of the Diamond Drilling Corporation of the Philippines (DDCP), LIDC and SSI.

Atty. Hector M. De Leon, Jr. was appointed Corporate Secretary in June 2024. He is also the Corporate Secretary of Manila Mining Corporation and of Far Southeast Gold Resources, Inc. He has been the managing partner of Sycip Salazar Hernandez & Gatmaitan law offices since 2016. He specializes in corporate and commercial law, with a particular focus on equity investments, mergers, and acquisitions (M&A), project development and finance, and complex commercial transactions. In 2019, he received a Distinguished Alumnus Award (Legal Services) from the University of the Philippines Alumni Association. He teaches civil law at the Ateneo Law School and the University of the Philippines College of Law. He also served as a bar examiner in civil law during the 2022 Philippine bar examinations.

Ms. Ma. Lourdes B. Tuason is also the Assistant Treasurer of Manila Mining Corporation and of Far Southeast Gold Resources, Inc. and Treasurer of Shipside, Inc., DDCP and LIDC. She is a Vice President and director of DMTC, Inc. and a director also of LIDC and Shipside, Inc.

Mr. Rene F. Chanyungco is also a director of Manila Mining Corporation and Kalayaan Copper Gold Resources, Inc. He is the Senior Vice President-Treasurer of Manila Mining Corporation and Vice President of LIDC.

Ms. Abigail Y. Ang, Vice President for Technology and Planning, is also the Chief Executive Officer of Yapster e-Conglomerate, Inc.

Atty. Odette A. Javier has been the Company's Assistant Corporate Secretary since 1993. She was promoted to Vice President on February 20, 2006. She is also the Company's Chief Information Officer and the Assistant Corporate Secretary of Manila Mining Corporation and Far Southeast Gold Resources, Inc. She is a Director of Zeus Holdings, Inc. and LIDC.

Atty. Pablo T. Ayson, Jr. was appointed Vice President in December 2006. He is also a vice president of Manila Mining Corporation and Far Southeast Gold Resources, Inc. and a director of Zeus Holdings, Inc. and Kalayaan Copper-Gold Resources, Inc.

Mr. Knestor Jose Y. Godino joined the company as Group Manager for Administrative Services of the Lepanto Mine Division in 2006. He was promoted to Asst. Vice President for Human Resource and Administration in 2011, and to Vice President for Human Resource and Administration in 2015. He is also the Asst. Vice President for Human Resource of Manila Mining Corporation.

Ms. Cherry H. Tan joined the Company as Purchasing Manager in 1998. She was promoted to Assistant Vice President in 2004.

Mr. Leonardo L. Subang was the Company's Exploration Manager from 2014-2019. Prior to his return to Lepanto and appointment as Asst. Vice President for Exploration in 2023, he worked with PT Aneka Tambang and PT Indotan Sumbawa Bangkit, both in Indonesia, from 2019- 2020 and 2021 to 2023, respectively.

Significant Employees

There are no significant employees expected to contribute significantly to the business other than the executive officers.

Family Relationships

Mr. Bryan U. Yap, Director and President, is the son of the Chairman and Chief Executive Officer, Mr. Felipe U. Yap. Director Clark S. Yap is Mr. Felipe Yap's nephew and Ms. Abigail Y. Ang, his niece.

Involvement of the Company or its Directors and Officers in Certain Legal Proceedings

None of the directors and officers were involved during the past five (5) years in any bankruptcy petition. Neither has any director or officer been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a Securities or Commodities law.

Material legal proceedings involving the Company:

Lepanto vs. NM Rothschild & Sons (Australia) Ltd. (Civil Case No. 05-782)

The Company initiated in 2005 a case for the declaration of nullity of forward gold contracts with Rothschild to sell 97,476 ounces of gold on the ground that they are considered as wagering transactions under Philippine law. In a decision dated February 5, 2018, the Regional Trial Court (“RTC”) of Makati City ruled in favor of Lepanto, declaring the subject contracts null and void. The RTC decision was affirmed by the Court of Appeals in 2022, after which Rothschild filed a Petition for Review, still pending, with the Supreme Court.

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
<i>Advances to</i>					
MMC (Note 11)	2025	₱67,662	₱81,042	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
	2024	₱338	₱12,814		
<i>Payables</i>					
Stockholders	2025	₱10,656	₱85,794	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
	2024	₱–	₱75,138		
MMC	2025	–	–	On demand; noninterest-bearing	Unsecured, no impairment, not guaranteed
	2024	26	–		

and collectible in cash

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 P330,412 and P482,122 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 P131,279 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

Summary Compensation Table

Board of Directors per diem:	Year 2025	Year 2024	Year 2023
Felipe U. Yap	none	none	74,800
Bryan U. Yap	none	none	74,800
Marilyn V. Aquino	54,000	36,000	45,000
Ray C. Espinosa	36,000	54,000	63,000
Douglas John Kirwin	72,000	45,000	81,000
Regis V. Puno	63,000	72,000	99,000
Val Antonio B. Suarez	81,000	81,000	90,000
James Peter Almaas	72,000	none	n/a
Clark Lawton S. Yap	54,000	none	n/a
		2024 (Total) (All Cash)	Basic Salary
Felipe U. Yap, Chairman Bryan U. Yap, President Ramon T. Diokno, CFO Ma. Lourdes B. Tuason, Vice Pres./Treasurer		P32.3 million	P29.8 million

Rene F. Chanyungco, Vice President			
All officers and directors		P48.0 million	P42.3 million
		2025 (Total)	
Felipe U. Yap, Chairman Bryan U. Yap, President Ramon T. Diokno, CFO Ma. Lourdes B. Tuason, Vice Pres./Treasurer Rene F. Chanyungco, Vice President		P32.3 million	P29.8 million
All officers and directors		P48.4 million	P42.3 million
		2026 (Estimate)	
Felipe U. Yap, Chairman Bryan U. Yap, President Ramon T. Diokno, CFO Ma. Lourdes B. Tuason, Vice Pres./Treasurer Rene F. Chanyungco, Vice President		P32.3 million	P29.8 million
All officers and directors		P48.4 million	P42.3 million

Compensation of Directors/Committee Members

Directors are paid a per diem of P10,000.00 each for attendance of every regular or special meeting in accordance with the Corporation's By-Laws. For committee meetings attended, non-executive member-directors are paid a per diem of P5,000.00 to P10,000.00 each.

Voting Trusts and Change in Control

There are no voting trusts involving the Company's shares nor has there been any change in the control of the Company in the last five (5) years.

Pension Plan

The Parent Company has a funded, noncontributory, defined benefit retirement plans covering substantially all regular employees while DDCP and Shipside, Inc. have unfunded benefit retirement plans. Benefits are dependent on the years of service and the respective employee's compensation. The defined retirement benefit obligation is determined using the projected unit credit method. There were no plan termination, curtailment or settlement for the years ended December 31, 2025, 2024 and 2023.

Warrants, Options, Compensation Plans, Issuance or Modification of Securities

Under the share-based plan, the Company's officers and employees and those of its subsidiaries may be granted options to purchase shares of stock of the Company. The aggregate number of shares to be granted under the plan should not exceed five percent (5%) of the total number of shares of the Company's outstanding capital stock.

An individual may be granted an option to purchase not more than five percent (5%) of the total number of shares set aside at the date of the grant and may exercise the option up to a maximum of twenty percent (20%) of the total number of option shares granted per year. Options are valid for five (5) years and are exercisable from the date of the approval of the grant by the SEC.

The last award, the 17th Stock Option Award, expired on January 30, 2013.

***Security Ownership**

Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities as of March 31, 2026 were as follows:

Title of Class	Name/Address of Record Owner	Name of Beneficial Owner/ Relationship to Issuer	Citizenship	A / B Shareholdings	%	Total Shareholdings	%
A & B	PCD Nominee Corporation BDO Equitable Tower, 8751 Paseo de Roxas, Makati City	PCD Nominee Corporation	Filipino	17,545,765,887 6,701,129,803	44.06 25.25	24,246,895,778	36.53
A & B	*F. Yap Securities, Inc. U-2301 & 2302, 23/F, PSE Centre, Exchange Rd., Ortigas Center, Pasig City	F. Yap Securities, Inc./ Principal Stockholder	Filipino	14,135,348,139 8,352,326,256	35.50 31.47	22,487,674,467	33.88
A & B	** First Metro Investment Corp. Makati City	First Metro Investment Corp./ Principal Stockholder	Filipino	2,720,445,426 799,642,268	6.83 3.01	3,520,087,701	5.30

Equity Ownership of Foreigners

As of March 31, 2026, none of the "A" shares and 8.37% of the "B" shares were held by foreigners.

Security Ownership of Management (March 31, 2026)

Title of Class	Beneficial Owner (Directly Owned)	Position	Amount and Nature of Beneficial Ownership (A / B)	Citizenship	Percent of Classes (A / B)
A & B	Felipe U. Yap	Chairman of the Board	254,161,744 / 134,355,552	Filipino	0.64 / 0.51
A & B	Bryan U. Yap	Director / President	970,846,692 / 50,107,284	-do-	2.44 / 0.19
B	Marilyn V. Aquino	Director	23,440,591 / 13,515,060	-do-	0.06 / 0.05
A & B	Douglas John Kirwin	Director	1	Australian	nil
A & B	***Ray C. Espinosa	Director	1,213,447 / 500,000	-do-	nil
B	James Peter Almaas	Director	1	American	nil
A & B	Regis V. Puno	Director	10,000 -	-do-	nil
A & B	***Val Antonio B. Suarez	Director	1	-do-	nil
A & B	Clark Lawton S. Yap	Director	16,373,654 / 7,753,706	-do-	0.04 / 0.03
A	Ramon T. Diokno	Chief Finance Officer	953,183 / 333,066	-do-	Nil
A & B	Ma. Lourdes B. Tuason	Vice Pres./Treasurer	23,991,732 / 16,328,419	-do-	0.06 / 0.06
A & B	Hector R. De Leon, Jr.	Corporate Secretary	1,042,000 / 1,380,000	-do-	nil

A & B	Odette A. Javier	Vice Pres./Asst Corp Sec	12,465,525 / 5,688,130	-do-	0.03 / 0.02
A & B	Rene F. Chanyungco	Vice President	3,882,141 / 4,568,095	-do-	0.01 / 0.02
A & B	Abigail Y. Ang	Vice President	6,913,351 / 8,542,361	-do-	0.02 / 0.03
A & B	Pablo T. Ayson, Jr.	Vice President	866,516 / 2,720,074	-do-	0.00 / 0.01
A & B	Knestor Jose Y. Godino	Vice Pres./HR	989,090 / 659,693	-do-	nil
A & B	Cherry H. Tan	Asst. Vice President	4,662,880 / 3,130,959	-do-	0.012 / 0.012
A	Leonardo L. Subang	Asst. Vice President	1,000,000	-do-	nil
A & B	<i>Aggregate as a group</i>		<i>1,322,802,547 / 249,582,401</i>		<i>3.32 / 0.94</i>

- * - Power to dispose of shares is vested in: F. Yap Securities - Pacita K. Yap; Voting rights/proxies for F. Yap Securities have been granted to Mr. Felipe U. Yap.
- ** - Power to dispose of shares is vested in their Board of Directors; Voting rights/proxies have been granted to: Atty. Regis V. Puno.
- =*** - Independent Directors

There are no arrangements which may result in a change in the control of the Company and there has been no such change since January 2026.

Plan of Operation for 2026

Lepanto will continue producing gold and silver dore from its Victoria and Teresa deposits; exploration drilling to confirm extensions of the two orebodies; and upgrading mine and mill equipment to improve efficiencies.

MPSA 001-90-CAR (MPSA 001), with Lepanto and subsidiary Far Southeast Gold Resources, Inc. (FSGRI) as joint contractors, is subject of a renewal application with the Mines and Geosciences Bureau. 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 Free, Prior and Informed Consent (FPIC) process, a prerequisite to the renewal of MPSA No. 001. Lepanto is looking to conclude a Memorandum of Agreement with the Indigenous Peoples of Mankayan soon.

Management's Discussion and Analysis of Financial Condition and Results of Operations for 2025, 2024 and 2023

2025

Consolidated revenues in 2025 amounted to P4.43 billion compared with P2.80 billion in 2024. Consolidated net income totaled P1.45 billion, higher than last year's net income of P102 million.

Mining Operations

2025 vs 2024

Gold production totaled 22,239 ounces, up 12% from 19,788 ounces last year, while silver production increased to 50,090 ounces from 47,933 ounces.

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. The P/US\$ exchange rate averaged P57.49/US\$1, slightly higher than last year's P57.28/US\$1.

As a result, gross revenues surged by 58% to P4.4 billion from P2.8 billion.

Costs and expenses increased by 10% to P2.88 billion from P2.62 billion mainly due to the following:

- Milling expenses rose by P66 million (16%) to P483 million, reflecting the additional 5,958 tonnes of ore milled;
- Mining expenses increased by P84 million (9%) to P1.05 billion primarily due to higher repair and maintenance costs for mining equipment and increased labor expenses;
- Depletion declined by P22 million (-9%) to P231 million, attributable to higher ore reserves;
- Excise tax climbed by P69 million (62%) to P180 million, driven by higher production and stronger metal prices;
- Operating expenses rose by P61 million (23%) to P329 million, mainly due to higher payments for contractual services.

Finance costs increased by P38 million or 52%, mainly due to higher interest expense from increased borrowings and restructured obligations, including capitalized interest.

Share in net losses of associates declined by P1 million or 51% reflecting improved performance of the associates.

Net Foreign exchange gains (losses) improved by P15 million or 714% driven by favorable movements in foreign currency rates compared with the prior period.

Other Income (Charges) fell by P34 million or 140% primarily due to losses on disposals of PPE and other assets and lower rental and miscellaneous income.

Provision for income tax decreased by P25 million or 99%, mainly due to higher recognized temporary difference offsetting current income tax.

As a result, net income reached P1.44 billion, more than 13 times higher than last year's P103 million.

Other comprehensive income (OCI) improved significantly as fair value gains on financial assets designated as FVOCI increased by P4 million or 35%, while re-measurement losses on retirement benefits declined sharply by P216 million or 88%, mainly due to more favorable actuarial and market assumptions compared with the prior year.

BALANCE SHEET MOVEMENTS

2025 versus 2024

- Cash and cash equivalents increased by 1,267% to P787 million driven by higher operating cash inflows.
- Receivables decreased by P19 million or 38% mainly due to the collection of outstanding balances from dore shipments.

- Advances to suppliers and contractors decreased by 11% or P10 million, primarily due to the utilization and liquidation of prior period advances to suppliers;
- Other current assets increased by 35% or P171 million mainly due to additional tax refund claims.
- Financial assets designated at FVOCI increased by 21% or P16 million, primarily due to higher unrealized gains recognized from favorable changes in fair market of underlying instruments during the period.
- Investment in and advances to associates increased by 15% or P 67 million mainly due to support provided to subsidiaries and associate;
- Deferred tax assets – increased by 18% or P41 million, mainly due to higher temporary differences recognized within the current period.
- Other noncurrent assets decreased by 30% or P 188 million, primarily due to the reclassification of input VAT to current assets following the tax refund application, as well as additional contributions to the mine rehabilitation fund.

On the liabilities and equity side:

- Trade and other payables decreased by 22% or P629 million due to payment of current obligations during the period.
- Long-term borrowings increased by 12% or P18 million, while the current portion increased by ₱24 million or 123%, primarily due to the restructuring of an account with a major supplier;
- Current portion of lease liabilities decreased by 83% or P2 million, while the long-term portion decreased by P0.4 million or 100%, primarily due to the amortization and settlement of lease obligations coupled with the approaching expiration of the underlying lease contracts;
- Income tax payable increased by 3,957% or P17 million reflecting the significant increase in taxable income for the year;
- Retirement benefit obligations increased by 12% or P145 million, while the re-measurement loss on retirement benefits liability rose by 25% or P31 million, due to updated actuarial assumptions and service cost adjustments.
- Fair Value reserve of financial assets designated at FVOCI decreased by 57% or P16 million, primarily due to favorable changes in fair value of underlying instruments during the period.

The period's P1.44 billion net income reduced the Company's deficit by the same amount.

CAPITAL EXPENDITURES

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.

OUTLOOK FOR THE YEAR

Lepanto will continue producing gold and silver dore from its Victoria and Teresa deposits. Exploration drilling to confirm extensions of the ore bodies will continue.

Prices of gold and silver are expected to remain robust, which could offset inflationary pressures on materials and equipment costs and improve profitability.

Lepanto's MPSA 001-90-CAR and MPSA 151-2000-CAR are both subject of renewal applications and the requisite Free, Prior and Informed Consent (FPIC) process. Following the "Yes" vote garnered from majority of the barangays of the Ancestral Domain of Mankayan, Benguet, the Company is looking to conclude a Memorandum of Agreement with the Indigenous Peoples of Mankayan soon, and obtain within the year the required Certification Precondition from the National Commission on Indigenous Peoples.

No events are known that could trigger material direct or contingent financial obligations, nor are there projected significant elements of income or loss outside the Company's normal operations.

SUBSIDIARIES

For the year ended December 31, 2025, subsidiary performance compared with the same period last year was as follows:

- Diamond Drilling Corporation of the Philippines registered a net income of P10.9 million versus P5.8 million last year.
- Far Southeast Gold Resources, Inc. recorded a net income of P0.46 million versus last year's net income of P1.69 million.
- Lepanto Investment and Development Corporation incurred a net loss of P0.77 million, versus prior year's P0.37 million net loss.
- Shipside, Incorporated incurred a net loss of P0.83 million vs. last year's net income of P5 million net income last year.

* - **KEY PERFORMANCE INDICATORS-LCMC**

Tonnes Milled which indicates the number of ore taken for processing, **Milled Head** is the amount of gold per ton milled and **Gold production** which is the final product of the operations. **Metal sales, Cost and Expenses** and **Net Income** round up the review process on how the company is performing vis-à-vis the performance of the same period last year. **Average Gold price** for the period adds another parameter that needs watching notwithstanding that the company has no direct influence on its movement.

2024

Consolidated revenues for 2024 amounted to P2,799 million compared with P2,448 million in 2023. Consolidated net income amounted to P102 million, a reversal from last year's net loss of P107 million.

Mining Operations

2024 versus 2023

Dore production contained 19,788 oz. of gold, 12% lower than last year, and 47,933 oz. silver, 12% higher than last year.

Gold price averaged US\$2,378.08/oz. versus US\$1,945.26.14/oz. while silver price averaged US\$27.99/oz. versus US\$23.28/oz. last year. The ₱/US\$ exchange rate averaged ₱57.28/US\$1 compared with ₱55.53/US\$1 last year.

The foregoing increases in metal prices and weakening of the Peso against the US\$ resulted in a 13% increase in revenues but costs, increased by 7% to ₱2,353 million. Operating Development increased by 129% to ₱216 million, compared to last year's ₱95 million. Mining cost totaled ₱753 million, 11% higher than last year, while milling cost rose by 2% to ₱417 million due to higher usage and material prices. Depletion decreased by ₱49.6 million due to decrease in tonnages; depreciation decreased by ₱15.0 million as some assets became fully depreciated. Overhead decreased by 5% to ₱396 million mainly due to lower indirect production costs. Administration went down by ₱19.4 million reflective of the higher disallowed input taxes expensed in 2023. Production tax increased by 11% to ₱111 million due to the higher revenues. Other income increased to ₱16.4 million from last year's ₱0.61 million due to the sale of scrap and other materials. Thus, Income before income tax amounted to P116 million, compared with last year's net loss of P82 million. After Provision for Deferred Income Tax of P21 million, Net income totaled P94 million, vs. net loss of P112 million last year.

BALANCE SHEET MOVEMENTS

December 31, 2024 versus December 31, 2023

Cash and cash equivalents decreased by ₱12.7 million due to the uncollected Receivables. Advances to suppliers increased by ₱35.9 million due to required down payments and longer supply times.

Financial assets designated at fair value increased by ₱12 million attributable to the general appreciation of quoted instruments. Deferred tax assets increased by ₱71 million mainly due to adjustments relating to the pension liability. Other noncurrent assets decreased by ₱18.3 million due to expensed deferred charges.

The current portion of lease liabilities increased by P0.5 million due to renewal of contract. Current portion of Long-term borrowings decreased by ₱10 million as a result of payments made. Retirement benefits liability increased by ₱263 million due to changes in actuarial valuation and liability for mine rehabilitation costs increased by ₱8.6 million due to changes in year-end estimations.

