

COVER SHEET

SEC Registration Number

(Company's Full Name)

(Business Address: No. Street City/Town/Province)

(Contact Person)

(Company Telephone Number)

Month Day
(Calendar Year)

(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Foreign

To be accomplished by SEC Personnel concerned

File NumberLCUDocument IDCashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

For the quarterly period ended March 31, 2023

Commission identification number 10044

BIR Tax Identification No. 000-283-731-000

Exact name of issuer as specified in its charter

PHILEX MINING CORPORATION

Province, country or other jurisdiction of incorporation or organization

Manila, Philippines

Industry Classification Code: (SEC Use Only)

Address of issuer's principal office

Postal Code

2nd Floor, LaunchPad, Reliance Street corner Sheridan Street, Mandaluyong City, Metro Manila, Philippines 1550

Issuer's telephone number, including area code

(632) 8631-1381 to 88

Former name, former address and former fiscal year, if changed since last report

N/A

Securities registered pursuant to Sections 8 and 12 of the Code or sections 4 and 8 of the RSA

Number of Shares of Stock Outstanding – 5,782,399,068 (As of March 31, 2023)

Amount of Debt Outstanding – Php7,556,259,000 (As of March 31, 2023)

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

Yes [X] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange

Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The Unaudited Consolidated Financial Statements for the period ended March 31, 2023 are hereto attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Status of Operations

Padcal Operation

Extension of Mine Life

In June 2021, the Padcal Mine life has been extended for two years up to December 31, 2024. The extension of the mine life is due to additional reserves from mineral resources delineated around the current mining level. This was attributed to higher metal prices in which marginal grade ore could still be mined at a profit.

In December 2022, the life of Padcal Mine was extended for another three years from December 31, 2024 to December 31, 2027. The extension was finalized after the completion of confirmatory drillings on the ore body, technical studies on the mining methodology and Tailings Storage Facility (TSF) No. 3, leading to the successful identification of additional mineable reserves feasible for mining up to December 31, 2027. The updated remaining mineable reserves as of cut-off date of October 31, 2022 were estimated at 42 million tonnes with an average gold and copper grades of 0.22 grams per tonne (g/t) and 0.17%, respectively. The total recoverable gold was estimated at 233,000 ounces while the total recoverable copper was estimated at 127.4 million pounds. The new estimate included remaining reserves from the previously declared mineable reserves as of December 31, 2021 aggregating to 24.9 million tonnes with an average gold and copper grades of 0.23 g/t and 0.18%, respectively.

The latest extension of the life of Padcal Mine would provide the continuous employment of more than a thousand employees as well as sustain the necessary assistance given to the social development of the host and neighbouring communities. The extension will also allow a smooth

transition to the start of the commercial operation of the Silangan Project estimated to commence in early 2025 in response to the global demand for green metals and the government's call for mineral resources development to be a driver for national growth and economic recovery.

Covid-19

The global threat of Covid-19 on human life and business that started in early 2020 remains to be a major risk that could create significant negative impact to the operation of Philex. Quarantine protocols and restrictions due to Covid-19 have eased up from 2021 to early 2022. Currently, all businesses were given approval by the government to go on full operation and with full manpower complement onsite. This has allowed a return to normal setup of operations for Philex and its employees.

Nonetheless, a threat of resurgence in the spread of Covid-19 or one of its variants would still result to the slowing down of operations, delay in the performance of works, and non-attainment of production targets that would put at risk the sustainability of cash flows. But Philex has proven itself to be ready and capable to handle this threat. Health protocols that were placed during the height of the pandemic continue to be practiced and has become a way of life. The Company has put forward a robust Occupational Safety and Health (OSH) program focused not only on employees' physical well-being but also on emotional and mental health.

In October 2022, President Ferdinand Marcos Jr. issued Executive Order No. 07 allowing the voluntary wearing of face masks, either indoors or outdoors. This is a welcome development in the business front which is seen as an initial step to returning to "business as usual" situation.

Regulatory

On April 14, 2021, then-President Rodrigo Roa Duterte issued Executive Order No. 130, lifting the moratorium on mineral agreements contained in Section 4 of Executive Order No. 79 issued by the late President Benigno Aquino III in 2012. EO No. 130 instructed the DENR to prescribe the terms and conditions of the new mineral agreements that would "maximize government revenues and share in the production" and to possibly declare mineral reservations to collect appropriate royalties pursuant to Chapter II, Section 5 of the Mining Act. EO No. 130 also mandated the DENR and the Department of Finance ("DOF") to undertake appropriate measures to rationalize existing revenue sharing schemes and mechanics.