Retained Earnings decreased by ₱104 million.

CAPITAL EXPENDITURES

Capital expenditures for the year totaled ₱440 million, of which ₱155.7 million went to exploration; ₱88.0 million to mine development; ₱28.5 million to tailings dam maintenance; and ₱167.9 million to machinery and equipment.

TRENDS, EVENTS OR UNCERTAINTIES

Capex as detailed above is expected to access better grade ore, improve mining tonnage and metal recoveries.

Prices of gold and silver are expected to remain high or improve further and can hopefully offset the inflationary pressures on the cost of materials and equipment.

There are no known events that can trigger direct or contingent financial obligation that is material to the Company, nor are there any projected significant elements of income or losses in the Company's mining operations.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income of the year versus the previous year.

Diamond Drilling Corporation of the Philippines reported a net income of ₱5.8 million compared with ₱15 million net income last year. Lepanto Investment and Development Corporation reported a net loss of ₱0.37 million compared with last year's net loss of ₱0.26 million. Shipline, Incorporated registered a net income of ₱5.0 million against last year's net loss of ₱2.3 million.

*** - KEY PERFORMANCE INDICATORS-LCMC**

Tonnes Milled which indicate the amount of ore taken for processing, **Milled Head** is the amount of gold per ton milled and **Gold production** which is the final product of the operations. **Metal sales, Cost and Expenses** and **Net Income** round up the review process on how the company is performing vis-à-vis the performance of the same period last year. **Average Gold price** for the period adds another parameter that needs watching notwithstanding that the company has no direct influence on its movement.

2023

Consolidated revenues for the year 2023 amounted to ₱2,630 million compared with ₱1,858 million in 2022. Net loss declined by 74% from ₱494.8 million to ₱126.4 million.

Mining Operations

2023 versus 2022

Dore production contained 22,570 oz. of gold and 42,767 oz. of silver, better than previous year's 19,099 oz. and 48,669 oz. respectively.

Gold price averaged US\$1,945.26/oz. versus US\$1,787.14/oz. while silver price averaged US\$23.28/oz. versus US\$21.69/oz. last year. The ₱/US\$ exchange rate averaged ₱55.53/US\$1 compared with ₱54.76/US\$1 last year.

Total cost and expenses increased by 8% to ₱2,459 million. Mining cost totaled ₱767.5 million, almost unchanged from last year, while milling cost went up by 20.6% to ₱409.1 million on account of high usage and prices of materials. Depletion decreased by ₱50.7 million due to decrease in tonnages while depreciation increased by ₱59.0 million due to capex and certain adjustments. Overhead increased by 6% to ₱418.4 million attributable to indirect production costs. Administration went up by ₱70.3 million because of disallowed input taxes charged as expenses.

Production tax increased by 30% to ₱99.5 million due to higher production and metal prices. Other income totaled ₱0.61 million which is lower than last year's ₱23.2 million due to a reduced sale of scrap and other materials.

BALANCE SHEET MOVEMENTS

December 31, 2023 versus December 31, 2022

Cash and cash equivalents increased by ₱21.17 million on account of improved operations. Receivables decreased by ₱34.5 million due to timely collection of customers' accounts. Inventories went down by ₱41.6 million due to usage. Other current assets increased by ₱132.7 million resulting from input taxes from local purchases.

Right-of-use assets decreased by ₱7.8 million due to period adjustments pertaining to leased properties. Financial assets designated at fair value increased by ₱19.4 million attributable to the general appreciation of quoted instruments. Deferred tax assets decreased by ₱23.0 million related to the adjustments relating to the pension liability. Other noncurrent assets increased by ₱29.5 million due to recognized deferred charges.

Trade and other payables increased by ₱129.8 million to support operational requirements. The current portions of lease liabilities and long-term borrowings decreased by ₱6.2 million and ₱12.0 million, respectively, as a result of payments made. The non-current portion of long-term liabilities increased by ₱9.0 million due to additional capitalized interest and other charges in connection with loan restructuring. Retirement benefits liability decreased by ₱79.7 million and liability for mine rehabilitation costs increased by ₱2.5 million due to changes in their yearend estimations.

Deficit increased by ₱126.4 million.

APITAL EXPENDITURES

Capital expenditures for the year totaled ₱358.7 million, of which ₱134.0 million went to exploration; ₱86.8 million to mine development; ₱26.4 million to tailings dam maintenance; and ₱111.6 million to machinery and equipment.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is net income of the year versus the previous year.

Diamond Drilling Corporation of the Philippines reported a net income of ₱0.3 million compared with ₱9.6 million net loss last year. Lepanto Investment and Development Corporation reported a net loss of ₱0.26 million compared with last year's net loss of ₱0.30 million. Shipperside, Incorporated registered a net loss of ₱9.5 million against last year's net income of ₱12.6 million.

*** - KEY PERFORMANCE INDICATORS-LCMC**

Tonnes Milled which indicate the amount of ore taken for processing, **Milled Head** is the amount of gold per ton milled and **Gold production** which is the final product of the operations. **Metal sales, Cost and Expenses** and **Net Income** round up the review process on how the company is performing vis-à-vis the performance of the same period last year. **Average Gold price** for the period adds another parameter that needs watching notwithstanding that the company has no direct influence on its movement.

Compliance with Leading Practices on Corporate Governance

Lepanto has revised its Corporate Governance Manual to comply with SEC regulations and institutionalize the principles of good governance in the entire organization. Pursuant to the said Revised Manual, the Company's Board of Directors have constituted the following committees: Audit Committee; Compensation and Remuneration Committee and the Nomination Committee. The Board of Directors is composed of highly qualified and competent individuals who excel in their respective fields.

The members of the Board assess the Board's performance pursuant to good corporate governance principles.

The performance and qualifications of nominees are reviewed by the Nomination Committee. All directors and senior officers regularly attend seminars on corporate governance. The Company's Board of Directors formalized existing good governance practices by approving in 2014 various policies/codes, namely: Conflict of Interest Policy; Related Party Transactions Policy; Insider Trading Policy; Health Policy; and Whistleblower Policy.

Through regular board and committee meetings, compliance with the principles of good governance are monitored. Furthermore, the Audit Committee Charter has been revised to comply with SEC Memorandum Circular No. 4, Series of 1990, pursuant to which the performance of the Committee shall be regularly reviewed.

The performance of managers is also reviewed periodically and senior officers report to the Board of Directors. Regular meetings are held in the head office and in the mine division to keep concerned officers apprised of any developments concerning production, finances, safety programs, community relations and environmental programs, and good governance, marketing, legal and human resource matters as well as of the company's compliance with pertinent regulations.

No deviation from the Company's Manual on Corporate Governance has been noted by the Company.

Financial Statements

Attached as Exhibit “A” hereof, are the Company’s Audited Financial Statements for 2025 covered by the Statement of Management’s Responsibility and the Auditor’s Report signed by Mr. Jose Pepito E. Zabat III, with the following exhibits:

- Exhibits “B” - Schedule A - Financial Assets
- “C” - Schedule B - Amounts Receivable from Directors, Officers, etc.
- “D” - Schedule C - Amounts Receivable from Related Parties
- “E” - Schedule D - Intangible Assets – Other Assets
- “F” - Schedule E - Long-Term Debt
- “G” - Schedule F - Indebtedness to Related Parties
- “H” - Schedule G - Guarantees of Securities of Other Issuers
- “I” - Schedule H - Capital Stock

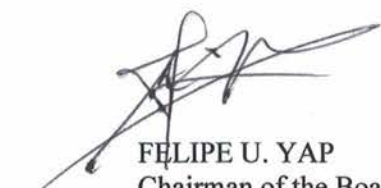
Reports on Form 17-C

<u>Date of Report</u>	<u>Subject</u>
March 17, 2025	Postponement of the ASM
April 28, 2025	Setting of the Annual Stockholders’ Meeting
June 16, 2025	Results of the Annual Stockholders' Meeting
June 16, 2025	Results of the Organizational Meeting

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on April MAY 05 2026, 2026.

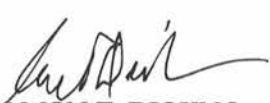
Lepanto Consolidated Mining Company
Issuer



FELIPE U. YAP
Chairman of the Board and
Chief Executive Officer
SSS No. 06-0091101-0



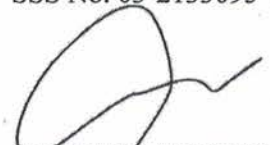
BRYAN U. YAP
President and
Chief Operating Officer
SSS No. 33-3067339-5



RAMON T. DIOKNO
Chief Finance Officer
SSS No. 03-2133095-4



ODETTE A. JAVIER
Vice President/ Asst. Corp. Secretary
SSS No. 03-7641344-4




MICHAEL ANGELO E. ALBERTO
Chief Accountant
TIN 326-013-257

MAKATI CITY

SUBSCRIBED AND SWORN TO before me this MAY 05 2026 day of April 2026 at Makati City, affiant, who are personally known to me, exhibiting to me their SSS ID nos. indicated above.

Doc. No. 161 :
Page No. 34 :
Book No. XII :
Series of 2026.



ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2026
IBP No. 556155 Lifetime Member
MCLE Compliance No. VIII-0040999
Appointment No. M-007(2025-2026)
PTR No. 10765528 Jan. 3, 2025
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City



Lepanto Consolidated Mining Company

RECORDS MANAGEMENT SECTION
DENR-MINES AND GEOSCIENCES BUREAU

Certification of Mineral Reserve
as of January 15, 2026

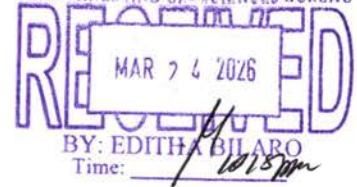


Table 1. LCMC Total Ore Reserves

Mineral Reserve	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	
	<i>Subtotal</i>	<i>2,331,000</i>	<i>5.20</i>	<i>-</i>	<i>0.39</i>	
TERESA@ 1.80 gpt Au	PROVEN	541,000	3.01	-	0.05	
	PROBABLE	544,000	2.88	-	0.05	
	<i>Subtotal</i>	<i>1,085,000</i>	<i>2.95</i>	<i>-</i>	<i>0.10</i>	
ENARGITE - QPG @ USD 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
	<i>Subtotal</i>	<i>5,110,000</i>	<i>2.42</i>	<i>1.89</i>	<i>0.40</i>	<i>212.77</i>
GRAND TOTAL		8,526,000	3.25	-	0.89	

Mineral Reserve is defined as that part of a *Measured* and *Indicated* Mineral Resource which could be mined, inclusive of dilution, and from which valuable or useful minerals could be recovered economically under conditions prevailing at the time of reporting. It is derived from estimates of Mineral Resources modified by economic, metallurgical, marketing, legal, environmental, social and government factors. Mineral Reserves are sub-divided into *probable* and *proved* categories.

The parameters applied in the estimation of Ore Reserve are as follows:

Criteria	Description
Grade Estimate	Based on kriged resource estimate grade at raw vein width, the resource grade estimate was diluted with a dilution based on vein width and mining method.
Tonnage Estimate	Estimated for QPG, Victoria and Teresa based on 2026 Resource estimates depleted with resources mined in 2025. Density applied for QPG is 2.7 while 2.5 for Victoria and Teresa.
Dilution	Dilution factors were computed based on the ore/stope area percent dilution approach with calculations constrained by a 75° vein dip and a nominal mining breaking width of 2.2 m across defined vein width ranges.
Minimum mineral reserves grade (Cut off grade)	US\$ 50 NSR for QPG and 1.80 gpt Au for Teresa and Victoria



Lepanto Consolidated Mining Company

Mining dilution is applied to Mineral Reserve blocks converted from the Measured and Indicated Resource categories. The dilution factor is based on the ore/stope area percent dilution approach, which reflects how waste is commonly introduced during mining. The calculation assumes a typical vein dip of 75° and a constant breaking width of 2.2 m, representing the minimum practical mining width allowed by LHD equipment dimensions. For each vein width range, dilution is estimated by comparing the breaking width used in mining with the actual vein thickness, with any excess material treated as dilution.

The US\$ 50 NSR for QPG and 1.80 gpt Au Victoria and Teresa, after dilution, serves as the lower limit to which proved or probable ore reserve category blocks are considered as an ore reserve.

Net Smelter Return (NSR) refers to the revenues expected from the mill feed, taking into consideration mill recoveries, transport costs to the smelter, treatment and refining charges, and other deductions at the smelter. NSR value was computed for each resource block after dilution. Those blocks with NSR value above or equal to the cut off NSR, with category as either proved or probable ore reserve will be considered as an ore reserve.

Forward-Looking Statements

Certain statements contained in this certification and verification are “forward-looking statements.”

These include, without limitation:

Estimates of reserves, and statements regarding future exploration results and reserve replacements;

When expectation or belief is expressed, as to future events or results, such expectation or belief is expressed in good faith and believed to have reasonable basis. However, our forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Such risks include, but are not limited to the price of gold and copper, currency fluctuations; geological and metallurgical assumptions; operating performance of equipment, processed and facilities; labor relations; timing of receipt of necessary government permits or approvals; domestic laws or regulations, particularly relating to the environment and mining; domestic and international economic and political conditions; the ability of Lepanto Mine Division, Lepanto Consolidated Mining Company to obtain or maintain necessary financing; and other risks and hazards associated with mining operations.



Lepanto Consolidated Mining Company

Estimates of Proved and Probable reserves are Uncertain

Estimates of proven and probable reserves are subject to considerable uncertainty. Such estimates are, to a large extent, based on interpretations of geologic data obtained from drill holes and other sampling techniques. Gold produce feasibility studies that are derived from estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the predicted configuration of the ore body, expected recovery rates of metals from the ore, comparable facility, equipment, and operating costs, and other factors. Actual cash operating costs and economic returns on projects may differ significantly from original estimates. Further, it may take many years from the initial phase of drilling before production is possible and, during that time, the economic feasibility of exploiting a discovery may change.



Lepanto Consolidated Mining Company

CERTIFICATION

I, **KEZIAH C. CHAMOLLOG**, Filipino, of legal age, and with office address at Lepanto Mine Division, Lepanto, Mankayan, Benguet, being the Mineral Reserves Engineer of Lepanto Mine Division, Lepanto Consolidated Mining Company, a corporation duly organized and existing under Philippine laws with office address at the 20th Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City, Metro Manila, after being duly sworn to, hereby certify THAT:

1. I respectively conducted an objective examination and evaluation of Ore Reserves Status of Lepanto Mine Division as of 15 January 2026 with a Summary Report ("CERTIFICATION") pertaining thereto as hereto attached and made an integral part hereof; and
2. The information contained therein was made in accordance with the generally accepted Ore Reserve Estimation Procedures in the Philippine Mining Industry.
3. I take full responsibility as to the correctness and accuracy of the said report.

Mankayan, Benguet: March 11, 2026

Keziah C. Chamollog
Mineral Reserve Engineer
Licensed Mining Engineer
PRC License No.0004036
PTR No. BGT 9257493, issued January 12, 2026
Mankayan, Benguet

ACKNOWLEDGMENT

SUBSCRIBED AND SWORN to before me this MAR 13 2026 at Mankayan, Benguet, Philippines, affiant having exhibited to me her PRC No. 0004036.

ATTY. PHILIP RAY B. AMELING

Notary Public

Until 31 December 2026

Attorney's Roll No: 84483

IBP No. INV561647; 11.29.2025;

Baguio-Benguet Chapter

PTR No. BGT 9409162;01.08.2026;

Mankayan, Benguet

MCLE Compliance No. VIII-005157

0919-358-7638

Doc. No. 234 ;
Page No. 48 ;
Book No. VI ;
Series of 2026



Lepanto Consolidated Mining Company

CERTIFICATION AND CONSENT

I, **REYNALDO T. CONTI**, Filipino, of legal age, with address at Lepanto Mine Division, Mankayan, Benguet, hereby certify that:

1. I am a Mining Engineer duly registered with the Professional Regulation Commission of the Philippines with License number 0001442;
2. I am a registered Accredited Competent Person as defined under the Philippine Mineral Reporting Code, with registration number EM CP-192-0001442;
3. I am currently the Mining and Blasting Superintendent.
4. I have reviewed the Ore Reserve Estimate as of January 20, 2026 prepared by LCMC's Mineral Reserve Engineer Ms. KEZIAH C. CHAMOLLOG;
5. The review is limited to the copper-gold deposit of QPG and gold deposit of Victoria, Teresa with a total ore reserve estimated as of January 15, 2026 amounting to 8,526,000 metric tonnes at 3.03 g/t Au, 1.89 %Cu were classified into probable and proven reserves;
6. I hereby grant my concurrence thereto and confirm that the same were made in accordance with the required guidelines set out in the Philippine Mineral Reporting Code;
7. At the time of this certification, to the best of my knowledge, all technical information provided or otherwise referred to therein are correct and not misleading.
8. I consent to the filing of this certification with the Mines and Geosciences Bureau and other regulatory government authorities and any publication by them for regulatory disclosure purposes, including electronic publication in the public company files on their websites accessible by the public, of this Technical Report, in the form and context in which it appears.

Mankayan, Benguet, March 12, 2026.


REYNALDO T. CONTI

Accredited Competent Person
Registered Mining Engineer, PRC License. No. 0001442
PTR No. BGT 9409164, issued January 12, 2026
Mankayan, Benguet
CP Reg. No. EM-CP-192-0001442

ACKNOWLEDGMENT

SUBSCRIBED AND SWORN to me before me this MAR 13 2026 at Mankayan, Benguet, Philippines, affiant exhibiting to his PRC. No. 0001442.


ATTY. PHILIP RAY B. AMELING

Notary Public

Until 31 December 2026

Attorney's Roll No: 84483

IBP No. INV561647; 11.29.2025;

Baguio-Benguet Chapter

PTR No. BGT 9409162; 01.08.2026;

Mankayan, Benguet

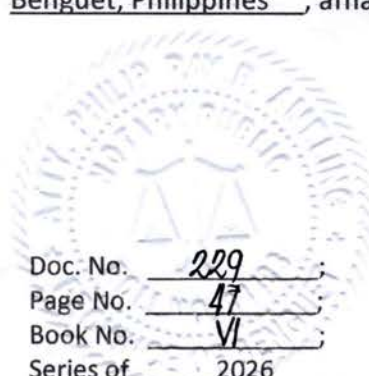
MCLE Compliance No. VIII-005157

0919-358-7638

el. No.: +63 2 815 9447

Fax No.: +63 2 810 5583

inquiry@lepantomining.com


Doc. No. 229 ;
Page No. 47 ;
Book No. VI ;
Series of 2026

Republic of the Philippines
PROFESSIONAL REGULATION COMMISSION
 PROFESSIONAL IDENTIFICATION CARD




	LAST NAME	▶ CHAMOLLOG
	FIRST NAME	▶ KEZIAH
	MIDDLE NAME	▶ COBSILEN
	REGISTRATION NO.	▶ 0004036
	REGISTRATION DATE	▶ 08/28/2018
	VALID UNTIL	▶ 04/24/2027

MINING ENGINEER





Professional Regulation Commission
www.prc.gov.ph

CERTIFICATION

23-6808518

This is to certify that the person whose name, photograph, and signature appear herein is a duly registered professional, legally authorized to practice his/her profession with all the rights and privileges appurtenant thereto.

This is to certify further that he/she is a professional in good standing and that his/her certificate of registration/professional license has not been suspended, revoked or withdrawn.



Signature of Professional



CHARITO A. ZAMORA
Chairperson





Republic of the Philippines
PROFESSIONAL REGULATION COMMISSION
PROFESSIONAL IDENTIFICATION CARD



LAST NAME ► **CONTI**
 FIRST NAME ► **REYNALDO**
 MIDDLE NAME ► **TUPAS**
 REGISTRATION NO. ► **0001442**
 REGISTRATION DATE ► **06/19/1979**
 VALID UNTIL ► **04/11/2028**



Reynaldo T. Conti

Professional Regulation Commission
www.prc.gov.ph

CERTIFICATION

24-8010867

This is to certify that the person whose name, photograph, and signature appear herein is a duly registered professional, legally authorized to practice his/her profession with all the rights and privileges appurtenant thereto.

This is to certify further that he/she is a professional in good standing and that his/her certificate of registration/professional license has not been suspended, revoked or withdrawn.

Reynaldo T. Conti
 Signature of Professional

Charito A. Zamora
CHARITO A. ZAMORA
 Chairperson

Reynaldo T. Conti

2025 SUSTAINABILITY REPORT

Lepanto Consolidated Mining Company has been a proud resident of Mankayan, Benguet since 1936. The municipality of Mankayan grew and developed alongside Lepanto, achieving first-class municipality status largely on account of Lepanto's operations and community development initiatives. Lepanto is guided by its Vision-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 partnership with host communities
- exhibit initiative and decisiveness.

Reinforcing its commitment to environmental stewardship, Lepanto adopted an Environmental Policy in 2015 which was revised in 2018 as follows:

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; and
- Enhancing the organizational capability and employees' competencies towards environmentally responsible and efficient operations

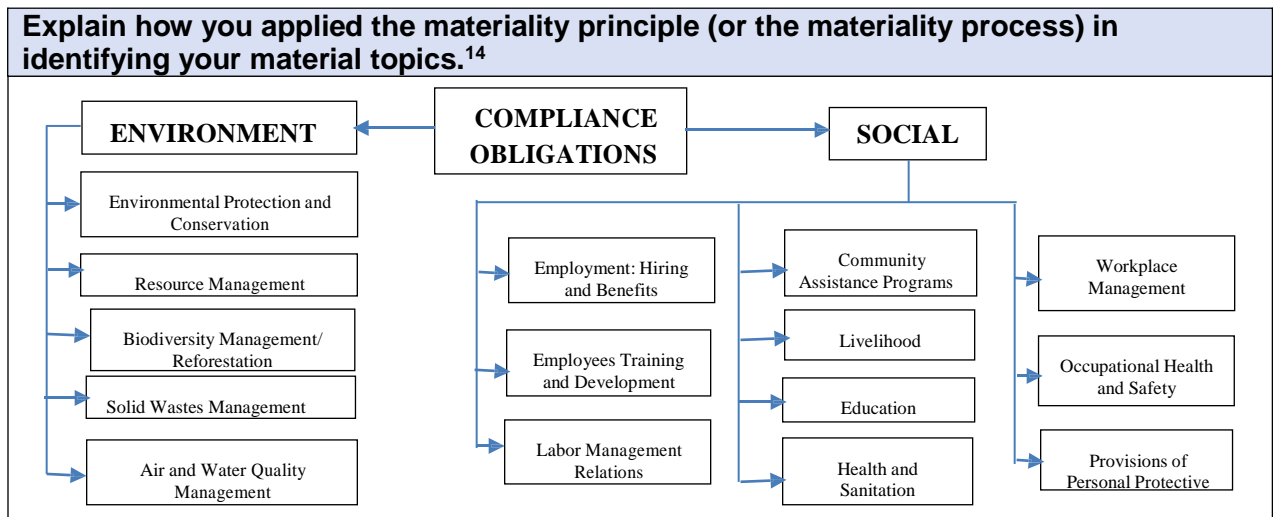
We further commit to consistently implement, measure, monitor, review and continually improve our environmental management system and performance to achieve the foregoing objectives.

The report below illustrates how Lepanto has lived up to its commitment.

Contextual Information

Company Details	
Name of Organization	<i>LEPANTO CONSOLIDATED MINING COMPANY</i>
Location of Headquarters	<i>21F, Lepanto Building, 8747 Paseo de Roxas, Makati City</i>
Location of Operations	<i>Mankayan, Benguet</i>
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<i>No subsidiaries included</i>
Business Model, including Primary Activities, Brands, Products, and Services	<i>Mining of gold, copper, and silver</i>
Reporting Period	<i>2025</i>
Highest Ranking Person responsible for this report	<i>ODETTE A. JAVIER, VP/ Asst. Corporate Secretary KNESTOR JOSE Y. GODINO, VP-Human Resource, Training and Administration</i>

Materiality Process



ECONOMIC C

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	4,412,107,578.91	PhP
Direct economic value distributed:		
a. Operating costs	2,586,679,197.32	PhP
b. Employee wages and benefits	567,974,176.00	PhP
c. Payments to suppliers, other operating costs	₱3,524,673,599.62	Php
d. Dividends given to stockholders and interest payments to loan providers	8,203,795.32	PhP
e. Taxes given to government	259,333,191.29	PhP
f. Investments to community (e.g. donations, CSR)	32,335,668.29	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Impact on cash flow, relationships with employees, suppliers and other stakeholders.</i>	<i>Employees, shareholders, suppliers, service providers, community, government</i>	<i>Continuous exploration efforts to support long-term mine life plan; Annual business planning and budgeting to sustain business operations and ensure ROI;</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Tight cash flow</i>	<i>employees, shareholders, suppliers, service providers, community, government</i>	<i>Cost Management program; Evaluation of the effectiveness of the business plan/mining plan; Company-wide Resources Management</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Opportunities to streamline operations and rationalize expenses.</i>	<i>Employees, community and stakeholders</i>	Monitoring

Climate-related risks and opportunities¹⁵

Governance	Strategy	Risk Management	Metrics and Targets
<p><i>Disclose the organization's governance around climate-related risks and opportunities</i></p>	<p><i>Disclose the actual and potential impacts¹⁶ of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</i></p>	<p><i>Disclose how the organization identifies, assesses, and manages climate-related risks</i></p>	<p><i>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</i></p>
<p><i>Under the oversight of our Board of Directors and leadership of our senior management, the Company is committed to fostering an effective and efficient risk and control environment. Matters related to climate change are an essential component of our sustainability strategy.</i></p> <p><i>The senior management and functional unit heads are tasked to oversee a range of environmental, social and compliance obligation matters. It includes managing the environmental impacts of the operations, resource management and the resilience to potential business disruptions, including extreme weather or other events that could be caused or exacerbated by climate change.</i></p>	<p><i>Penalties will be incurred for non-compliance with government standards. Strategies include-</i></p> <p><i>Monthly monitoring of organizational and departmental environmental objectives and plans.</i></p> <p><i>Quarterly company-wide evaluation of compliance</i></p> <p><i>Annual Environmental Management Review</i></p> <p><i>Maintenance of ISO 14001 certification which requires yearly follow-up audit by a third-party certification body.</i></p> <p><i>Massive information, education and communication (IEC) programs for all interested parties.</i></p> <p><i>Continuous implementation of environment-related programs such as -</i></p>	<p><i>Yearly review and assessment of risks and opportunities including evaluation of effectiveness of the implementation and results.</i></p> <p><i>SWOT analysis and Environmental Aspects and Impacts (EAI) Assessment are used as tools.</i></p> <p><i>Identified risks and significant impacts form part of the departmental plans and control mechanisms must be identified and implemented.</i></p> <p><i>The company established an Engineered Sanitary Landfill (ESL) at the camp site. Segregation of solid wastes is implemented within camp site. Only residual wastes go to the</i></p>	<p><i>Ensure full compliance with all applicable laws, industry standards and other legal requirements.</i></p> <p><i>Metrics :</i></p> <p><i>Compliance Rate (actual/total)</i></p> <p><i>2. Implementation of environmental awareness program among employees, contractors, suppliers and community members</i></p> <p><i>Metrics : Program implementation Rate (actual/planned programs)</i></p> <p><i>3. Foster sustainable use of resources, effective waste management and pollution control :</i></p>

	<p><i>Company-wide Energy Conservation Program; Reforestation/Tree-Planting Program; Solid Waste Management and wastes Segregation Program; Reuse-Reduce-Recycle Projects; Reforestation and tree planting are being done at the decommissioned and open areas within camp.</i></p>	<p><i>Engineered Sanitary Landfill and recyclable/reusable wastes are collected at clustered Materials Recovery Facility.</i></p> <p><i>A 3rd party service provider is contracted for the hauling, disposal and treatment of generated hazardous wastes.</i></p>	
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PROCUREMENT PRACTICES

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		70%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Business output and job generation</i>	<i>Over 200 suppliers</i>	<i>We have a Suppliers' Handbook which serves as the framework of our relationship with the suppliers</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Operational downtime</i>	<i>Employees and suppliers</i>	<i>Regular monitoring of targets and communication with stakeholders</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Improve competency and operational efficiency</i></p> <p><i>Promote awareness and adherence to Lepanto's Environmental Policy</i></p>	<i>Employees and suppliers</i>	<i>Suppliers handbook</i>

Anti-corruption Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	1,200	87%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	All suppliers and service providers	100 %
Percentage of directors and management that have received anti-corruption training	9	100%
Percentage of employees that have received anti-corruption training	1200	87%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Impact on cost of production or cost of doing business and the morale of employees; occurs in the supply chain.</i>	<i>Shareholders, employees, suppliers</i>	<i>Whistleblower policy Conflict of Interest Policy Related Party Transactions Policy Code of Conduct and Business Ethics Suppliers Handbook</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Dishonesty in the procurement process affects cost of production, profitability, and morale of the employees.</i>	<i>Shareholders, employees, suppliers, government</i>	<i>Whistleblower policy Conflict of Interest Policy Related Party Transactions Policy Code of Conduct and Business Ethics Suppliers Handbook</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Measures to prevent corruption help bring down cost of doing business and improve quality of materials</i>	<i>Shareholders, employees, suppliers</i>	<i>Code of Conduct and Business Ethics Suppliers Handbook</i>

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	zero	zero
Number of incidents in which employees were dismissed or disciplined for corruption	zero	zero
Number of incidents when contracts with business partners were terminated due to incidents of corruption	zero	zero

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Morale of employees</i>	<i>Employees and suppliers</i>	<i>We have policies in place, as enumerated above.</i>

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	241.60	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	50,209.9	GJ
Energy consumption (electricity)	45,030,670	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy usage (gasoline)	(+) 121.3	GJ
Energy usage (LPG)	0	GJ
Energy usage (diesel)	(+) 10,019.761	GJ
Energy usage (electricity)	(+) 2,543,643	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

<i>Impact is on mining operations. Consumption of these items directly impact the Company's cost.</i>	<i>Stockholders, employees, suppliers and community</i>	<i>Lepanto pursued the ISO:14001: Environmental Management System Certification and is now ISO: 14001 Certified and continuously being monitored by the Environmental Regulatory bodies for its compliance.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Following are the identified risks associated with using electricity, Diesoline and Gasoline; Resource Depletion Electric generation may cause air pollution and water contamination High cost</i>	<i>The company, employees, suppliers and community</i>	<i>Implementation of applicable Energy Conservation Programs; Close monitoring of resources consumption</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Use of alternative sources of energy Innovations in use of energy</i>	<i>Employees and community</i>	<i>Promote acquisition of energy-efficient equipment (motors) Support Trainings and Seminars re: Energy Efficiency Technology Incorporation of energy efficiency in the plans/designs of retrofit activities.</i>

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	5,584,077	Cubic Meters
Water consumption	1,274,930	Cubic Meters
Water recycled and reused	681,649	Cubic Meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<i>Impact is on mining operations and cost</i>	<i>employees and community</i>	<i>Lepanto pursued the ISO:14001: Environmental Management System Certification and is now ISO: 14001 Certified and continuously being monitored by the Environmental Regulatory bodies for its compliance</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Water pollution</i> <i>Resource depletion</i> <i>High cost of treating water</i>	<i>The company, , stockholders, employees and community.</i>	<i>Strict adherence to water permit conditions and standards</i> <i>Adoption of environment friendly technologies for efficient water use and treatment/recycling of used water</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>a. Re-use of processed water at the UG sandfilling and Mill crushing/Grinding Plant.</i> <i>b. Maximize use of water supply thru gravity flow during rainy season, this initiative reduces water pumping, thus, reducing operational cost on electricity</i> <i>c. Improvement of existing water catchment structures (water is impounded during rainy season to be used during dry season.)</i> <i>Recycling of processed water could reduce the plant's consumption of fresh water.</i>	<i>Mine and Mill Operations</i> <i>Mine/Mill Operations</i> <i>Employees, community, and stockholders</i>	<i>Cost management, Monitoring, water conservation program</i>

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
Renewable: Lumber Paper Non-renewable Explosives Lime Sodium Metabisulfite	812,358 1,207 1,115,949 4,591,014 645,350	Board feet Ream Kg Kg Kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	<i>The determination of exact figure is not possible because these are integral part of the over-all process.</i>	%
What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Mining operations and cost</i>	<i>stockholders, employees, suppliers, community</i>	<i>Lepanto recycles and repurposes materials whenever possible.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Resource depletion and cost</i>	<i>Suppliers, stockholders, employees, suppliers, community</i>	<i>Monitoring and evaluation of material usage against set parameters (e.g. tons broken or meters advanced for the mine, and tons milled for the mill) are done on a monthly basis.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

<i>Use of new technology to reduce usage</i>	<i>stockholders, employees, suppliers, community</i>	<i>Research and development for continuous improvement cost management</i>
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Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4,171.21	Has.
Habitats protected or restored	4,171.21	Has.
IUCN ¹⁷ Red List species and national conservation list species with habitats in areas affected by operations	No identified species included in the Red Book List	

¹⁷ International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>There are no declared protected areas within the camp area.</i>	<i>NA</i>	<i>NA</i>

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	<i>Diesel: 567.75 Gasoline: 2.73</i>	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	<i>No data available</i>	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	<i>There are no substantial emission sources of ozone depleting substances.</i>	N/A
What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Mining operations and cost</i>	<i>stockholders,</i>	<i>Pollution Control Program</i>

	employees, suppliers, community	
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Air pollution Complaints from community</i>	<i>stockholders, employees, suppliers, community.</i>	<i>Lepanto initiated a program to monitor and regularly report direct greenhouse gas emissions of its mining operation. Greening of the area through reforestation help neutralize effect of gas emissions. Information, Education and Communication program</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Optimized the design of the plants and selection of efficient equipment and fixtures.</i>	<i>stockholders, employees, suppliers, community.</i>	<i>Pollution Control Program Preventive Maintenance Program</i>

Air pollutants

Disclosure	Quantity	Units
NO _x SWA-8 No. 1 SWA-8 No. 3 SW-VEE 12 No. 1 SW-VEE 12 No. 2	within allowable limits	mg/Nm ³
Sox SWA-8 No. 1 SWA-8 No. 3 SW-VEE 12 No. 1 SW-VEE 12 No. 2	<i>within allowable limits</i>	mg/Nm ³
Persistent organic pollutants (POPs)	<i>Not required to monitor as per issued permit.</i>	mg/Nm ³
Volatile organic compounds (VOCs)		kg
Hazardous air pollutants (HAPs)		kg
Particulate matter (PM) SWA-8 No. 1 SWA-8 No. 3 SW-VEE 12 No. 1	<i>within allowable limits</i>	Mg/Nm ³

SW-VEE 12 No. 2		
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Mining operations and cost</i>	<i>stockholders, employees, suppliers, community</i>	<i>Pollution Control Program</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Air pollution Complaints from Community</i>	<i>stockholders, employees, suppliers, community</i>	<i>Pollution Control Program.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Use of new technology</i>	<i>stockholders, employees, suppliers, community</i>	<i>Pollution Control Program</i>

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		kg
Reusable and Recyclable	No data available	kg
Composted	No data available	kg
Incinerated	Not practiced	kg
Residuals/Landfilled	82,552	kg
What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Solid wastes come mostly from households, institutions and business areas within the mining camp.</i>	<i>employees and community</i>	<i>Only residual wastes go to the Engineered Sanitary Landfill and recyclable/reusable wastes are collected at clustered Materials Recovery Facility.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<i>Complaints from community Contamination and pollution</i>	<i>Employees and community</i>	<i>Segregation at source</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Reduce cost through recycling; use of technology and engineering expertise</i>	<i>Employees and communities</i>	<i>To further reduce sources of wastes, the company implemented a ban on the use of plastic bags, plastic straws, and Styrofoam containers inside the camp. The company is looking to other technologies to further manage solid waste like the introduction of eco-compostable receptacle.</i>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	77,096.49	kg
Total weight of hazardous waste transported	36,714.10	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Mining operations and cost</i>	<i>Employees, third-party service providers and community</i>	<i>Each type of waste is recorded and precisely analyzed and described. Proper disposal is ensured through the services of DENR accredited facilities. With the high cost associated with hazardous waste transport, disposal and treatment, the company is looking into waste minimization.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<i>Contamination and pollution</i>	<i>Employees and community</i>	<i>Proper disposal; With the high cost associated with hazardous waste transport, disposal and treatment, the company is working at waste minimization.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Research for alternative products and services</i>	<i>Employees, third-party service providers and community</i>	<i>Green Procurement</i>

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	1,257,604	Cubic meters
Percent of wastewater recycled	48	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Mining operations and cost</i>	<i>Employees, government and community</i>	<i>At Lepanto, wastewater is subjected to multi-stage chemical-physical treatment before release to the receiving water bodies. Regular monitoring, both in-house and through a 3rd party service provider, is performed to ensure that the effluent conforms to national standards.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>water pollution</i>	<i>Employees, government and community</i>	<i>monitoring and compliance with government standards</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

<i>Use of technology for cost-efficient water treatment</i>	<i>Shareholders, employees</i>	<i>Research and development activities are undertaken provide new and efficient solutions (in terms of cost and results)</i> <i>R & D activities include process improvement and use of others reagents</i>
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Environmental compliance

Disclosure	Quantity	Unit
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	<i>No fines paid for the year</i>	NA
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	<i>No violations for the year</i>	NA
No. of cases resolved through dispute resolution mechanism	none	NA

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>mining operations and cost</i>	<i>Management, employees, and third party service providers</i>	<i>ISO 14001-2015-certified EMS</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>penalties</i>	<i>Management, shareholders, employees, and third party service providers</i>	<i>Quarterly evaluation of compliance.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Company-wide adherence to the Environmental Management System and continuous improvement.</i>	<i>Management and employees</i>	<i>Regular monitoring of compliance obligations.</i>

SOCIAL

Employee Management Employee Hiring and Benefits Employee data

Disclosure	Quantity	Units
Total number of employees ¹⁸	1719	persons
a. Number of female employees	165	
b. Number of male employees	1554	
Attrition rate ¹⁹	4.5%	rate
Ratio of lowest paid employee against minimum wage	1.00%	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	8	24
PhilHealth	Y	8	53.14
Pag-ibig	Y	1	3
Parental leaves	Y	5.88	21.28
Vacation leaves	Y	100	100
Sick leaves	Y	9.24	52.28
Medical benefits (aside from PhilHealth))	Y	8.4	10
Housing assistance (aside from Pag-ibig)	Y	100	100
Retirement fund (aside from SSS)	Y	0	1.57
Further education support	Y	18.5	29
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Attraction, motivation and retention of talents	<ul style="list-style-type: none"> • <i>Compliance with the labor standards</i> • <i>Benchmarking of compensation and benefits within and across industries</i> • <i>Providing health care, medicine allowance and group life insurance</i>

¹⁸ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

¹⁹ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What are the Risk/s Identified?	Management Approach
<i>Overly-strict government regulations and permitting requirements on mining operations</i> <i>Few students interested to build a career in mining</i> <i>Few schools offering mining courses</i> <i>Talent flight risk</i>	<i>Full compliance with government regulations</i> <i>Labor-management cooperation approach</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Talent retention</i>	<i>A more extensive communication campaign to better inform the public of responsible mining</i> <i>Competency development</i>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	5,675	hours
b. Male employees	27,756	hours
Average training hours provided to employees		
a. Female employees	42.35%	hours/ employee
b. Male employees	18.21%	hours/ employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Employee competency and performance to adapt to business needs</i>	<i>Employee competency and development</i>
What are the Risk/s Identified?	Management Approach
<i>Talent Flight Risk</i> <i>Cost</i>	<i>Training and development</i> <i>Talent and Succession Management Strategy</i>
What are the Opportunity/ies Identified?	Management Approach

<i>Present career and development opportunities within the organization Availment of online training courses</i>	<i>Holistic training approach; Use of Technology</i>
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Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	77	%
Number of consultations conducted with employees concerning employee-related policies	14	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Employee productivity</i>	<i>CBA administration</i>
<i>Labor-management relationship</i>	<i>Labor-management Cooperation approach</i>
What are the Risk/s Identified?	Management Approach
<i>Deadlock in negotiation</i>	<i>Building of trust</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Human Resource programs</i>	<i>Collaborative approach</i>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	165	%
% of male workers in the workforce	1,554	%
Number of employees from indigenous communities and/or vulnerable sector*	1,166	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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<i>Hiring and performance</i>	<i>While the industry by its nature is male-dominated, the females get equal opportunity in employment and in occupying leadership roles. The executive team is composed of 40% female. Prioritization of local community members and indigenous peoples in hiring.</i>
What are the Risk/s Identified?	Management Approach
<i>Culture fit</i>	<i>Integration Program</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Wider labor market</i>	<i>Engagement programs to promote diversity</i>