On December 23, 2021, then-Secretary of Environment and Natural Resources Roy Cimatu issued Department Administrative Order No. 2021-40, lifting the ban on the open-pit method of mining for copper, gold, silver, and complex ores in the country. The ban was previously issued in 2017 by the late Environment Secretary Gina Lopez.

The objectives of this DAO are to revitalize the mining industry and usher in significant economic benefits to the country and to establish enhanced parameters and criteria for surface mining methods under the DMPF to address the environmental and safety issues of surface mining methods particularly with open pit mining.

These twin issuances gave a signal for the revitalization of mining in the country. True to form, the succeeding administration of President Ferdinand "Bongbong" Marcos Jr. has identified mining as a key driver for economic growth and recovery.

Silangan Project

The Company and SMMCI finalized and completed the definitive feasibility study (DFS) for an underground sub-level cave mining method for the Silangan Project. The DFS was approved at the Company's Board meeting on July 31, 2019 covered the Phase 1 of the Silangan Project. Phase 1 refers to the Boyongan deposit containing 81 million tonnes (Mt) of ore reserves with high-quality copper and gold grades from a total mineral resources of 571 Mt. Phase 2 of the Silangan Project refers to the Bayugo-Silangan and Bayugo-Kalayaan ore deposits which will be developed once Phase 1 is operational.

The Phase 1 of the Silangan Project ("Silangan Project") is ready for implementation with all the needed government permits, studies and programs for its development. The Boyongan ore body is under the Mineral Production Sharing Agreement (MPSA) No. 149-99-XIII which is set to expire on December 29, 2024. The Company secured the approval from Mine and Geosciences Bureau (MGB) and DENR in December 10, 2020 for the early renewal and extension of MPSA No. 149-99-XIII up to December 29, 2049. This gave the Company the right to mine the ore body consistent with its mine life as contained in the DFS for Phase 1.

In the July 2021 Board meeting, the Board of Directors of Philex has approved the in-phase plan execution strategy of the Silangan Project. The Company appointed BDO Capital as its financial advisor and lead arranger to assist in the fund raising for the execution plan of the Project. With the plan, the capital expenditure requirement will be made in stages, and can be funded from a variety of potential resources including internally-generated cash and potentially through equity and debt from investors and creditors.

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

The initial capital to develop the starter mine over 2.5 years is estimated at US\$224 Million which will be raised in a number of ways including Stock Rights Offering (SRO), debt and fresh capital infusion out of Philex's cash reserves. The SRO was completed by Philex with the listing of the 842 million shares on August 3, 2022. A total of Php2.65 billion was raised from the Philex SRO, the net of which amounting to Php2.58 billion has been invested by Philex in early October 2022 into the Silangan Project under Silangan Mindanao Mining Co., Inc., (SMMCI) through Silangan Mindanao Exploration Co. Inc. (SMECI), as partial funds to finance the initial capital cost of the project. Based on the In-Phase Mine Plan, the commercial operations of the Project is targeted 1Q2025.

The Front End Engineering and Design ("FEED") works for the mine, process plant and tailings storage facility were completed by 3Q2022. Excavation and earthmoving works started in 2022, and by April 30, 2023, the stabilization of the "benches" or slope was completed. On the other

hand, the construction of the portal canopy was completed in March 31 2023. With the completion of the boxcut and portal canopy, the development of the decline to the orebody will commence in May 2023. Advanced mine dewatering continued this year from 5 existing dewatering wells. Meanwhile, the drilling of 10 additional dewatering wells, 1 geotech hole to derisk spiral decline location and additional 14 hydro monitoring holes drilling are in motion. The pumps are currently being purchased so that pumping could also be undertaken.

The Company, through BDO Capital, is currently completing the debt syndication exercise as part of the overall funding plan to finance the initial capital of the In Phase Mine Plan. The syndication program is targeting to raise up to US\$170 million of syndicated loan from local financial institutions.