Workplace Conditions, Labor Standards, and Human Rights
Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	LCMC only = 169,692 LCMC + Contractors = 468,186	Man-hours
No. of work-related injuries	69	incidents
No. of work-related fatalities	1	incidents
No. of work related ill-health	19	incidents
No. of safety drills	24	drills
What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach	
<i>Employees' welfare</i>	<i>Compliance with health and safety standards</i>	
What are the Risk/s Identified?	Management Approach	
<i>Increase in Lost-time incidents</i>	<i>Regular review and Implementation of Safety and Health Program</i>	
What are the Opportunity/ies Identified?	Management Approach	
<i>Improve productivity through health and safety standards</i>	<i>Recognition of safety and health performance.</i>	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	<i>Recruitment Policy</i>
Child labor	Y	<i>Recruitment Policy</i>
Human Rights	Y	<i>Code of Conduct</i>
What is the impact and where does it occur? What is the organization's involvement in the impact?		Management Approach
N/A		<i>Pls see above policies; compliance with labor laws</i>

Supply Chain Management

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	<i>Under Section 1.1.5.4 of the Supplier Accreditation Guideline; LCMC Supplier Handbook – under Supplier Responsibility Section II. Environmental Compliance</i>
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	<i>LCMC Supplier Handbook – under Supplier Responsibility Section I. Code of Conduct</i>

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Supply chain</i>	<i>Adoption and implementation of the Suppliers Accreditation Guideline.</i>
What are the Risk/s Identified?	Management Approach
<i>Non-cooperation of some suppliers which can delay procurement.</i>	<i>Prepare a timeline schedule for each material to avoid stockouts and avoid disruption in the company's operations.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Encourage the suppliers to comply with the Suppliers Accreditation Policy.</i>	<i>Coordination/dialogue with suppliers</i>

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that is of or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
A. Development of Host & Neighboring Communities					
<i>1. Infrastructure</i>	<i>Host and neighboring communities</i>	<i>Senior Citizens</i>	<i>Y</i>	<i>Constant dialogue Provision of social development projects</i>	<i>Maintain good relationship with the LGUs, communities, contractors & other stakeholders.</i>
<i>2. Education</i>	<i>Host and neighboring communities</i>	<i>children</i>	<i>Y</i>	<i>Provision of financial assistance per semester or per request</i>	<i>Provision of school bus services, library, computers, scholarships (Lepanto Educational Assistance Program)</i>
<i>3. Livelihood</i>	<i>Host Community</i>	<i>Women's group and solo parents</i>	<i>Y</i>	<i>Provision of livelihood projects</i>	<i>Technical assistance to the recipients i.e. project proposals / feasibility study / trainings</i>
<i>4. Health</i>	<i>Host Community</i>	<i>Persons with disability (PWD)</i>	<i>Y</i>	<i>Only one barangay identified this as a priority</i>	<i>Provide health services to indigent families &</i>

					<i>PWDs.</i>
<i>5. Peace and Order</i>	<i>Host Community</i>	<i>N/A</i>	<i>Y</i>	<i>Only one barangay identified this as a priority</i>	<i>Continuous program</i>
B. Information, Education and Communication					
<i>1. Community Immersion</i>	<i>Host and neighboring communities</i>	<i>PWD, Women's group & senior citizens</i>	<i>Y</i>	<i>Communities should feel the presence of Lepanto</i>	<i>Continuous program</i>
<i>2. Community meetings</i>	<i>Host and neighboring communities</i>	<i>Women's group, solo parents, PWD, senior citizens</i>	<i>Y</i>	<i>Communities need to be informed.</i>	<i>Continuous activities</i>
<i>3. SDMP updates & planning</i>	<i>Host and neighboring communities</i>	<i>Women's group, solo parents, PWD, senior citizens</i>	<i>Y</i>	<i>Communities need to be updated and participate in SDMP planning</i>	<i>Continuous program</i>
<i>4. IEC materials</i>	<i>Host and neighboring communities</i>	<i>Women's group, solo parents, PWD, senior citizens, youth, children, migrants</i>	<i>Y</i>	<i>Host & neighboring communities & other stakeholders must be informed of the company's programs & activities</i>	<i>Continues IEC program</i>
C. Development of Mining Technology and Geosciences					
<i>1. Full Scholarship</i>	<i>Host community</i>	<i>N/A</i>	<i>Y</i>	<i>Qualified students from the Host and neighboring communities</i>	<i>Continuous program for deserving students</i>
<i>2. Dashed</i>	<i>Host community</i>	<i>N/A</i>	<i>Y</i>		

3. Trainings, seminars, workshops	Host and neighboring communities	N/A	Y	Employees development and advancement of skills and technologies	Continuous program for LCMC employees, contractors,
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Certificates	Quantity	Units
FPIC process	FPIC process is on going	
CP secured		
What are the Risk/s Identified? <i>Delay in obtaining the Free and Prior Informed Consent of the community</i>	Management Approach <i>Focused approach to the FPIC process; Information – Education Campaign transparency and goodwill.</i>	
What are the Opportunity/ies Identified? Opportunity to dialogue with Community	Management Approach <i>Information – Education Campaign</i>	

Customer Management/Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		No

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Timely shipment Our customers are the buyers of our copper concentrate and gold dore.</i>	<i>Good relationship with buyers</i>
What are the Risk/s Identified?	Management Approach
<i>Weather disturbances affect shipment date.</i>	<i>Good planning Quality control</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Continuous improvement of sampling and assaying of data</i>	<i>Quality Control</i>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Impact is on relationship with the customers.</i>	<i>Incorporation of Data Privacy notices in contracts and forms</i>
What are the Risk/s Identified?	Management Approach
<i>Data breach</i>	<i>Privacy Risk Assessment Compliance Monitoring Physical and Technical security measures Recovery and restoration measures</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Employees become more professional in handling information</i>	<i>Compliance Monitoring Physical and Technical security measures</i>

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Impact is on the company's image. It occurs in the operations, supply chain, and transactions with service providers, stockholders, and employees.</i></p> <p><i>We process information relating to prospective and current employees, retirees and shareholders.</i></p>	<p><i>Data Privacy manual /guidelines; Appropriate orientation at head office, mine site and other units; Incorporation of Data Privacy notices in contracts and forms</i></p>
What are the Risk/s Identified?	Management Approach
<p><i>Data Breach</i></p>	<p><i>Privacy Risk Assessment Compliance Monitoring Physical and Technical security measures Recovery and restoration measures</i></p>
What are the Opportunity/ies Identified?	Management Approach
<p><i>Enhancement of data protection measures Instill discipline and responsible use of information among employees</i></p>	<p>Follow-up and continuous improvement</p>



Lepanto Consolidated Mining Company

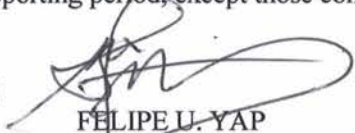
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **Lepanto Consolidated Mining Company** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2025**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2025** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Lepanto Consolidated Mining Company** is complete and correct in all material respects. Management likewise affirms that:


- a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c. **Lepanto Consolidated Mining Company** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature:



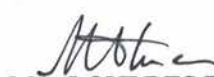
FELIPE U. YAP
Chairman of the Board
SSS#06-0091101-0

Signature:



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

Signature:



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

MAKATI CITY

SUBSCRIBED AND SWORN TO before me this 05 day of April 2026 at Makati City, affiants exhibiting to me their SSS IDs.

MAY 05 2026

ATTY. GERVACIO B. ORTIZ JK.
Notary Public City of Makati
Until December 31, 2026
IBP No. 656155 Lifetime Member
MCLE Compliance No. VIII-0040999
Appointment No. M-007(2025-2026)
PTR No. 10765528 Jan. 3, 2026
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 159
Page No. 33
Book No. XII
Series of 2026.



Lepanto Consolidated Mining Company

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo. Village
Brgy. Bel-Air, Makati City 1209

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 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.

Signature:

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

Signature:

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

Signature:

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

Signed this April 20, 2026.

MAKATI CITY

MAY 05 2026

SUBSCRIBED AND SWORN TO before me this _____ day of April 2026 at Makati City, affiants exhibiting to me their SSS IDs.

day of April 2026 at Makati City,

ATTY. GERVACIO B. ORTIZ JR.

Notary Public City of Makati
Until December 31, 2026

IBP No. 556155 Lifetime Member
MCLE Compliance No. Vill-0040999
Appointment No. M-007(2025-2026)
PTR No. 10765528 Jan. 3, 2026
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 160
Page No. 33
Book No. XII
Series of 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.

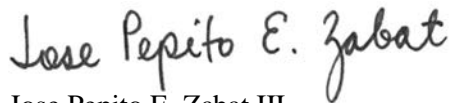
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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 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 and cash equivalent (Note 4)	P849,362	P62,114
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	14,689,467	14,595,607
TOTAL ASSETS	P16,824,825	P15,816,417
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	P2,270,833	P2,900,618
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	P16,824,825	P15,816,417

See accompanying Notes to Consolidated Financial Statements



LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands, Except for 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			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
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	₱1,448,409	₱102,298	(₱107,474)
NCI (Note 20)	183	358	(25)
	1,448,592	₱102,656	(₱107,499)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	₱1,433,791	(₱132,147)	(111,342)
NCI (Note 20)	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, 2025, 2024 AND 2023

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 19)			Additional Paid-in Capital	Remeasurement 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	P5,136,596	P1,499,089	P6,635,685	P5,077,033	(P122,947)	(P28,311)	(P6,949,763)	P4,611,697	P254,739	P4,866,436
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	P5,136,596	P1,499,089	P6,635,685	P5,077,033	(P153,702)	(P12,174)	(P5,501,354)	P6,045,488	P254,922	P6,300,410
Balances at January 1, 2024	P5,136,596	P1,499,089	P6,635,685	P5,077,033	P125,613	(P40,244)	(P7,054,243)	P4,743,844	P254,381	P4,998,225
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	P5,136,596	P1,499,089	P6,635,685	P5,077,033	(P122,947)	(P28,311)	(P6,949,763)	P4,611,697	P254,739	P4,866,436
Balances at January 1, 2023	P5,136,596	P1,499,089	P6,635,685	P5,077,033	P147,506	(P59,342)	(P6,945,693)	P4,855,189	P254,555	P5,109,744
Net loss	-	-	-	-	-	-	(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 loss on retirement benefits liability	-	-	-	-	1,076	-	(1,076)	-	-	-
Balances at December 31, 2023	P5,136,596	P1,499,089	P6,635,685	P5,077,033	P125,613	(P40,244)	(P7,054,243)	P4,743,844	P254,381	P4,998,225

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%	100%
SI	Service	100%	100%
LIDC	Investment	100%	100%
FSGRI*	Mining	60%	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.

- 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-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 ₱1,371,023 and ₱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	₱458,004
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 ₱40,897 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	10,028	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	P12,822,286	P573,552	P3,068,673	P702,275	P58,015	P38,095	P17,262,896
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 and 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	P5,034,863	P73,374	P360,757	P702,275	P109,941	P398	P6,281,608
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	P12,546,507	P561,297	P3,071,497	P702,275	P59,714	P39,411	P16,980,701
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 and 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	P4,943,042	P74,603	P344,751	P702,275	P58,015	P2,784	P6,125,470



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

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	25,201
Share in net loss	(186)	(2,427)	(2,613)
Share in OCI - FA at FVOCI	–	(135)	(135)
Share in OCI - RBO	–	49	49
Balances at end of year	(1,936)	24,438	22,502
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.



The following table illustrates summarized financial information of the Group's investments in associates:

2025	DMTC	MMC	Totals
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	Totals
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	Totals
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	Totals
Revenue	₱–	₱–	₱–
Cost and expenses	(733)	(18,144)	(18,877)
Net loss (continuing operations)	(733)	(18,144)	(18,877)
Comprehensive loss	–	(741)	(741)
Total comprehensive loss	(733)	(18,885)	(19,618)
Share in net 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; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
	2024	₱338	₱12,814		
Payables					
Stockholders	2025	₱10,656	₱85,794	On demand; noninterest-bearing and collectible in cash	Unsecured, no impairment, not guaranteed
	2024	₱-	₱75,138		
MMC	2025	-	-	On demand; noninterest-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 DDCP, 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	(P41,007)	(P325,936)	(P29,190)
Income tax effect of statutory income tax	10,252	81,484	7,297
Remeasurement loss on retirement liability - net of tax	(P30,755)	(P244,452)	(P21,893)

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	(P122,947)	P121,505	P143,398
Remeasurement loss during the year	(30,755)	(244,452)	(21,893)
Balances at end of year	(P153,702)	(P122,947)	P121,505

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

	Funded			Unfunded	Total
	Defined Benefit Liability	Fair Value of Plan Assets	Net Defined Benefit Liability	Defined Benefit Liability	
2025					
Balances at beginning of year	P1,686,500	P482,122	P1,204,378	P21,406	P1,225,784
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	P1,672,036	P330,412	P1,341,624	P29,399	P1,371,023

	Funded			Unfunded	Total
	Defined Benefit Liability	Fair Value of Plan Assets	Net Defined Benefit Liability	Defined Benefit Liability	
2024					
Balances at beginning of year	P1,390,401	P465,713	P924,688	P37,717	P962,405
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	P1,686,500	P482,122	P1,204,378	P21,404	P1,225,784

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 5.00% rate	Across the board 5.00% rate	Across the board 5.00% 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%	(P33,706)	(P34,753)
	-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	P250,948
2027	282,934
2028	150,266
2029	169,833
2030	189,635
2031-2035	951,119
	P1,994,735



18. Income Taxes

Current provision for income tax in 2025 pertains to regular income tax of LCMC amounting to ₱23,781. Current provision for income tax in 2024 pertains to FSGRI and DDCP's RCIT amounting to ₱5,881 and SSI's Minimum Corporate Income Tax (MCIT) amounting to ₱350.

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>				
<i>Accrual of:</i>				
Retirement benefits liability	₱295,440	₱233,145	₱7,350	₱5,562
Liability for mine rehabilitation cost	5,783	3,705	-	-
Lease liability	107	-	-	-
<i>Provisions for:</i>				
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
<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 income and OCI attributable to material NCI:



	2025	2024	2023
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	P–	(P1,062)
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	P458	P894
Attributable to NCI	P183	P358

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

	2025	2024
Current assets	P5,780	P7,273
Noncurrent assets	7,439,392	7,435,107
Current liabilities	(152,944)	(150,609)
Noncurrent liabilities	(6,650,882)	(6,650,882)
Net assets	P641,346	P640,889
Attributable to:	2025	2024
Equity holders of the Parent Company	P384,808	P384,533
NCI	254,922	254,739

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

	2025	2024
Operating	P4,826	(P25,268)
Investing	(3,931)	(41,917)
Financing	–	61,003
Effect of exchange rate changes on cash	20	890
Net increase (decrease) in cash	P915	(P5,292)

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
Total	₱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 on 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)	₱643,885	₱59,581
Cash equivalents (Note 4)	200,000	—
Trade receivables (Note 5)	25,068	27,296
Nontrade receivables (Note 5)	12,532	27,995
MRFs under "Other noncurrent assets"	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				Total
	Stage 1	Stage 2	Stage 3	Simplified Approach	
Cash in banks	P643,885	P-	P-	P-	P643,885
Cash 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
	P872,103	P-	-	P24,888	P896,991

	2024				
	General Approach				Total
	Stage 1	Stage 2	Stage 3	Simplified Approach	
Cash in banks	P59,581	P-	P-	P-	P59,581
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
	P92,121	P-	-	P25,996	P118,117

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	Current	Days past due				Total
		< 30 days	31-60 days	61-90 days	>91 days	
ECL rate	0%	0%	0%	0%	50%	
Estimated total gross carrying amount at default	P11,310	P-	P-	P-	P13,578	P24,888
ECL	P-	P-	P-	P-	P13,578	P13,578

2024	Current	Days past due				Total
		< 30 days	31-60 days	61-90 days	>91 days	
ECL rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	P1,579	P526	P316	P89	P23,486	P25,996
ECL	P-	P-	P-	P-	P23,486	P23,486

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)	(P1.16) P1.06	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 availing 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 three months	Three to six months	More than six to 12 months	More than one to two years	More than two years	Total
Financial Assets:							
Cash on hand (Note 4)	P5,477	P-	P-	P-	P-	P-	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)
	P288,940	(P43,340)	(P182,957)	(P1,398,053)	(P40,977)	(P20,396)	(P1,396,783)

*Excluding payable to regulatory authorities



2024	On demand	Less than three months	Three to six months	More than six to 12 months	More than one to two years	More than two 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	P-	P89,617	P4,634	P94,251
Borrowings	-	-	(214,157)	(214,157)
	P63,567	P26,050	(P209,523)	(P119,906)
2024	Level 1	Level 2	Level 3	Total
Financial assets designated at FVOCI	P-	P74,218	P3,896	P78,114
Borrowings	-	-	(172,192)	(172,192)
	P-	P74,218	(P168,296)	(P94,078)

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 P11,712,718.

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	P4,412,079	P-	P-	P-	P4,412,079
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)	P1,452,240	P11,807	(P1,775)	(P13,680)	P1,448,592
Segment assets	P16,795,296	P763,196	P18,849	(P752,516)	P16,824,825
Investments in and advances to associates	946,833	-	1,925	(433,230)	515,528
Segment liabilities	(10,535,733)	(204,569)	(15,759)	231,646	(10,524,415)
Depreciation	403,942	2,420	-	-	406,362
Capital expenditures:	-	-	-	-	-
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	₱15,787,467	₱138,420	₱665,583	(₱775,053)	₱15,816,417
Investments in and advances to associates	971,393	-	2,487	(525,305)	448,575
Segment liabilities	(10,963,273)	(90,142)	(154,823)	258,255	(10,949,983)
Depreciation	413,568	3,996	2,230	-	486,904
Capital expenditures:					
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 in and advances to associates	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

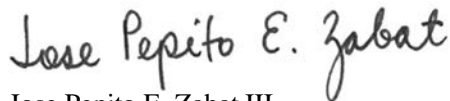


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Lepanto Consolidated Mining Company and Subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 20, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat III
Partner

CPA Certificate No. 85501

Tax Identification No. 102-100-830

BOA/PRC Reg. No. 0001, 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

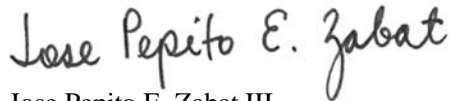


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Lepanto Consolidated Mining Company and Subsidiaries (the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 20, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat III
Partner

CPA Certificate No. 85501

Tax Identification No. 102-100-830

BOA/PRC Reg. No. 0001, 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



SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As of December 31, 2025

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES

21st Floor, Lepanto Building, Paseo de Roxas, Makati City

	Formula	2025	2024
<u>Profitability Ratios:</u>			
Return on assets	$\frac{\text{Net Loss}}{\text{Total Assets}}$	8.61%	0.64%
Return on equity	$\frac{\text{Net Loss}}{\text{Total Equity}}$	22.99%	2.08%
Gross profit margin	$\frac{\text{Gross Profit}}{\text{Net Revenues}}$	42.58%	16.05%
Net profit margin	$\frac{\text{Net Income}}{\text{Revenues}}$	32.67%	3.61%
<u>Liquidity and Solvency Ratios:</u>			
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.92:1	0.42:1
Quick ratio	$\frac{\text{Current Assets} - \text{Inventories} - \text{Advances to Suppliers and Contractors} - \text{Other Current Assets}}{\text{Current Liabilities}}$	0.38:1	0.08:1
Solvency ratio	$\frac{\text{Net Loss}}{\text{Total Liabilities}}$	0.14:1	0.01:1
<u>Financial Leverage Ratios:</u>			
Asset to equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	2.67	3.25
Debt to equity ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	1.67	2.25
Interest coverage ratio	$\frac{\text{Earnings Before Interest and Taxes (EBIT)}}{\text{Finance Costs}}$	(18.50)	(8.36)

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

- Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration
- Annex II: Map of the Relationships of the Companies Within the Group
- Annex III: Supplementary Schedules Required by Annex 68-J
- Schedule A. Financial Assets
 - Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
 - Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
 - Schedule D. Long-term Debt
 - Schedule E. Indebtedness to Related Parties
 - Schedule F. Guarantees of Securities of Other Issuers
 - Schedule G. Capital Stock



SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

As of December 31, 2025
(Amounts in thousands)

LEPANTO CONSOLIDATED MINING COMPANY
21st Floor, Lepanto Building, Paseo de Roxas, Makati City

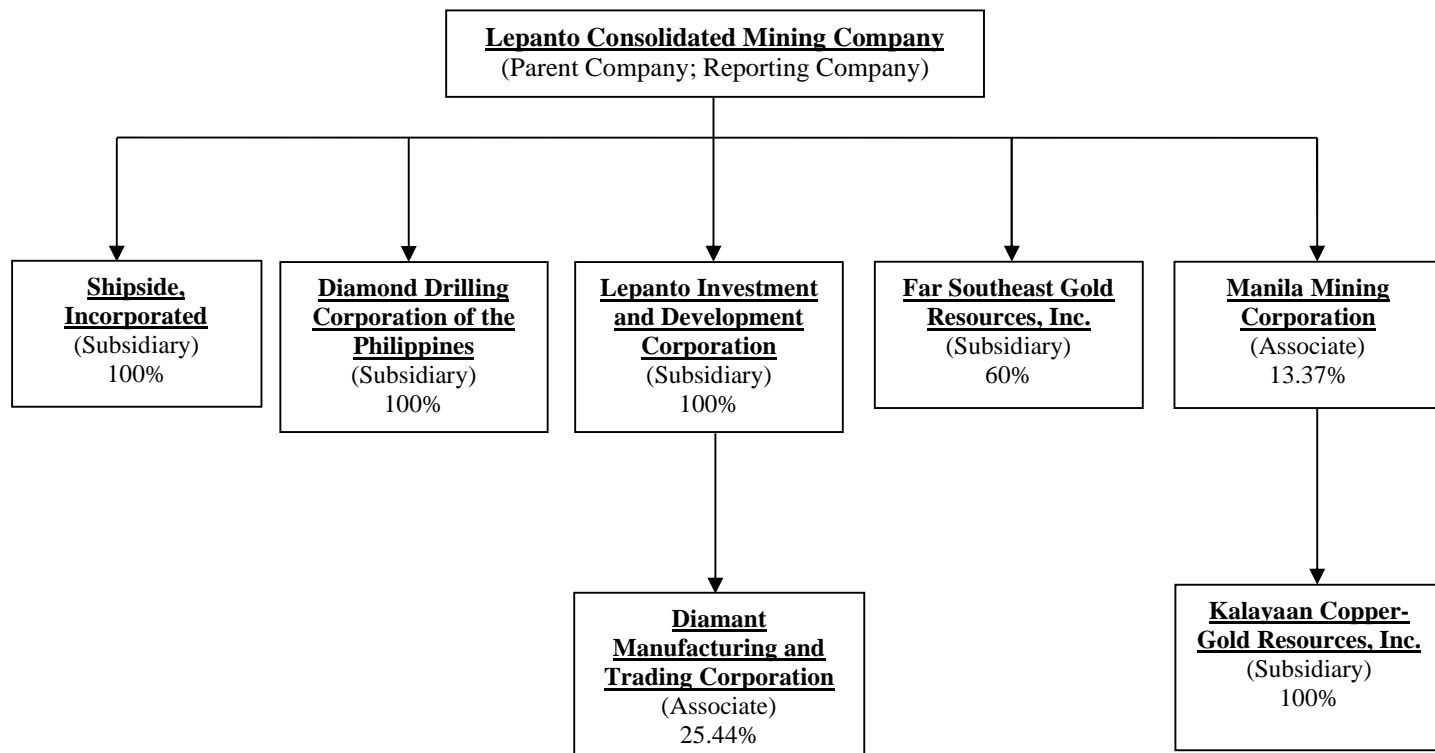
Unappropriated Retained Earnings, beginning of reporting period	(P7,554,739)
Add: <u>Category A</u> : Items that are directly credited to Unappropriated Retained Earnings	-
Less: <u>Category B</u> : Items that are directly debited to Unappropriated Retained Earnings	-
	<hr/>
Unappropriated Retained Earnings, as adjusted	(7,554,739)
Add/Less: Net income (loss) for the current year	1,447,204
Less: <u>Category C.1</u> : Unrealized income recognized in the profit or loss during the reporting period (net of tax) Unrealized foreign exchange gain, except those	(79)
Add: <u>Category C.2</u> : Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-
Add: <u>Category C.3</u> : Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	-
	<hr/>
Adjusted Net Income	1,447,125
Add: <u>Category D</u> : Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Add/Less: <u>Category E</u> : Adjustments related to relief granted by the SEC and BSP	
Add/Less: <u>Category F</u> : Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	(37,207)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(4,003) (41,210)
	<hr/>
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	P-

†Amount is zero since the reconciliation results to a deficit



SCHEDULE II
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
As of December 31, 2025

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
21st Floor, Lepanto Building, Paseo de Roxas, Makati City



SCHEDULE III
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2025

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
21st Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE A: FINANCIAL ASSETS

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amounts shown in the Statement of Financial Position (figures in thousands)	Income received and accrued
Financial asset designated at FVOCI:			
Manila Mining Corporation	104,695,012	P-	P-
Philippine Associated Smelting & Refining Corp.	37,407,798	-	-
Filsyn Corporation	4,545,034	12,617	-
Manila Peninsula Hotel	1,304,632	4,423	-
Lepanto Consolidated Mining Company	1,024,952	-	-
Philippine Fire and Marine Insurance Corp.	330,613	-	-
Crown Fruits	20,000	-	-
Alabang Country Club Inc.	1	15,000	-
Canlubang Golf & Country Club Inc.	1	8,500	-
Club Filipino	1	550	-
Makati (Sports) Club Inc.	1	2,000	-
Manila Polo Club	1	50,000	-
PHILAM Properties Corp.	1	210	-

SCHEDULE III
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2025

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
21st Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at end of period
NOT APPLICABLE							

SCHEDULE III
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2025

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
21st Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE C: AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATED FINANCIAL STATEMENTS

Name and Designation of Debtor	Balance at Beginning of period	Additions	Amounts Collected / Settled	Current	Not Current	Balance at end period
DDCP	P77,883,662	P1,216,341	P7,256,388	P3,265,396	P-	(P3,265,396)
FSGRI	93,406,097	2,583,200	-	95,989,298	-	95,989,289
LIDC	20,321,296	-	24,871,262	(4,549,965)	-	(4,549,965)

SCHEDULE III
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2025

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
21st Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE D: LONG TERM DEBT

Title of Issue and type of obligation	Amount authorized by Indenture	Amount shown under the caption "Current Portion of long-term borrowings" in related balance sheet	Amount shown under the caption "Long-term borrowings- net of current portion" in related balance sheet
Statham Capital Corporation - <i>Gold Delivery Agreement</i>	US\$1,000,000	P-	P58,790,000
UCPB Peso Loan	P135,217,621	P27,941,504	P67,074,052
Restructured Supplier Liability	P90,029,201	P14,788,689	P45,447,771
RCBC Peso Loan	P1,238,000	P116,915	P-

SCHEDULE III
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2025

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
21st Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

Name of Related Party	Balance at beginning of period	Balance at end of period
<div style="border: 1px solid black; padding: 5px; display: inline-block;">NOT APPLICABLE</div>		

SCHEDULE III
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2025

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
21st Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUES

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
--	---	---	--	---------------------

NOT APPLICABLE

SCHEDULE III
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2025

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
21st Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE G: 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. As at December 31, 2025, total shares issued and outstanding is 66,375,758,097 held by 27,620 shareholders.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversions and other rights	No. of shares held by		
				Related parties	Directors and Officers	Others
Common Stock						
Class A	39,840,000,000	39,821,417,656	–	30,920	1,322,312,547	38,499,074,189
Class B	26,560,000,000	26,552,508,993	–	783,523	241,828,695	26,309,896,775

LEPANTO CONSOLIDATED MINING COMPANY
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
December 31, 2025

	Current Year	Prior Year
Total Audit Fees (Section 2.1a)	₱4,310,000	₱4,005,000
Non-audit services fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Non-audit Fees (Section 2.1b)	–	–
Total Audit and Non-audit Fees	₱4,310,000	₱4,005,000

Audit and Non-audit fees of other related entities (Section 2.1c)

	Current Year	Prior Year
Audit Fees	₱–	₱–
Non-audit services fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Audit and Non-audit Fees of other related entities	₱–	₱–

File Upload



All files successfully uploaded

Transaction Code:
AFS-0-6L7J9H650AH6J9JBDPNR21YTY032PVPPY1

Submission Date/Time:
May 05, 2026 03:10 PM

[Back To Upload](#)

Edelyn Gain

From: Dominic Rivo <dominic.rivo@lepantomining.com>
Sent: Tuesday, May 5, 2026 3:38 PM
To: 'Edelyn Gain'
Subject: FW: Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph [mailto:eafs@bir.gov.ph]
Sent: Tuesday, May 5, 2026 3:11 PM
To: IRA.DIDULO@LEPANTOMINING.COM
Cc: IRA.DIDULO@LEPANTOMINING.COM
Subject: Your BIR AFS eSubmission uploads were received

Hi LEPANTO CONSOLIDATED MINING COMPANY,

Valid file

- EAFS000160247AFSTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-6L7J9H650AH6J9JBDPNR21YTY032PVPPY1**
Submission Date/Time: **May 05, 2026 03:10 PM**
Company TIN: **000-160-247**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.



Lepanto Consolidated Mining Company

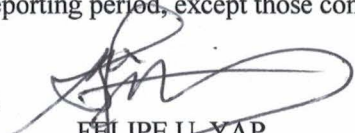
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **Lepanto Consolidated Mining Company** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2025**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.


In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2025** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Lepanto Consolidated Mining Company** is complete and correct in all material respects. Management likewise affirms that:

- a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c. **Lepanto Consolidated Mining Company** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


Signature:


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

Signature:


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

Signature:


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

MAKATI CITY

SUBSCRIBED AND SWORN TO before me this _____ day of April 2026 at Makati City, affiants exhibiting to me their SSS IDs.

MAY 05 2026

ATTY. GERVACIO B. ORTIZ JK.

Notary Public City of Makati

Until December 31, 2026

IBP No.656155 Lifetime Member

MCLE Compliance No. VIII-0040999

Appointment No. M-007(2025-2026)

PTR No.10765528 Jan. 3, 2026

Makati City Roll No. 40091

101 Urban Ave. Campos Rueda Bldg.

Brgy. Pio Del Pilar, Makati City

Doc. No. 159:
 Page No. 33:
 Book No. XII:
 Series of 2026.



Lepanto Consolidated Mining Company

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo. Village
Brgy. Bel-Air, Makati City 1209

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.

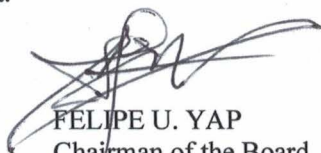
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidated the Company or to 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 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.

Signature:



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

Signature:



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

Signature:



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

Signed this April 20, 2026.

MAKATI CITY

MAY 05 2026

SUBSCRIBED AND SWORN TO before me this
affiants exhibiting to me their SSS IDs.

day of April 2026 at Makati City.

ATTY. GERVACIO B. ORTIZ JR.

Notary Public City of Makati
Until December 31, 2026

IBP No. 556155 Lifetime Member
MCLE Compliance No. VIII-0040999
Appointment No. M-007(2025-2026)
PTR No. 10765528 Jan. 3, 2026
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 160
Page No. 33
Book No. XII
Series of 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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Lepanto Consolidated Mining Company (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2025 and 2024, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended 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 Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the parent company financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of parent company 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.

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

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

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

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



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

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

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

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

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

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

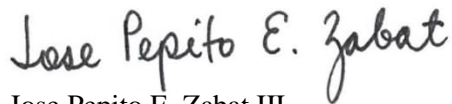


Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 31 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Lepanto Consolidated Mining Company. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

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

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat 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
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱831,273	₱24,238
Receivables (Note 5)	110,535	44,896
Inventories (Note 6)	477,297	474,457
Prepayments and other current assets (Note 7)	684,839	536,058
Total Current Assets	2,103,944	1,079,649
Noncurrent Assets		
Property, plant and equipment (Note 8)	5,871,991	5,717,415
Financial assets designated at fair value through other comprehensive income (FVOCI) (Note 9)	36,098	23,511
Investments in subsidiaries and an associate (Note 10)	933,342	958,578
Mine exploration costs (Note 11)	10,921	10,621
Deferred tax assets - net (Note 18)	302,290	264,597
Other noncurrent assets	91,747	290,720
Total Noncurrent Assets	7,246,389	7,265,442
TOTAL ASSETS	₱9,350,333	₱8,345,091
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	₱2,193,892	₱2,797,611
Provisions and other current liabilities (Note 13)	114,374	135,691
Current portion of loans payable (Note 14)	42,730	18,774
Current portion of lease liability (Note 27)	427	2,449
Income tax payable (Note 18)	17,624	–
Total Current Liabilities	2,369,047	2,954,525
Noncurrent Liabilities		
Loans payable - net of current portion (Note 14)	171,312	152,861
Lease liability - net of current portion (Note 27)	–	427
Retirement benefits liability (Note 16)	1,341,624	1,204,377
Mine rehabilitation and decommissioning liability (Note 15)	23,129	22,590
Total Noncurrent Liabilities	1,536,065	1,380,255
Total Liabilities	3,905,112	4,334,780
Equity		
Capital stock - net of subscription receivable (Note 19)	6,635,685	6,635,685
Additional paid-in capital	5,075,160	5,075,160
Remeasurement loss on retirement benefits liability (Note 16)	(149,631)	(124,750)
Fair value reserve of financial assets designated at FVOCI (Note 9)	(8,458)	(21,045)
Deficit	(6,107,535)	(7,554,739)
Total Equity	5,445,221	4,010,311
TOTAL LIABILITIES AND EQUITY	₱9,350,333	₱8,345,091

See accompanying Notes to Parent Company Financial Statements



LEPANTO CONSOLIDATED MINING COMPANY
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands, Except for Income (Loss) per Share)

	Years Ended December 31	
	2025	2024
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 26)	₱4,412,079	₱2,781,674
COST OF SALES (Note 21)	(2,623,444)	(2,389,526)
OPERATING EXPENSES (Note 22)	(234,432)	(231,013)
FINANCE COSTS (Note 24)	(110,588)	(71,800)
FOREIGN EXCHANGE GAIN (LOSS) - net	13,560	(1,397)
OTHER INCOME (EXPENSE) - net (Note 25)	(15,589)	28,089
INCOME BEFORE INCOME TAX	1,441,586	116,027
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)		
Current	23,781	(5,599)
Deferred	(29,399)	(15,663)
	5,618	(21,262)
NET INCOME	1,447,204	94,765
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement loss on retirement benefits liability (Note 16)	(24,881)	(249,557)
Changes in fair values of financial assets designated at FVOCI (Note 9)	12,587	5,950
	(12,294)	(243,607)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱1,434,910	(₱148,842)
BASIC/DILUTED EARNINGS PER SHARE (Note 20)	₱0.0218	₱0.0014

See accompanying Notes to Parent Company Financial Statements



LEPANTO CONSOLIDATED MINING COMPANY
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Thousands)

	Capital stock (Note 19)				APIC	Remeasurement Gain (Loss) on Retirement Benefits Liability (Note 16)	Fair Value Reserve of Financial Assets Designated at FVOCI (Note 9)	Deficit	Total
	Issued	Subscribed	Subscription Receivable	Subtotal					
Balances at January 1, 2024	P6,637,393	P183	(P1,891)	P6,635,685	P5,075,160	P124,807	(P26,995)	(P7,649,504)	P4,159,153
Net income	-	-	-	-	-	-	-	94,765	94,765
Other comprehensive income (loss), net of tax	-	-	-	-	-	(249,557)	5,950	-	(243,607)
Total comprehensive income (loss)	-	-	-	-	-	(249,557)	5,950	94,765	(148,842)
Balances at December 31, 2024	6,637,393	183	(1,891)	6,635,685	5,075,160	(124,750)	(21,045)	(7,554,739)	4,010,311
Net income	-	-	-	-	-	-	-	1,447,204	1,447,204
Other comprehensive income (loss), net of tax	-	-	-	-	-	(24,881)	12,587	-	(12,294)
Total comprehensive income (loss)	-	-	-	-	-	(24,881)	12,587	1,447,204	1,434,910
Balances at December 31, 2025	P6,637,393	P183	(P1,891)	P6,635,685	P5,075,160	(P149,631)	(P8,458)	(P6,107,535)	P5,445,221

See accompanying Notes to Parent Company Financial Statements



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

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱1,441,586	₱116,027
Adjustments for:		
Depreciation, depletion and amortization (Notes 8, 21 and 22)	403,941	416,007
Movements in retirement benefits liability	104,073	279,689
Interest expense on long-term borrowings	29,733	63,441
Loss (gain) on disposal of:		
Inventory scraps (Note 6)	22,416	2,061
Property, plant and equipment (Note 8)	(3,789)	(7,547)
Provision for inventory obsolescence (Note 6)	22,131	-
Unrealized foreign exchange losses (gains) - net	(15,174)	3,268
Accretion of interest expense on mine rehabilitation and decommissioning liability (Note 15)	539	844
Interest income (Notes 4 and 25)	(195)	(39)
Accretion of interest expense on lease liability (Notes 24 and 27g)	142	264
Operating income before working capital changes	2,005,403	874,015
Decrease (increase) in:		
Receivables, excluding related party	95,239	44,935
Receivables - related party	(66,738)	12,369
Inventories	(47,620)	(9,601)
Prepayments and other current assets	(148,781)	(32,267)
Increase (decrease) in:		
Trade and other payables	(602,869)	(439,781)
Provisions and current liabilities	(21,317)	(5,223)
Net cash generated from operations	1,213,317	444,447
Interest received	195	39
Income taxes paid	(6,158)	(5,599)
Net cash flows from operating activities	1,207,354	438,887
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 8)	(558,079)	(441,076)
Proceeds from sale of equipment and inventory scraps	4,022	7,547
Acquisition of intangible asset	(2,124)	-
Additions to mine exploration cost (Note 11)	(300)	(240)
Decrease in other noncurrent assets	200,659	12,147
Net cash flows used in investing activities	(355,822)	(421,622)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Borrowings and interest	(57,143)	(46,169)
Principal portion of lease liability (Note 27g)	(2,449)	2,203
Net cash flows used in financing activities	(59,592)	(43,966)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	791,940	(26,701)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,238	49,982
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	15,095	957
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱831,273	₱24,238

See accompanying Notes to Parent Company Financial Statements



LEPANTO CONSOLIDATED MINING COMPANY

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information, Status of Operations and Authorization for Issue of the Parent Company Financial Statements

Corporate Information

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 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 (3) years subject to compliance with certain conditions, and duty-free importation of equipment, spare parts and accessories for five (5) 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 NIRC of 1997, as amended, and Section 31(5) of Republic Act No. 12066. The 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. It commenced commercial operation of the Copper-Gold Project, producing copper-gold concentrate, in October 2017. 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 26c).

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.

The Parent Company's Ability to Continue as a Going Concern

The Parent Company has resulting deficit of ₱6,107,535 and ₱7,554,739 as of December 31, 2025 and 2024, respectively. In addition, the Parent Company's current liabilities exceeded its current assets by ₱265,103 and ₱1,874,876 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 27c).

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 Parent Company posted net income amounting to ₱1,447,204 and ₱94,765, 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 parent company financial statements on a going concern basis.



Authorization for Issue of the Parent Company Financial Statements

The parent company financial statements as at December 31, 2025 and 2024 and for the years then ended were authorized for issuance by the Board of Directors on April 20, 2026.

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

Basis of Preparation

The parent company financial statements have been prepared under the historical cost basis, except for financial assets designated at FVOCI that have been measured at fair value in the parent company statements of financial position. Disclosures have not been illustrated for standards that are either not relevant to the parent company financial statements or are not applicable to the Parent Company's circumstances.

Functional and Presentation Currency

The parent company financial statements are presented in Philippine Peso, the Parent Company's functional and presentation currency. All values are rounded to the nearest thousand (₱000), except when otherwise indicated.