Operational Overview

The Padcal Mine milled a total of 1,706,371 tonnes for the three months ended March 31, 2023 (1Q2023), 6% lower than the tonnage of 1,822,467 tonnes in the three months ended March 31, 2022 (1Q2022) as operations was affected by unscheduled repairs of ageing milling equipment and disruption on needed materials and supplies. Mining from higher grade ore sources remains as the Company's strategy to lessen the impact of low tonnage output.

Gold production of 10,062 ounces for 1Q2023 was 17% lower compared with 12,097 ounces in 1Q2022 mainly due to lower tonnage and slightly lower gold grades that averaged at 0.249 grams per tonne (g/t) in 1Q2023 against 0.272 g/t in 1Q2022. Gold production was down due to the impact of lower tonnage, gold grade as well as lower metal recovery of 72.2% in 1Q2023 versus 75.9% for 1Q2022.

Similarly, copper production for 1Q2023 decreased by 11% to 5,531,450 pounds in 1Q2023 compared with the production for the 1Q2022 of 6,181,396 pounds. The decrease was due mainly to lower tonnage, as well as due to lower ore grades that averaged at 0.185% in 1Q2023 versus 0.191% in 1Q2022, and slightly higher metal recovery. Metal recovery for copper for 1Q2023 averaged at 79.3% compared to 80.7% in 1Q2022.

Review of Financial Results

Total operating revenues for 1Q2023 amounted to Php2.332 billion, lower by Php388 million or 14% compared with Php2.720 billion reported in 1Q2022 due mainly to lower copper and gold output as well as the decline in copper and gold prices, partially offset by favorable foreign exchange rates (Forex) that averaged at Php54.83 compared with Php51.87 in 1Q2022. Favorable Forex continues to cushion the impact of declining copper and gold prices in the Company's revenues. After smelting charges, the net revenues amounted to Php2.105 billion for 1Q2023 as against Php2.528 billion in 1Q2022.

While metal prices were favorable early this year, the downtrend of current level could significantly impact the Company's financial results especially that Padcal is presently catching up in its production program. Padcal continues to focus on achieving higher production by targeting higher ore grade sources to cushion the impact on tonnage of downtimes from the unexpected repairs of ageing mill equipment.

Copper

Copper production in 1Q2023, slightly decreased to 5,531,450 pounds compared with the production of 6,181,396 pounds in 1Q2022, due mainly to the 6% decrease in tonnage, as well as lower ore grades and metal recovery. Realized copper prices for 1Q2023 averaged at US\$4.00 per pound, 13% lower against US\$4.58 per pound in 1Q2022. Forex that averaged higher by 6% for the period was not sufficient to offset the impact of lower copper production and copper price resulting to copper revenues lower at Php1.317 billion compared with Php1.495 billion in 1Q2022. The favorable level of Forex has remained as Padcal's cushion against nonattainment of copper production targets and declining copper prices. Copper accounted for 56% of total revenues for the period.

Gold

Gold production in 1Q2023 was slightly lower at 10,062 ounces compared with 12,097 ounces in 1Q2022 from lower tonnage, ore grade and metal recovery. On the other hand, gold averaged at US\$1,889 per ounce, almost at par with the US\$1,897 per ounce gold price realized in 1Q2022. Like in copper, Forex played a significant role in boosting gold revenues to minimize the impact of lower gold production resulting to gold revenues of Php998 million, 17% lower compared with Php1.204 billion in 1Q2022. Gold represented 43% of total revenues for the 1Q2023.

Silver

Revenues from silver made up the remaining 1% of the Company's total revenues and amounted to Php17 million for 1Q2023, lower by 19% against the Php21 million in 1Q2022, mainly from lower production and lower realized prices, despite higher forex.

Hedging Strategy

As part of the risk management strategy, the Company regularly monitors the prices of gold and copper in the world market as a basis of assessing the need to enter into hedging contracts to mitigate the risk of the potential impact of fluctuations of the metal prices to the Company's revenues. Based on the Company's outlook of the movement of gold and copper prices, the Company entered into various collar hedging contracts in 2022 and 2023 as follows:

For 2022, the following were the Company's hedging contracts covering the period from January to December.