Statement of Compliance

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

The Parent Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements presented in compliance with PFRS Accounting Standards. These may be obtained at the Parent Company's principal place of business (see Note 1).

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

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

- 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.

PFRS Accounting Standards Issued but not yet Effective

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

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*



- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Improvements to PFRS Accounting Standards - Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

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

Material Accounting Policy Information

Financial Instruments

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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company 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 Parent Company has applied the practical expedient are measured at the transaction 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 payment 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 Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



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 Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 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 parent company statement of comprehensive income when the asset is derecognized, modified or impaired.

The Parent Company's financial assets at amortized cost include cash, trade receivables (not subject to provisional pricing), nontrade receivables, advances to officers and employees and mine rehabilitation fund (MRF) under 'Other noncurrent assets'.

Financial assets at FVOCI

Upon initial recognition, the Parent Company 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 profit or loss when the right of payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Parent Company elected to classify irrevocably its quoted and unquoted equity investments under this category.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.



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

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- a) the economic characteristics and risks are not closely related to the host;
- b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- c) the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL loss category.

As PFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the solely for payments of principal and interest test thereby requiring the instrument to be measured at FVPL in its entirety. This is applicable to the Parent Company's trade receivables subject to provisional pricing. These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant quotational period (QP) stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at FVPL or loss from the date of recognition of the corresponding sale, with subsequent movements being recognized in mark-to-market gains (losses) in the parent company statement of comprehensive income.

The Parent Company has no financial assets under this category.

Derecognition

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

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

When the Parent Company 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 Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

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



Impairment of Financial Assets

The Parent Company 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 Parent Company 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 results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Parent Company's historical experience and informed credit assessment including forward-looking information.

For cash and cash equivalents, the Parent Company applies the low credit risk simplification. At every reporting date, the Parent Company 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 Parent Company reassesses the internal credit rating of the debt instrument. In addition, the Parent Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at 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 Parent Company's financial liabilities include trade and other payables (except for payables to regulatory authorities), undiscounted lease liability and loans payable (amortized cost).

Subsequent measurement

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 parent company statement 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 parent company statement of comprehensive income.

Inventories

Mine products, which consist of gold and silver bullion inventory, are 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. NRV of parts and supplies is the current replacement cost. In determining the NRV, the Parent Company considers any adjustments necessary for obsolescence. Provision for obsolescence is determined by reference to specific items of stock.

Parts and Supplies

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 is valued at invoice cost.

The Parent Company determines the NRV of inventories at each end of the reporting period. If the cost of the inventories exceeds its NRV, the asset is written down to its NRV and impairment loss is recognized in the parent company statement of comprehensive income in the period the impairment incurred. In case the NRV of the inventories increased subsequently, the NRV will increase carrying amount of inventories but only to the extent of the impairment loss previously recognized.

Advances to Suppliers and Contractors

Advances to suppliers and contractors are non-financial assets arising from payments made by the Parent Company to its suppliers and contractors before goods or 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 amounts initially paid.



Prepayments and Other Current Assets

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

Prepayments

Prepaid expenses are advance payments to various suppliers and recorded as assets, before these are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expenses either with the passage of time or through use or consumption.

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 parent company 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 parent company 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 Parent Company upon approval by the Philippine Bureau of Internal Revenue (BIR) and/or the Philippine Bureau of Customs (BOC).

Investments in Subsidiaries and an Associate

The Parent Company's investments in subsidiaries and an associate are accounted for under the cost method less any impairment losses.

Cost method is a method of accounting for an investment whereby the investment is recognized at cost. The investor recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distribution received in excess of such profits are regarded as a recovery of investment and are recognized as a deduction of the cost of investment.

Property, Plant and Equipment

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

Land is stated at cost, less any impairment in value.

The Parent Company's policy is to classify right-of-use assets as part of property, plant and equipment. The Parent Company 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 Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

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:

<u>Type of asset</u>	<u>Estimated useful life in years</u>
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 Parent Company's mine 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 Parent Company 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 be realized. These costs include materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Parent Company 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 VIU 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 VIU, 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 Parent Company bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Parent Company'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 cost to sell 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 Parent Company 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 parent company statement of comprehensive income as part of "Other 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 Subsidiaries and an Associate

After application of the cost method for investments in subsidiaries and associate, the Parent Company determines whether it is necessary to recognize an additional impairment loss on the Parent Company's investments in its subsidiaries and associate. The Parent Company determines at the end of the reporting period whether there is any objective evidence that the investments in subsidiaries and associate are impaired. If this is the case, the Parent Company calculates the amount of impairment as



being the difference between the recoverable amount of the investment and the acquisition cost and recognizes the amount in the parent company 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 in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Provisions

Liability for Mine Rehabilitation

Mine rehabilitation costs will be incurred by the Parent Company either while operating, or at the end of the operating life of, the Parent Company's facilities and mine properties. The Parent Company assesses its liability for mine rehabilitation at each reporting period. The Parent Company 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 or 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 (subsequent to start of 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 parent company statement of comprehensive income.



If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Parent Company considers whether this is an indication of impairment of the asset as a whole, 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 parent company statement of comprehensive income as part of "Finance costs".

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

The Parent Company recognizes the deferred tax asset in respect of the temporary difference on the decommissioning liability and the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

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

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Parent Company and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Metals (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 Parent Company'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.

Provisional shipment up to 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 QP less applicable smelting and treatment charges.

Service Fees

Service fees are recognized upon performance of the services.

Trade Receivables

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

Contract Asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.



Interest Income

Interest income is recognized as it accrues using EIR method.

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.

Other Income

Other income are income and expenses which are not directly related to the Parent Company's regular results of operations. These include gain (loss) on disposal of assets and gain due to retrenchment.

Capital Stock and APIC

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the parent company statement 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 Parent Company purchases its own shares (treasury shares), the consideration paid including any directly attributable incremental costs is deducted from equity attributable to the Parent Company'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 Parent Company's stockholders.

Subscription Receivable

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

Employee Benefit

The net defined retirement benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The 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 benefit liability or asset
- Remeasurements of net defined retirement benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in 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 in profit or loss.



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 benefit 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, *Employee Benefits*, 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 Parent Company, nor can they be paid directly to the Parent Company. 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 defined 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 Parent Company’s right to be reimbursed of some or all of the expenditure required to settle a defined retirement benefits liability is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Foreign Currency Transaction

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 restated using the closing rate of exchange at the financial reporting period. All differences are taken to the parent company 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 authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the end of the financial 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 tax is provided, using the balance sheet method, on temporary differences at the end of the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



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

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

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable profits 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 income nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associate 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 each financial reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits 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 period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred 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.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

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 Parent Company reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. Mine exploration costs amounted to ₱10,921 and ₱10,621 as at December 31, 2025 and 2024, respectively (see Note 11).

Assessing Existence of Significant Influence

In assessing whether significant influence still exists, the Parent Company 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 Parent Company and its investee, among others.

As at December 31, 2025 and 2024, the Parent Company assessed that it has significant influence over Manila Mining Company (MMC) has accounted for the investments as associates (see Note 10).

Estimates and Assumptions

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

Estimating Ore Reserves and Resources

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. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and extraction and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may



lead to revisions. The estimated recoverable reserves are used in the calculation of depletion, amortization and testing for impairment, the assessment of life of mine, and forecasting the timing of the payment of provision for mine rehabilitation and decommissioning.

In accordance with its policy, the Parent Company reviews the estimated resources and reserves on an ongoing basis. This review indicated that a portion of resource were part of the ore extracted in prior year. As a result, effective January 1, 2019, the Parent Company added a portion of resources expected to be converted into reserves in the calculation of depletion.

As at December 31, 2025 and 2024, mine and mining properties presented under property, plant and equipment amounted to ₱4,979,799 and ₱4,887,978, respectively (see Note 8).

Estimating Allowance for Inventory Obsolescence

Parts and supplies inventories, which are used in the Parent Company's operations and mine products, are stated at the lower of cost and NRV. Allowance due to obsolescence is established when there is evidence that the equipment for which the parts and supplies are originally purchased were no longer in service. Materials which are non-moving or have become unusable are priced at their recoverable amounts. 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 ₱477,297 and ₱474,457 as at December 31, 2025 and 2024, respectively (see Note 6).

Estimating Impairment of Investments in and Subsidiaries and Associate

The Parent Company assesses whether there are any indicators of impairment on investments in subsidiaries and associate at 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, the investment is written down to its recoverable amount.

No provision for impairment of investments in and advances to subsidiaries and associate has been recognized in 2025 and 2024. Investment in subsidiaries and associate and deposit for future stock subscription amounted to ₱933,342 and ₱958,578 December 31, 2025 and 2024, respectively (see Note 10).

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

The Parent Company 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 Parent Company 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 Parent Company is required to make estimates and assumptions such as commodity prices, discount rates and foreign currency exchange rates that can materially affect the parent company 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 VIU. 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 VIU 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.

No provision for impairment of property, plant and equipment has been recognized in 2025 and 2024. The aggregate net book values of property, plant and equipment amounted to ₱5,871,991 and ₱5,717,415, net of ₱23,779 allowance for impairment losses, as at December 31, 2025 and 2024 respectively (see Note 8).

The carrying amount of other nonfinancial assets, which include advances to officers and employees, advances to suppliers, due from related parties, other current assets and other noncurrent assets amounted to ₱870,464 and ₱865,059 as at December 31, 2025 and 2024, respectively.

Estimating Retirement Benefits Costs

The costs of defined retirement obligation as well as the present value of the retirement liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit retirement liability are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting period. The net retirement benefits liability amounted to ₱1,341,624 and ₱1,204,377 as at December 31, 2025 and 2024, respectively. Retirement benefits costs amounted to ₱104,073 and ₱78,226 in 2025 and 2024, respectively (see Note 16).

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 retirement liability. Further details about the assumptions used are provided in Note 16.

Estimating Liability for Mine Rehabilitation Costs

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 financial 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, provision for mine rehabilitation and decommissioning amounted to ₱23,129 and ₱22,590, respectively (see Note 15).

Assessing Recoverability of Deferred Tax Assets

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

The Parent Company has net deferred tax assets amounting to ₱302,290 and ₱264,597 as at December 31, 2025 and 2024, respectively. No deferred tax assets were recognized for temporary differences resulting from the Parent Company's net operating loss carryover (NOLCO) and provisions amounting to ₱561,725 and ₱1,470,714 as at December 31, 2025 and 2024, respectively, since there is no assurance that the Parent Company will generate sufficient future taxable profits to allow all or part of its deferred tax assets to be utilized (see Note 18).

4. Cash and Cash Equivalents

	2025	2024
Cash on hand	₱5,015	₱2,400
Cash in banks	626,258	21,838
Cash equivalents	200,000	–
	₱831,273	₱24,238

Cash in banks earn interest at the respective bank deposit rates. Interest income from cash in banks amounted to ₱195 and ₱39 in 2025 and 2024, respectively (see Note 25).

The Parent Company has United States Dollar (US\$)-denominated cash in banks amounting to US\$7,387 and US\$138 as at December 31, 2025 and 2024, respectively (see Note 28).

Cash equivalents have a maturity of 45 days and earn interest at 5% in 2025.

5. Receivables

	2025	2024
Accounts receivables - third party	₱1,216	₱2,315
Accounts receivables - related party (note 17)	109,563	42,825
	110,779	45,140
Less: Allowance for expected credit losses	244	244
	₱110,535	₱44,896

The Parent Company's accounts receivables – third party arise from shipments of gold and silver to refinery and smelter customers under the Refining Agreement (RA) (see Note 26). It also includes amounts due from contractors, subcontractors, and other third parties relating to rentals and general services. These receivables are carried at fair value and are not subject to expected credit loss assessment.

There was no provision for expected credit losses on receivables recognized in December 31, 2025 and 2024.



Accounts receivables – related party are in the nature of expenses paid by the Parent Company on behalf of its related parties.

The Parent Company has US\$-denominated trade receivables amounting to US\$3 and US\$22 as at December 31, 2025 and 2024, respectively (see Note 28).

6. Inventories

	2025	2024
Parts and supplies at NRV	₱384,288	₱410,407
Mine products at cost	93,009	64,050
	₱477,297	₱474,457

Parts and supplies on hand include materials and supplies stored in Metro Manila, Bulacan, Mankayan and Leyte. Cost of parts and supplies amounted to ₱429,979 and ₱437,609 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.

In 2024, the Company disposed several parts and supplies stored in Leyte with a total cost of ₱19,100. This result to a deduction of the related allowance for inventory obsolescence amounting to ₱17,039 and loss on disposal amounting to ₱2,061. They did not dispose any parts and supplies stored in Leyte for 2025.

In 2025, the Company disposed of certain inventory scraps with a carrying amount of ₱22,649. The inventory scraps were sold in the ordinary course of business at a price lower than their carrying amount, resulting in a loss on disposal of ₱22,416, which has been recognized in "Other Income (Expense)" in the profit or loss for the year.

Provision for inventory obsolescence on parts and supplies inventory amounted to ₱22,131 and nil as at December 31, 2025 and 2024, respectively. Allowance for inventory obsolescence on parts and supplies on hand amounting to ₱52,977 and ₱30,846 as at December 31, 2025 and 2024.

Inventories charged to profit and loss under "Materials and supplies" account amounted to ₱849,671 and ₱798,312 in 2025 and 2024, respectively (see Notes 21 and 22).

7. Prepayments and Other Current Assets

	2025	2024
Tax credits	₱459,599	₱339,144
Advances to suppliers	111,649	113,117
Prepayments	69,347	74,565
Advances to officers and employees	44,244	9,232
	₱684,839	₱536,058



By virtue of Revenue Memorandum Order 9-2000 dated March 29, 2000, all sales of goods, property and services made by a VAT-registered person to the Parent Company, being a 100% exporter, are automatically zero-rated for VAT purposes effective August 8, 2001. The passage of Republic Act No. 11534, or the CREATE Act, with effectivity date on 11 April 2021, however amended the VAT treatment of transactions and expressly provided that only those goods and services that are directly and exclusively used in the registered project or activity of registered business enterprises qualify as zero-rated VAT local purchases.

Under the Revenue Regulation No. 1-2017 issued on January 18, 2017, VAT Refund claim of direct/indirect exporters shall be filed within two years from the close of the taxable quarter when the sales were made. Input VAT incurred during the year amounting to ₱73,523 is presented under other noncurrent asset (See Note 31).

Tax credits represent VAT paid on previous periods' import purchases of applicable goods and services, net of output tax, which has been applied for refund and recoverable as tax credit against certain future tax liability of the Parent Company upon approval by the BIR and/or the Philippine Bureau of Customs. Further, VAT refund claims represent input VAT on prior periods that were in pending approval for tax credit certificate.

Advances to suppliers are nonfinancial assets arising from payments made by the Parent Company to its suppliers before goods or services have been received or rendered. These are classified as current since they are expected to be offset against future short-term billings and are recognized in the books at the amounts initially paid.

Prepayments include advance payments for insurance, rentals and costs incurred under operating development drives. These advance payments and costs incurred under operating development drives are realized over the Parent Company's operating cycle.

Advances to officers and employees pertain to cash advances made by employees for the operations of the Company subject for liquidation. Unliquidated receivables from officers and employees are collectible on demand or considered as salary deduction.



8. Property, Plant and Equipment - net

	2025						
	Mine and mining properties	Buildings and improvements	Plant, machinery and equipment, and office furniture and fixtures	Land	Construction in-progress	Right of use Assets - warehouse	Total
Cost:							
Balances at beginning of year	₱12,767,217	₱601,356	₱2,752,396	₱310,809	₱79,782	₱4,773	₱16,516,333
Additions	206,336	15,226	167,385	–	169,132	–	558,079
Transfers	116,973	–	–	–	(116,973)	–	–
Retirements and disposals	–	(1,616)	(167,085)	–	–	–	(168,701)
Balances at end of year	13,090,526	614,966	2,752,696	310,809	131,941	4,773	16,905,711
Accumulated depletion, depreciation and amortization:							
Balances at beginning of year	7,879,239	516,916	2,376,995	–	–	1,989	10,775,139
Depletion, depreciation and amortization for the year (Notes 21 and 22)	231,488	17,714	151,915	–	–	2,386	403,503
Retirements and disposals	–	(1,616)	(167,085)	–	–	–	(168,701)
Balances at end of year	8,110,727	533,014	2,361,825	–	–	4,375	11,009,941
Allowance for impairment:							
Balances at beginning and end of year	–	19,241	4,538	–	–	–	23,779
Net book values	₱4,979,799	₱62,711	₱386,333	₱310,809	₱131,941	₱398	₱5,871,991



2024

	Mine and mining properties	Buildings and improvements	Plant, machinery and equipment, and office furniture and fixtures	Land	Construction in-progress	Right of use Assets - warehouse	Total
Cost:							
Balances at beginning of year	₱12,491,684	₱589,105	₱2,750,490	₱310,809	₱81,479	₱4,496	₱16,228,063
Additions	267,765	12,251	156,287	–	–	4,773	441,076
Transfers	–	–	–	–	(1,697)	–	(1,697)
Capitalized cost of mine rehabilitation and decommissioning (Note 15)	7,768	–	–	–	–	–	7,768
Retirements and disposals	–	–	(154,381)	–	–	(4,496)	(158,877)
Balances at end of year	12,767,217	601,356	2,752,396	310,809	79,782	4,773	16,516,333
Accumulated depletion, depreciation and amortization:							
Balances at beginning of year	7,625,545	500,717	2,388,005	–	–	4,120	10,518,387
Depletion, depreciation and amortization for the year (Notes 21 and 22)	253,694	16,199	143,371	–	–	2,365	415,629
Retirements and disposals	–	–	(154,381)	–	–	(4,496)	(158,877)
Balances at end of year	7,879,239	516,916	2,376,995	–	–	1,989	10,775,139
Allowance for impairment:							
Balances at beginning and end of year	–	19,241	4,538	–	–	–	₱23,779
Net book values	₱4,887,978	₱65,199	₱370,863	₱310,809	₱79,782	₱2,784	₱5,717,415



Prior to 2005, the Parent Company 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 parent company statements 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 Parent Company applied the fair value as deemed cost exemption under PFRS 1, *First-time Adoption*, to measure the Parent Company’s land at fair value at January 1, 2004. In 2012, the Parent Company closed out the revaluation increment amounting to ₱261,440 as at January 1, 2010 to deficit. The revaluation reserve pertains to the remaining deemed cost adjustment on its land when the Parent Company transitioned to PFRS Accounting Standards in 2005 (see Note 27i).

In 2024, the Parent Company re-estimated its mine rehabilitation and decommissioning obligation as based on latest cost estimates and discount rate resulting in an increase of ₱7,768. As a result of the updates in estimates, provision for mine rehabilitation and decommissioning capitalized under mine and mining properties amounted to ₱7,768 as at December 31, 2024. There were no further reestimations of the obligation during 2025. The average rates used by the Parent Company in computing depletion are ₱691 and ₱791 per ton in 2025 and 2024, 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.

The total cost of fully depreciated plant, machinery and equipment amounted to ₱297,177,377 and ₱124,919,263 as at December 31, 2025 and 2024, respectively.

Certain machinery and equipment under “Plant, machinery and equipment, and office furniture and fixtures” with total costs of around ₱640,000 were used as collateral for the Parent Company’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 Parent Company transferred construction in progress amounting to ₱116,973 and ₱1,697, respectively, to plant, machinery and equipment and office furniture and fixtures, and mine and mining properties.

During 2025 and 2024, the Parent Company recognized gain arising from the sale of fully depreciated land transportation equipment amounting to ₱3,789 and ₱7,547, respectively.

9. Financial Assets Designated at FVOCI

The financial assets designated at FVOCI consists of investments in:

	2025	2024
Quoted equity shares	₱35,887	₱23,300
Unquoted equity shares	211	211
	₱36,098	₱23,511



Movements in financial assets designated at FVOCI are as follows:

	2025	2024
Balance at beginning of year	₱23,511	₱17,561
Changes in fair values of financial assets designated at FVOCI	12,587	5,950
Balance at end of year	₱36,098	₱23,511

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

	2025	2024
Balance at beginning of year	(₱21,045)	(₱26,995)
Changes in fair values of financial assets designated at FVOCI	12,587	5,950
Balance at end of year	(₱8,458)	(₱21,045)

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 was no dividend income earned by the Parent Company in 2025 and 2024.

As at December 31, 2025, the Parent Company has no intention to dispose its unquoted equity shares.

10. Investments in Subsidiaries and an Associate

	Nature of Business	2025	2024	2025	2024
		% of Ownership	% of Ownership		
Subsidiaries:					
Lepanto Investment & Development Corporation (LIDC)	Investment	100	100	₱31,000	₱31,000
Diamond Drilling Corporation of the Philippines (DDCP)	Service	100	100	49,500	49,500
Shipside, Incorporated (SI)	Service	100	100	3,308	3,308
Far Southeast Gold Resources, Inc. (FSGRI)	Mining	60	60	261,000	261,000
				344,808	344,808
Associate:					
MMC	Mining	13.4	13.4	417,182	417,182
Deposit for future Stock Subscription					
Subsidiary - FSGRI (Note 17)				102,448	102,448
Advances to:					
Subsidiary - FSGRI (Note 17)				-	94,140
Associate - MMC (Note 17)				68,904	-
				₱933,342	₱958,578



Investment in Subsidiaries

The subsidiaries were all incorporated in the Philippines and were registered with Philippine SEC, with operations primarily in Metro Manila, Benguet, La Union and Surigao. All of the investment in subsidiaries is recorded at cost, less impairment, if any.

As at December 31, 2025 and 2024, the Parent Company, through LIDC, has effectively 25.44% ownership in the outstanding capital stock of Diamant Manufacturing and Trading Corporation (DMTC).

Investment in MMC

The Parent Company effectively has 13.4% direct ownership in 2025, 2024 and 2023. Due to not meeting the presumption to demonstrate significant influence, the Parent Company assessed that it has significant influence over MMC due to the following:

- (a) The Parent Company has four out of nine board seats and three out of nine representations; and
- (b) The Parent Company 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 of MMC shares A amounted to ₱0.0073 and ₱0.0072, respectively. As at December 31, 2024, the fair value of MMC shares A and B amounted to ₱0.0031 and ₱0.0030, respectively.

The following table illustrates summarized financial information of the Parent Company's investment in MMC:

	2025	2024
Assets:		
Current Assets	₱75,251	₱72,145
Noncurrent Assets	3,743,105	3,635,714
Total Assets	3,818,356	3,707,859
Liabilities:		
Current Liabilities	384,759	278,496
Noncurrent Liabilities	54,226	52,991
Total Liabilities	438,985	331,487
Net Assets	₱3,379,371	₱3,376,372

Net asset attributable to the equity holder of MMC amounted to ₱3,379,371 and ₱3,376,367 as at December 31, 2025 and 2024, respectively.

	2025	2024
Administrative expenses	(₱5,116)	(₱6,896)
Other charges	(308)	(11,334)
Loss before income tax	(5,424)	(18,230)
Benefit from income tax	116	91
Loss from continuing operations	(5,308)	(18,139)
Other comprehensive (income) loss that will not be reclassified to profit or loss in subsequent periods, net of tax	8,306	(741)
Total comprehensive (income) loss	₱2,998	(₱18,880)



Advances to Subsidiaries

The advances to FSGRI amounting to P94,140 was reclassified to Accounts Receivable-related party account in 2025 (see Note 17). These advances represent charges of the parent company to the subsidiary. During the year, supplier deposits to MMC were reclassified to advances to an associate due to management's intention to convert these advances into deposits for future stock subscription in the subsequent year. The reclassification reflects the change in nature and purpose of the balances.

11. Mine Exploration Costs

	2025	2024
Balance at beginning of year	P10,621	P10,381
Additions	300	240
Balance at end of year	P10,921	P10,621

The Parent Company is undertaking exploration activities in its mining claims to explore and mine for gold, silver and copper within the contract area in Mankayan, Benguet.

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

12. Trade and Other Payables

	2025	2024
Payables to third party	P1,893,748	P2,501,681
Payables to subsidiaries and associates (Note 17)	195,992	202,389
Payables to regulatory authorities	72,623	63,510
Payables to officers and employees	4,836	3,338
Unclaimed dividends	26,693	26,693
	P2,193,892	P2,797,611

Nature, terms and conditions of the Parent Company's liabilities are as follows:

- Payables to third party represent obligations arising in the normal course of business which include local and import purchases of equipment and materials and various parts and supplies used in the operations of the Parent Company. These are noninterest-bearing and are normally settled on 60 days' terms.
- Payable to regulatory authorities includes withholding taxes and other government contributions related to employees of the Parent Company. These are normally remitted within 10 days from the close of each month and are noninterest-bearing.
- Payables to officers and employees include unclaimed wages, accrued vacation and sick leave and accrued payroll which are payable in 30 days' term.
- Unclaimed dividends pertain to unpaid cash dividends declared by the Parent Company to its stockholders. These are noninterest-bearing and are payable upon demand of the stockholder.

The Parent Company has US\$-denominated trade and other payables amounting to US\$755 and US\$4,997 as at December 31, 2025 and 2024, respectively (see Note 28).



13. Provisions and Other Current Liabilities

	2025	2024
Provision for expense	₱101,556	₱82,355
Accrued expenses	8,431	50,339
Customer deposits	4,387	2,980
Unearned rent	-	17
	₱114,374	₱135,691

Nature, terms and conditions of the Parent Company's liabilities are as follows:

- Provision for expenses consists of accrued obligations for goods and services received but unbilled as of the reporting date. Such provisions are recognized based on management judgment, are non-interest-bearing, and are expected to be settled in the ordinary course of business. This includes unpaid billings for power, communication, light and water charges which are normally settled within 30 to 90 days and are noninterest-bearing.
- Accrued expenses are noninterest-bearing and are normally settled on a 30 to 60 days' term. These include other operating expenses that are payable to various suppliers.
- Customer deposits represent advance payments received from customers in the normal course of business prior to the delivery of goods or rendering of services. These deposits are non-interest-bearing and are recognized as liabilities until the related performance obligations are satisfied.
- Unearned rent consists of advance rental collections from lessees that pertain to future rental periods. Such amounts are non-interest-bearing and are recognized as rental income over the lease term in accordance with contract terms.

14. Loans Payable

	2025	2024
Gold delivery agreement (US\$1,000)	₱58,790	₱57,845
Restructured obligation to supplier	60,236	-
Peso-denominated loans from banks	95,016	113,790
Total borrowings	214,042	171,635
Less current portion of loans payable	42,730	18,774
	₱171,312	₱152,861

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, 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. In 2025, the due date was extended further to December 31, 2027. 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 (see Note 27).

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.

Restructured Obligation to Supplier

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.

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.

Aside from the acceleration clause, the agreement does not contain other significant covenants. As of the reporting date, the Company is in compliance with all payment terms under the restructured obligation.

The agreement also encourages, but does not obligate, the Company to obtain financing from third-party financial institutions to prepay any outstanding balance. Such encouragement is non-binding and does not impose any deadline or penalty on the Company.

Bank Loans

Borrowings from local banks bear interest rates of 8.00% in 2025 and 2024, respectively.

In 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% and will vary after the first payment depending on prevailing market rate. 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 ₱113,790 and ₱113,790 as at December 31, 2025 and 2024, respectively. Total interest incurred for the said loan in 2025 and 2024 amounted to ₱9,645 and ₱9,645, respectively (see Note 23).

15. Mine Rehabilitation and Decommissioning Liability

	2025	2024
Balance at beginning of year	₱22,590	₱13,976
Effect of change in estimate (Notes 8 and 21)	–	7,768
Accretion of interest	539	846
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.

The Parent Company re-estimated its mine rehabilitation and decommissioning obligation as at December 31, 2025 and 2024 based on latest cost estimates and discount rate resulting to an addition of nil and ₱7,768, respectively. As a result of the updates in estimates, provision for mine rehabilitation and decommissioning capitalized under mine and mining properties amounted to nil and ₱7,768 as at December 31, 2025 and 2024, respectively. (see Note 8).

Discount rate used by the Parent Company is 6.03% in 2025 and 2024, respectively.

16. Retirement Benefits Liability

The Parent Company has a funded, noncontributory defined benefit retirement plan covering substantially all regular employees. 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 following tables summarize the components of retirement benefit costs and liability recognized in the parent company statements of comprehensive income and parent company statements of financial position.

The details of retirement benefits costs are as follows:

	2025	2024
Current service costs (Note 23)	₱25,163	₱23,667
Interest cost on retirement benefits liability - net (Note 24)	78,910	54,559
	₱104,073	₱78,226

The amounts of remeasurement gain recognized in OCI:

	2025	2024
Remeasurement loss on retirement benefits liability	(₱33,174)	(₱332,743)
Income tax effect of statutory income tax	8,293	83,186
	(₱24,881)	(₱249,557)

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

	2025	2024
Balance at beginning of year	(₱124,750)	₱124,807
Remeasurement loss during the year	(24,881)	(249,557)
Balance at end of year	(₱149,631)	(₱124,750)

Changes in defined benefit liability and fair value of plan assets in 2025 and 2024 are as follows:

2025	Defined benefit liability	Fair value of plan assets	Net defined benefit liability
Balances at beginning of year	₱1,686,499	₱482,122	₱1,204,377
Net interest	103,045	24,135	78,910
Current service cost	25,163	-	25,163
Benefits paid from plan asset	(174,246)	(174,246)	-
Remeasurement of actuarial loss due to:			
Retrenchment	-	-	-
Change in financial assumption	(27,944)	(1,598)	(26,346)
Experience	71,861	-	71,861
Change in Demographic	(12,341)	-	(12,341)
Assumptions		-	
Balances at end of year	₱1,672,037	₱330,413	₱1,341,624



2024	Defined benefit liability	Fair value of plan assets	Net defined benefit liability
Balances at beginning of year	₱1,390,401	₱465,713	₱924,688
Net interest	82,033	27,474	54,559
Current service cost	23,667	–	23,667
Benefits paid from plan asset	(131,388)	(131,388)	–
Remeasurement of actuarial loss due to:			
Change in financial assumption	(44,347)	(10,957)	(33,390)
Experience	398,292	–	398,292
Change in Demographic Assumptions	(32,159)	–	(32,159)
Contributions	–	131,280	(131,280)
Balances at end of year	₱1,686,499	₱482,122	₱1,204,377

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 Parent Company's plan assets as a percentage of the fair value of total plan assets are as follows:

	2025	2024
Cash in banks	2.08%	0.17%
Short-term investments	93.42%	98.33%
Others	0.01%	0.01%
Equity investments:	4.49%	1.49%
	100.00%	100.00%

The principal assumptions used in determining pension and post-employment benefits for the Parent Company's plan assets are as follows:

	2025	2024
Discount rate	6.31%	6.11%
Salary increase rate	3% (every two years)	3% (every two years)
Turnover rate	Across the board 5% rate	Across the board 5% rate
Mortality rate	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 at the end of the reporting period, assuming all other assumptions were held constant.

Assumption	Increase (decrease)	2025	2024
Discount rates	+0.25%	(₱33,706)	(₱34,753)
	-0.25%	35,072	36,204
Salary increase rate	+0.50%	11,936	13,212
	-0.50%	(11,381)	(12,556)



The average future working years of service covered by the Parent Company's retirement benefit plan is 11 years in 2025 and 2024.

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

2026	₱250,947,698
2027	282,934,103
2028	150,266,467
2029	169,832,644
2030	189,635,397
2031-2035	951,118,845
	<u>₱1,994,735,154</u>

The Parent Company's expected contributions in 2025 based on funding valuation for active employees as of December 31, 2025 amounted to nil.

17. 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 Parent Company 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 Parent Company'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.

The Parent Company's related party transactions, which are under terms that are no less favorable than those arranged with third parties, are as follows:

	2025			
	Amounts/ Volume	Outstanding Balances	Terms	Conditions
Subsidiaries and affiliate				
<i>Receivables</i> (Note 5)				
SI	₱82	₱82	Non-interest bearing; and payable in cash	Unsecured, not guaranteed
FSGRI	95,256	95,989	On demand; non-interest s; and collectible in cash	Unsecured, no impairment, not guaranteed
MMC	678	13,492	On demand; non-interest bearing; and collectible in cash	Unsecured, no impairment, not guaranteed
<i>Payables</i> (Note 12)				
DDCP	5,174	3,265	Non-interest bearing; and payable in cash	Unsecured, not guaranteed
SSI	8,537	188,177	Non-interest bearing; and payable in cash	Unsecured, not guaranteed



2025				
	Amounts/ Volume	Outstanding Balances	Terms	Conditions
LIDC	24,871	4,550	On demand; non-interest bearing; and payable in cash	Unsecured, not guaranteed
<i>Rental</i>				
DDCP	₱182	₱-	Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed
FSGRI	1,606	-	Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed
MMC	326	-	Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed
<i>Goods and Services</i>				
DDCP	127,654	-	Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed
SI	19,830	-	Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed
2024				
	Amounts/ Volume	Outstanding Balances	Terms	Conditions
<i>Subsidiaries and affiliate Receivables (Note 5)</i>				
DDCP	₱338	₱2,775	On demand; non-interest bearing; and collectible in cash	Unsecured, no impairment, not guaranteed
LIDC	-	20,321	Non-interest bearing; and payable in cash	Unsecured, not guaranteed
SI	-	-	On demand; non-interest s; and collectible in cash	Unsecured, no impairment, not guaranteed
FSGRI	75	4,940	On demand; non-interest bearing; and collectible in cash	Unsecured, no impairment, not guaranteed
<i>Advances to (Note 10)</i>				
FSGRI	-	94,140	On demand; non-interest bearing; and collectible in cash	Unsecured, no impairment, not guaranteed
MMC	26	-	Non-interest bearing and normally settled on 30-day term	Unsecured, no impairment, not guaranteed
<i>Payables (Note 12)</i>				
SI	33	196,715	Non-interest bearing; and payable in cash	Unsecured, not guaranteed
DDCP	523	-	Non-interest bearing; and payable in cash	Unsecured, not guaranteed
FSGRI	-	734	On demand; non-interest bearing; and payable in cash	Unsecured, not guaranteed
<i>Rental</i>				
FSGRI	1,612	-	Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed
DDCP	182	-	Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed
<i>Goods and Services</i>				
DDCP	91,159	-	Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed
SI	19,047	-	Non-interest bearing and normally settled on 30-day term	Unsecured, not guaranteed



In the normal course of business, the Parent Company grants and receives advances to and from its associate, which are considered related parties.

The corresponding receivables and payables arising from the said transactions, including operational support as at December 31, 2025 and 2024 are as follows:

- a. 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 Parent Company's Plans and instead to become the principal trustee. Prior to the Trust Agreement, the actual disbursements of the fund for the Plan, 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 carrying amount and fair value of the retirement fund amounted to ₱330,413 and ₱482,122 as at December 31, 2025 and 2024, respectively. The retirement fund consists of cash in banks with fair values of ₱6,888 and ₱834 or 2.08% and 0.17%, short-term investments of ₱305,372 and ₱474,092 for 93.42% and 98.33% and equity investments in shares of stock having ₱18,153 and ₱7,197 or 4.49% and 1.49% of the retirement fund as at December 31, 2025 and 2024, respectively (see Note 15).

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 Parent Company made contributions to the trust fund amounting to nil and ₱131,279 in 2025 and 2024, respectively (see Note 15).

- b. Compensation of key management personnel are as follows:

	2025	2024
Short-term benefits	₱45,000	₱45,000
Post-employment benefits	13,200	13,200
	₱58,200	₱58,200

Positions from Chief Executive Officer to Assistant Vice President are considered by the Parent Company as key management personnel.

18. Income Taxes

The Company is subject to regular corporate income tax (RCIT) or minimum corporate income tax (MCIT) whichever is higher. The Company has no provision for current income tax as at December 31, 2025 and 2024 due to its gross and net taxable loss position.



The reconciliation of the Parent Company's benefit from income tax for the years ended December 31, 2025 and 2024 computed at the statutory tax rates to actual benefit shown in the parent company statements of comprehensive income is as follow:

	2025	2024
At statutory income tax rate of 25%	₱360,397	₱29,006
Income tax effects of:		
Nontaxable income	(233,100)	(105,119)
Applied NOLCO	(226,988)	(10,552)
Nondeductible expenses	100,778	84,920
MCIT	23,781	5,635
Change in unrecognized deferred tax assets	(1,038)	2,022
Interest income subjected to final tax	(49)	(277)
	₱23,781	₱5,635

The following are the components of the Parent Company's net deferred tax assets as at December 31, 2025 and 2024:

	2025	2024
Deferred tax assets:		
<i>Recognized directly in profit or loss</i>		
Accrual of:		
Retirement benefits liability	₱335,407	₱301,094
Liability for mine rehabilitation costs	5,783	3,706
Lease liabilities	107	719
Provision for:		
Inventory obsolescence	13,245	7,712
Impairment losses on property, plant and equipment	5,983	5,983
Impairment losses on receivables	61	61
Unamortized past service cost	7,723	9,268
Unrealized foreign exchange loss	-	1,094
	368,309	329,637
Deferred tax liabilities:		
<i>Recognized directly in profit or loss</i>		
Revaluation increment in land	(62,125)	(62,125)
Unrealized foreign exchange gain	(3,794)	(277)
Right of use assets	(100)	(696)
Rehabilitation costs – mine & mining properties	-	(1,942)
	(66,019)	(65,040)
Net deferred tax assets	₱302,290	₱264,597

The Parent Company did not recognize deferred tax assets relating to the following temporary differences because management believes that it is more likely than not that the carryforward benefits will be not realized soon:

	2025	2024
NOLCO	₱556,933	₱1,464,884
Provisions	4,792	5,830
Excess MCIT over RCIT	23,781	-
	₱585,506	₱1,470,714



The following are the movements of the Parent Company's NOLCO as at December 31, 2025 and 2024:

NOLCO	2025	2024
Balance at beginning of year	₱1,464,884	₱1,507,093
Application	(907,951)	(42,209)
Balance at end of year	₱556,933	₱1,464,884

The Parent Company has excess minimum corporate income tax over regular income that can be claimed as tax credit amounting to ₱23,781 and nil as at December 31, 2025 and 2024.

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 (5) taxable years following the year of such loss.

As at December 31, 2025, the Parent Company has incurred NOLCO which can be claimed as deduction from future regular taxable income for the next three consecutive taxable years or, pursuant to the Bayanihan to Recover As One Act, five consecutive taxable years, as follows:

Year Incurred	Availment Period	NOLCO Unapplied Previous Year	NOLCO Incurred Current Year	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied Current Year
2021	2022-2026	₱538,694	₱-	₱-	(₱538,694)	₱-
2022	2023-2025	552,571	-	-	(369,257)	183,314
2023	2024-2026	373,619	-	-	-	373,619
		₱1,464,884	₱-	₱-	(₱907,951)	₱556,933

19. Capital Stock

The Parent Company's authorized share capital is ₱6.64 billion divided into ₱66.64 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	37
	1,831,448	182
Total shares issued and subscribed	66,375,758,097	6,637,575
Less subscription receivable		1,890
	66,375,758,097	₱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 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 share for every seven 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, 2025 and 2024.



On September 15, 2014, the BOD approved an offer to shareholders, on record as at November 12, 2014, the right to subscribe to one (1) 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 (1) 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 Chairman of the Board mentioned 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 (1) 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 (1) 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. The record and ex-dates as well as the Offer Period are yet to be announced upon PSE approval of the pertinent listing application.

The Parent Company had 27,620 and 27,684 stockholders as at December 31, 2025 and 2024, respectively.



20. Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of common shares in issue during the period.

In computing for the diluted earnings per share, the Parent Company considers 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
Net income	₱1,447,204	₱94,765
Weighted average number of common shares for basic and diluted earnings per share	66,373,927	66,373,927
Adjusted weighted average number of common shares for basic and diluted earnings per share	66,373,927	66,373,927
Basic/diluted earnings per share	₱0.0218	₱0.0014

21. Cost of Sales

	2025	2024
Materials and supplies	₱846,262	796,402
Salaries, wages and benefits	440,759	389,001
Depletion, depreciation, accretion and amortization	396,832	409,013
Utilities	332,411	299,347
Taxes and licenses fees (Note 31)	203,336	121,949
Contracted services	160,794	168,930
Repairs and maintenance services	87,286	72,459
SSS, PHIC, HDMF and other contributions	52,330	46,441
Security salaries	32,365	27,215
Transportation and travel	26,374	17,663
Pension	24,176	23,667
Professional fees	20,519	17,439
	₱2,623,444	₱2,389,526

Depletion, depreciation, accretion and amortization includes amortization for mine rehabilitation and decommissioning liability amounting to ₱539 and ₱844 in December 31, 2025 and 2024, respectively (See Note 15).