2022 Gold Collar Hedge							
Deal Date	Quantity (Ounces)	Gold Prices (US\$ per Ounce)			Period Covered	Settlement Date	Realized Gain (Loss) (in Php M)
		Put	Call	Settlement			
10/01/21	1,900	1,700	1,800	1,817	Jan. 2022	02/02/22	(2)
10/01/21	1,900	1,700	1,800	1,857	Feb. 2022	03/02/22	(6)
10/01/21	1,900	1,700	1,800	1,948	Mar. 2022	04/02/22	(15)
01/14/22	1,900	1,725	1,922	1,934	Apr. 2022	05/09/22	(1)
01/14/22	1,900	1,725	1,922	1,850	May 2022	06/09/22	-
01/14/22	1,900	1,725	1,922	1,835	June 2022	07/08/22	-
01/14/22	1,900	1,725	1,922	1,738	July 2022	08/05/22	-
01/14/22	1,900	1,725	1,922	1,766	Aug. 2022	09/08/22	-
01/14/22	1,900	1,725	1,922	1,684	Sept. 2022	10/07/22	-
01/14/22	1,900	1,725	1,922	1,665	Oct. 2022	11/08/22	5
01/14/22	1,900	1,725	1,922	1,726	Nov. 2022	12/07/22	7
01/14/22	1,900	1,725	1,922	1,795	Dec. 2022	01/09/23	-
Total							(12)

2022 Copper Collar Hedge

Deal Date	Quantity (Pounds)	Copper Prices (US\$ per Pound)			Period Covered	Settlement Date	Realized Gain (Loss) (in Php M)
		Put	Call	Settlement			
10/04/21	992,081	3.90	4.51	4.43	Jan. 2022	02/02/22	-
10/04/21	992,081	3.90	4.51	4.51	Feb. 2022	03/03/22	-
10/04/21	992,081	3.90	4.51	4.64	Mar. 2022	04/02/22	(7)
11/24/21	992,081	3.75	4.95	4.62	Apr. 2022	05/09/22	-
11/24/21	992,081	3.75	4.95	4.25	May 2022	06/09/22	-
11/24/21	992,081	3.75	4.95	4.10	June 2022	07/08/22	-
11/24/21	992,081	3.75	4.95	3.42	July 2022	08/05/22	18
11/24/21	992,081	3.75	4.95	3.61	Aug. 2022	09/08/22	8
11/24/21	992,081	3.75	4.95	3.51	Sept. 2022	10/07/22	14
11/24/21	992,081	3.75	4.95	3.46	Oct. 2022	11/08/22	17
11/24/21	992,081	3.75	4.95	3.64	Nov. 2022	12/07/22	6
11/24/21	992,081	3.75	4.95	3.80	Dec. 2022	01/09/23	-
Total							56

The Company recognized net hedging losses of Php12 million for gold and net hedging gain of Php56 million for copper for the year 2022.

In December 9, 2022, the Company entered into a gold collar contracts covering the period January to June 2023 at 1,850 ounces per month with strike price of US\$1,750 per ounce for the put option and US\$1,903 per ounce for the call option. These contracts remained outstanding as of December 31, 2022 with the Company recognizing unrealized MTM loss of Php7 million.

In January 2023, the Company further entered into copper put option contracts covering the period January to June 2023 at 992,081 pounds per month with strike price of US\$3.75 per pound. Total amount of premium to secure the put option contracts amounted to Php18 million.

2023 Gold Collar Hedge							
Deal Date	Quantity (Ounces)	Gold Prices (US\$ per Ounce)			Period Covered	Settlement Date	Realized Gain (Loss) (in Php M)
		Put	Call	Settlement			
12/09/22	1,850	1,750	1,903	1,898	Jan. 2023	02/02/23	-
12/09/22	1,850	1,750	1,903	1,856	Feb. 2023	03/02/23	-
12/09/22	1,850	1,750	1,903	1,911	Mar. 2023	04/04/23	(0.8)
12/09/22	1,850	1,750	1,903		Apr. 2023		
12/09/22	1,850	1,750	1,903		May 2023		
12/09/22	1,850	1,750	1,903		June 2023		
Total							(0.8)

2023 Copper Put Options								
Deal Date	Quantity		Copper Prices (US\$ per Pound)		Period Covered	Settlement Date	Premium Cost Amortization (in Php M)	Realized Gain (Loss) (in Php M)
	In DMT	In Lbs.	Put	Settlement				
01/20/23	450	992,079	3.75	4.08	Jan. 2023	02/02/23	(3)	-
01/20/23	450	992,079	3.75	4.06	Feb. 2023	03/02/23	(3)	-
01/20/23	450	992,079	3.75	4.01	Mar. 2023	04/02/23	(3)	-
01/20/23	450	992,079	3.75		Apr. 2023			
01/20/23	450	992,079	3.75		May 2023			
01/20/23	450	992,079	3.75		June 2023			
Total							(9)	-

The Company recognized net hedging losses of Php800 thousand on gold hedging contracts but nil for copper. As of March 31, 2023, unrealized MTM loss on outstanding contracts amounted to Php24 million.