22. Operating Expenses

	2025	2024
Salaries, wages, and benefits	₱85,891	77,918
Contracted services	44,632	29,764
Repairs and maintenance services	32,866	1,475
Professional fees	23,225	5,396
Transportation and travel	12,546	9,730
Taxes and license fees (Note 31)	9,630	85,306
Depletion, depreciation, accretion, and amortization	7,648	7,840
Utilities	5,596	3,735
Security salaries	4,709	5,295
Materials and supplies	3,409	1,910
SSS, PHIC, HDMF and other contributions	3,293	2,644
Pension	987	—
	₱234,432	₱231,013

Depletion, depreciation and amortization includes amortization for intangible assets under “Other noncurrent assets” amounting to ₱438 and ₱378 in December 31, 2025 and 2024, respectively.

23. Personnel Cost

	2025	2024
Salaries, wages, and benefits	₱526,650	₱466,919
Pension (Note 16)	25,163	23,667
SSS, PHIC, HDMF and other contributions (Note 21 and 22)	55,623	49,085
	₱607,436	₱539,671

The amounts of personnel costs were distributed as follows:

	2025	2024
Cost of sales (Note 21)	₱517,265	₱459,109
Operating expenses (Note 22)	90,171	80,562
	₱607,436	₱539,671

24. Finance Costs

	2025	2024
Interest cost on retirement benefits liability - net (Note 16)	₱78,910	₱54,559
Interest on long-term borrowings (Notes 14)	31,536	16,977
Interest cost on lease liabilities (Note 27g)	142	264
	₱110,588	₱71,800



25. **Other Income (Expense) - net**

	2025	2024
Provision on inventory allowance (Note 6)	(P22,131)	P –
Loss on disposal of equipment and inventory scraps (Note 8)	(18,627)	5,486
Miscellaneous income	17,823	16,408
Rental income	7,151	6,156
Interest income (Note 4)	195	39
	(P15,589)	P28,089

Miscellaneous income of the Parent Company pertains to disposal of low-grade concentrates.

26. **Revenue from Contracts with Customers**

	2025	2024
<i>Revenue from contracts with customers:</i>		
Sale of gold	P4,297,025	P2,705,622
Sale of silver	115,054	76,052
	P4,412,079	P2,781,674

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 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, and refining charges in 2025 and 2024 related to sale of bullion and concentrates amounted to P5,120 and P3,887, respectively. On October 1, 2025 the Parent Company renewed contract with Heraeus with minor revision on the terms which is valid until October 1, 2027.



27. 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 lending entity created in accordance with the Agreement, amounted to ₱6,378,919 as at December 31, 2025 and 2024. FSE Services Limited retains the advances and the option convert the advances to equity. These advances were utilized to fund exploration activities undertaken pursuant to the Agreement.

- (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 an MPSA with the Philippine Government through the Department of Environment and Natural Resources (DENR) and the Parent Company pursuant to EO 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 thirty 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. (Rep Act) No. 7942 or the Philippine Mining Act, Section (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, 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 (MGB) 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 a FTAA.

On August 13, 2013, the BOD resolved to renew MPSA No. 01-90 that will be expiring in March 2015. FSGRI will join the Parent Company 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 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 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 or 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 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 (2) the residents shall not hinder the implementation of the project and shall assist the Parent Company and the DENR in the peaceful solution of conflicts relative to the Parent Company’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 (MTF) and MRF amounting to ₱185 and ₱86, 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, 2025 and 2024, the rehabilitation fund of ₱15,063 and ₱4,021, 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 parent company 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 statements of financial position as at December 31, 2025 and 2024 and results of operations for the years ended December 31, 2025 and 2024.
- (f) The Parent Company filed a petition with the Panel of Arbitrators of the MGB-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 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 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 (MAB) which affirmed the decision of the Panel of Arbitrators in June 2011 but ordered the Mines and Geosciences Central Offices to review and determine the reasonable amount 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. On January 18, 2024, the lease agreement was renewed for a lease term of two (2) years starting February 28, 2024 to March 1, 2026. During the subsequent period, the lease was recently renewed and is effective until the end of February 2029.

The following amounts recognized in parent company statement of comprehensive income:

	2025	2024
Depreciation expense of right-of-use assets included in property and equipment (Note 8)	₱2,387	₱2,365
Expenses relating to leases of short-term leases (included in operating expenses)	5,410	3,807
Expenses relating to short-term leases (included in cost of sales)	102	60
Interest expense on lease liabilities (Note 24)	142	264
	₱8,041	₱6,496

Set out below, is the roll forward analysis of lease liabilities during the year ended December 31, 2025:

	2025	2024
As at beginning of year	₱2,876	₱409
Additions	-	4,773
Interest expense	143	264
Payments of:		
Principal portion	(2,449)	(2,306)
Interest	(143)	(264)
As at end of year	427	2,876
Current lease liabilities	427	2,449
Noncurrent lease liabilities	₱ -	₱427

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

	2025	2024
Within one year	₱432	₱2,590
More than 1 years to 2 years	-	432

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 and 2024 amounted to ₱7,151 and ₱6,156, respectively (see Note 25). Lease term of the rent agreements are valid for one year and are renewable at the discretion of 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 loans, opening of import letters of credit and outright purchase of negotiable bills.

(i) Reclassification adjustment

During 2012, the Parent Company has reclassified the revaluation increment in land account with the balance amounting to ₱261,440 to deficit. The revaluation increment pertains to the remaining balance of the deemed cost adjustment on land which arose when the Parent Company transitioned to PFRS Accounting Standards in 2005.

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

Also, there were some reclassifications made in December 31, 2024 balances to facilitate proper classification and conform to the December 31, 2025 parent company financial statements presentation.

(j) DENR Issues on Mining Operations

In accordance with DENR DMO No. 2016-01, Audit of all Operating Mines and Moratorium on New Mining Projects, the DENR conducted Mine Audit (“Audit”) of the Parent Company. On August 22, 2016, the Parent Company received an audit report (“Report”) signed by the Audit team leader, which Company’s Vice President and Resident Manager co-signed, stating that “The Parent Company substantially complied with pertinent provisions of the Environmental and Mining Laws, rules and regulations, thus no penalty is recommended by the Team”. Subsequently, the DENR transmitted to the Parent Company the results of the Audit, which included in the Report and another conflicting report, albeit a draft, which recommended that a show cause be issued to the Parent Company for violation of certain laws. The Parent Company submitted its comments and other explanations to the Report in a letter dated November 3, 2016.

(k) Gold Delivery Agreement, Moratorium, and Debt Restructuring

The Parent Company is a party to a Gold Delivery Agreement (“GDA”) dated January 25, 2006, originally entered into between the Group and Dresdner Bank AG and subsequently transferred to Commerzbank AG, covering gold delivery obligations arising from prior financing arrangements. Under the GDA, the Group has contractual obligations to deliver gold or make settlement payments based on specified terms and conditions. From 10 February 2011 onward, the Group and Statham entered into a series of negotiated amendments providing temporary moratoria on gold delivery and settlement of the amounts outstanding under the GDA. These moratoria were successively extended through several written agreements. Throughout the periods, the principal outstanding amount under the GDA remained contractually deferred, subject to reaffirmation of representations, warranties, and other contractual terms. On December 29, 2025, the Parent Company and Statham executed a further amendment to the GDA (the “Sixth Restructure Effective Date”), which provides for a new moratorium on gold delivery and settlement of amounts outstanding under the GDA until December 31, 2027 and reaffirmation that, except as expressly amended, the original terms and conditions of the GDA remain in full force and effect. As part of the Sixth Restructure, the contractual definition of the Final Delivery Date under the GDA was amended to December 31, 2027, unless further extended by mutual agreement of the parties.



As at December 31, 2025, the contractual amount outstanding under the GDA is \$1.0 million, which is not currently due and payable as a result of the moratorium in effect. No cash settlement or gold delivery is required before December 31, 2027, provided the Parent Company continues to comply with the terms of the amended agreement.

28. Financial Risk Management Objectives and Policies

The Parent Company’s principal financial instruments comprise of cash. The main purpose of the Parent Company’s financial instruments is to fund the Parent Company’s operations. The Parent Company has other financial instruments such as trade 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 Parent Company’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 Parent Company’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, accounts receivable – third party, and MRFs under “Other noncurrent assets”, the Parent Company’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows the gross maximum exposure to credit risk for the components of the parent company statements of financial position as at December 31, 2025 and 2024.

	2025	2024
Cash in banks (Note 4)	₱626,258	₱21,838
Accounts receivable – third party (Note 5)	1,216	2,315
MRFs under “Other noncurrent assets”	15,685	4,545
Total credit risk exposure	₱643,159	₱28,698

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

Cash in banks, Account receivables – third party and MRFs under “Other noncurrent assets”

In determining the credit risk exposure for cash in banks, accounts receivables – third party, and MRFs under “Other noncurrent asset, the Parent Company 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 Parent Company 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					Total
	General Approach			Simplified Approach		
	Stage 1	Stage 2	Stage 3			
Cash in banks	P626,258	P-	P-	P-	P626,258	
Accounts receivables – third party	1,216	-	244	-	1,460	
MRFs under “Other noncurrent assets”	15,685	-	-	-	15,685	
	P643,159	P-	P244	P-	P643,403	

	2024					Total
	General Approach			Simplified Approach		
	Stage 1	Stage 2	Stage 3			
Cash in banks	P21,838	P-	P-	P-	P21,838	
Accounts receivables – third party	2,315	-	244	-	2,559	
MRFs under “Other noncurrent assets”	4,545	-	-	-	4,545	
	P28,698	P-	P244	P-	P28,942	

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 Parent Company is under Stage 3 and is fully provided with ECL.

Accounts receivables – third party

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 has a significant concentration of credit risk in relation to its Accounts receivables – third party 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.

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 exchanges rates.

Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Parent Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its parent company statements of comprehensive income and parent company statements of cash flows.



The Parent Company 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 Parent Company sells its product to the international 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. Non-derivative financial instruments (cash, trade receivable, trade and other payables, and borrowings) are directly denominated in US\$.

The Parent Company's foreign currency-denominated monetary assets and liabilities as at December 31, 2025 and 2024 follow:

	2025		2024	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
<u>Assets</u>				
Cash in banks	US\$7,387	₱434,300	US\$138	₱7,955
Accounts receivable - third party	3	181	22	1,273
	7,390	434,481	160	9,228
<u>Liabilities</u>				
Accounts payable- third party	(755)	(44,386)	(4,997)	(289,072)
Borrowings	(1,000)	(58,790)	(1,000)	(55,370)
	(1,755)	(103,176)	(5,997)	(344,442)
Net Asset	US\$5,635	₱331,305	(US\$5,837)	(₱335,214)

As at December 31, 2025 and 2026, the exchange rates of the Philippine Peso to the US\$ are ₱58.79 and ₱57.85 to US\$1, respectively.

Sensitivity of the Parent Company's 2025 and 2024, pre-tax income to foreign currency risks are as follows:

	Change in US\$ foreign exchange rate	Sensitivity of pretax income
2025	₱1.07 (0.73)	₱6,029 (4,114)
2024	₱1.06 (1.16)	(₱6,187) 6,771

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

Liquidity Risk

Liquidity risk arises from the possibility that the Parent Company 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 Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from related parties. The Parent Company considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Parent Company'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 Parent Company 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 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 Parent Company'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 three months	Three to six months	Six to 12 months	One to two Years	More than two years	Total
Financial Assets:							
Cash and cash equivalents (Note 4)	₱631,273	₱200,000	₱-	₱-	₱-	₱-	₱831,273
Accounts receivable – third party (Note 5)	1,216	-	-	-	-	-	1,216
MRFs	-	-	-	-	-	15,685	15,685
Financial Assets - FVOCI	-	-	-	-	-	36,098	36,098
Total	632,489	200,000	-	-	-	51,783	884,272
Financial Liabilities:							
Trade and other payables (Note 12)*	(₱345,890)	(₱233,000)	(₱173,000)	(₱1,369,379)	₱-	₱-	(₱2,121,269)
Borrowings (Note 13)	-	(32,000)	(19,000)	(24,064)	(81,106)	(121,932)	(278,102)
Lease liabilities (Note 26g)	-	(431)	-	-	-	-	(431)
Total	(345,890)	(265,431)	(192,000)	(1,393,443)	(81,106)	(121,932)	(2,399,802)
	₱285,599	(₱65,431)	(₱192,000)	(₱1,393,443)	(₱81,106)	(₱70,149)	(₱1,515,530)
2024							
	On demand	Less than three months	Three to six months	Six to 12 months	One to two Years	More than two years	Total
Financial Assets:							
Cash and cash equivalents (Note 4)	₱24,238	₱-	₱-	₱-	₱-	₱-	₱24,838
Accounts receivable – third party (Note 5)	2,315	-	-	-	-	-	2,315
MRFs	-	-	-	-	-	4,544	4,544
Financial assets designated at FVOCI (Note 9)	-	-	-	-	-	23,511	23,511
Total	26,553	-	-	-	-	28,055	54,608
Financial Liabilities:							
Trade and other payables (Note 12)*	(₱383)	(₱130,802)	(₱38,173)	(₱50,515)	(₱137,586)	(₱344,542)	(₱702,001)
Borrowings (Note 13)	-	(4,245)	(4,452)	(10,077)	(80,442)	(14,574)	(113,790)
Lease liabilities	-	(612)	(857)	(980)	(431)	-	(2,880)
Total	(383)	(135,659)	(43,482)	(61,572)	(218,459)	(359,116)	(818,671)
	₱26,170	(₱135,659)	(₱43,482)	(₱61,572)	(₱218,459)	(₱331,061)	(₱764,063)

*Excluding payable to regulatory authorities

The Parent Company 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 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 Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



Cash in Banks, Accounts Receivables – Third Party and Trade and Other Payables

The carrying amounts of cash in banks, accounts receivables – third party 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 net asset value of the investee.

Borrowings

The outstanding short-term borrowings and long-term borrowings as at December 31, 2025 and 2024 bear fixed annual interest rates.

The fair value of the interest-bearing long-term debt in 2025 and 2024 is based on the discounted value of future cash flows using the applicable rates for the similar types of loans.

The carrying values Parent Company’s financial instruments on short-term borrowings and long-term borrowings approximates their fair values as at December 31, 2025 and 2024.

The Parent Company 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
<i>Asset measured at fair value</i>				
Financial assets designated at FVOCI (Note 9)	₱11,837	₱24,050	₱211	36,098
<i>Liability for which fair value is disclosed</i>				
Borrowings (Note 13)	–	–	(214,042)	(214,042)
	₱11,837	₱24,050	(₱213,831)	(₱177,944)
<hr/>				
2024	Level 1	Level 2	Level 3	Total
<i>Asset measured at fair value</i>				
Financial assets designated at FVOCI (Note 9)	₱–	₱23,300	₱211	₱23,511
<i>Liability for which fair value is disclosed</i>				
Borrowings (Note 13)	–	–	(171,635)	(171,635)
	₱–	₱23,200	(₱171,424)	(₱148,124)

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



29. Capital Management

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

As at December 31, 2025 and 2024, the Parent Company's capital, which is composed of common shares, APIC and deficit amounted to ₱5,603,310 and ₱4,156,106, respectively.

30. Supplemental Disclosure to Statements of Cash Flows

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

2025

- Decrease in other noncurrent assets amounting to ₱438 due to amortization of intangible assets.
- 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

2024

- Decrease in other noncurrent assets amounting to ₱378 due to amortization of intangible assets.
- 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.

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

2025	January 1, 2025	Leases	Loan restructuring	Cashflows	Foreign exchange	December 31, 2025
Interest-bearing loans and borrowings	₱171,635	₱-	₱67,000	(₱25,537)	₱944	₱214,042
Lease liabilities	2,876	-	-	(2,449)	-	427
Total liabilities from financing activities	₱174,510	₱-	₱67,000	(₱27,986)	₱944	₱214,469

2024	January 1, 2024	Leases	Loan restructuring	Cashflows	Foreign exchange	December 31, 2024
Interest-bearing loans and borrowings	₱236,206	₱-	(₱54,088)	(₱12,959)	₱2,476	₱171,635
Lease liabilities	409	4,773	-	(2,306)	-	2,876
Total liabilities from financing activities	₱236,615	₱4,773	(₱54,088)	(₱15,265)	₱2,476	₱174,511



31. Supplementary Tax Information Required under Revenue Regulations (RR) No. 15-2010

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

Figures are not rounded-off to the nearest thousands.

a. Sales/Receipts and Output VAT declared in the Parent Company's VAT returns for 2025

	Sales/ Receipts	Output VAT
VATable Sales/Receipts:		
Zero-rated Sales	P4,416,397,786	P-
Others	23,678,937	2,841,472
	P4,440,076,723	P2,841,472

The Parent Company is a VAT-registered company with output VAT declaration of P2,841,472 for the year based on its VATable sales and receipts of P23,678,937 consisting of rental collections, sale of scraps, transfer of inventories to related parties, and other intercompany charges.

The Parent Company has zero-rated sales amounting to P4,416,397,786 pursuant to the provisions of Section 106 (A)(2)(a)(1) of the National Internal Revenue Code of 1997, as amended, on zero-rated sales. Zero-rated sales pertain to export sales of gold and silver pursuant to BOI certification received by the Parent Company as a new export producer of gold bullion on a non-pioneer status.

a. Input VAT for 2025

	2025
Beginning of the year	P170,403,717
Current year's purchases:	
Local purchase of goods	21,700,128
Local purchase of services	11,437,054
Services rendered by Non-residents	153,195
Importations	36,689,923
Purchase of capital goods	3,602,616
	243,986,633
Applied to output VAT	278,299
Claims for refund	(170,403,717)
Other adjustments	(338,496)
Balance at the end of the year	P73,522,719

Starting January 1, 2022, the related input VAT on capital goods acquired for the year may be fully recognized outright and be claimed as input tax credits against output tax during the period when the capital goods were purchased or imported regardless of whether the aggregate acquisition cost exceeds P1 Million.



b. Information on the Parent Company's importations for 2025

The Parent Company has total landed cost of imports amounting to ₱305,749,358 in 2025.

c. Other Taxes and Licenses for 2025

Taxes and licenses, local and national, include real estate taxes, licenses, and permit fees for 2025:

Included in Cost of Sales:

Excise tax	₱179,706,250
Local business taxes	14,469,459
Real property taxes	5,676,982
Business registration and licenses	2,046,385
VAT Expense	933,046
Ore transport permit	168,500
Vehicle registration and license	158,572
LGT/DST of supplier	83,583
Personnel Registration & Licenses	58,510
Community tax	17,386
Documentary stamp taxes	10,256
Import duties	7,721
	₱203,336,650

Included in General and Administrative Expenses:

VAT Expense	₱5,968,023
Local business taxes	1,973,982
Real property taxes	986,151
Import duties	465,235
Business registration and licenses	96,501
Ore transport permit	48,000
Aircraft registration and licenses	39,000
LGT/DST of supplier	11,176
Vehicle registration and license	41,490
Community tax	500
	₱9,630,058

d. Withholding Taxes for 2025

Withholding taxes paid and accrued and/or withheld for the year ended December 31, 2025 consist of:

	Paid	Accrued	Total
Withholding taxes on compensation and benefits	₱27,330,910	₱2,594,408	₱29,925,318
Expanded withholding taxes	22,987,975	3,548,931	26,536,906
Value-added tax and other percentage taxes withheld	2,282,550	1,006,060	3,288,610
	₱52,601,435	7,149,399	₱59,750,834



e. VAT Refund Claims and Tax Assessments Cases

The parent company has outstanding claims of ₱458,768,536 as of December 31, 2025. Claims pertaining to Years 2018, 2021, 2022, and 2023 amounting to ₱179,550,831 are pending before the Court of Tax Appeals (CTA). The TCC for the ₱5,987,505 granted VAT refund which pertains to July to December 2012 has been received and is undergoing processing for cash conversion with the BIR. The ₱12,752,845 VAT refund which pertains to 2015 is awaiting the issuance of the Writ of Execution. The amount of ₱170,403,717 for the 2024 claim was filed with the VAT Credit Division of the BIR on March 17, 2026.

There are tax cases filed by the parent company with the CTA relating to the taxable years 2018 and 2019.