Operating Costs and Expenses

The Company's total operating costs and expenses (Opex), which included Production Costs, Excise Tax and Royalties, and Depletion, Depreciation and Amortization (DDA), and General and Administrative Expenses (G&A), slightly decreased to Php1.636 billion for 1Q2023 from Php1.655 billion in 1Q2022. The decrease in Opex was due to the lower DDA on account of lower tonnage and due to the impact of mine life extension up to 2027, and due to lower revenue-related costs. Cash production costs, on the other hand, increased as a result mainly of higher power rates that started in July 2022. Higher costs of materials and supplies also contributed to the increase in cash production costs. The amount of DDA also reflected the positive impact of the further extension of the mine life of Padcal up to year 2027 while the higher DDA in 1Q2022 showed the impact of the reversal of previous year's impairment provisions. For both periods, DDA included additional depreciation of recently acquired equipment, and amortization for additional costs incurred in maintaining the tailings storage facility. Revenue-related costs such as the Excise Tax and Royalties also decreased on account of lower revenues to Php145 million in 1Q2023 from Php163 million in 1Q2022.

Smelting Charges amounted to Php227 million for 1Q2023, 18% higher than the Php192 million in 1Q2022, due mainly to higher average treatment rates as well as higher freight charges for copper concentrate shipments, despite the lower copper concentrate production of 12,783 dry metric tons (DMT) in 1Q2023 from 13,967 DMT in 1Q2022. Higher Forex also contributed to the increase in Smelting Charges for the quarter.

Break-even Costs - Costs Per Tonne / Per Ounce / Per Pound

Total production costs (including depletion, depreciation and amortization) on a per unit basis increased by 7% to Php837 per tonne (based on total production costs of Php1.428 billion) for 1Q2023 from Php782 per tonne (based on total production costs of Php1.426 billion) in 1Q2022. Total Production Cost per Tonne increased due to higher production costs which reflected that the Company incurred higher costs to produce one tonne of ore.

Likewise, operating costs (consisting of total production costs, smelting charges, excise taxes, and royalties) also increased to Php1,055 per tonne in 1Q2023 from Php978 per tonne in 1Q2022. The increase in cost per tonne was mainly attributable to higher production costs, and smelting charges and lower tonnage. Total operating costs for purposes of computing the break-even costs amounted to Php1.800 billion in 1Q2023, higher compared with Php1.781 billion in 1Q2022.

The operating cost per ounce of gold and per pound of copper for 1Q2023 based on co-production method were US\$1,507 per ounce and US\$3.19 per pound, compared with US\$1,271 per ounce gold and US\$3.07 per pound copper in 1Q2022, respectively. Breakeven costs per ounce and per pound increased in 1Q2023 on account of higher operating costs and lower metal output.

Other Income (Charges)

The Company recorded a Net Other Income of Php10 million in 1Q2023 versus Net Other Charges of Php6 million in 1Q2022. The Net Other Income in 1Q2023 consisted mainly of the Company's realized gain on foreign exchange transactions due to the strengthening of the US

Dollar against the Philippine Peso. Also included under Net Other Income were Interest Income and the Company's share in net losses of associates as well as various charges. In 1Q2022, Net Other Charges included mainly the Company's share in net losses of associates and various charges, offset by gains from foreign exchange transactions.

Provision for (Benefit from) Income Tax

The Company recorded a lower Provision for Income Tax of Php89 million for 1Q2023, compared with Php176 million in 1Q2022, on account of lower earnings in 1Q2023.

Core and Reported Net Income

For 1Q2023, the Company recorded a Core Net Income and Net Income of Php388 million and Php390 million, respectively, compared with a Core Net Income of Php676 million and Net Income of Php690 million in 1Q2022. The lower results in 1Q2023 were primarily from lower revenues on account of the lower copper and gold output for the quarter.

As income attributable to non-controlling interest was nil, the Net Income Attributable to the Equity Holders was the same as the Reported Net Income of Php390 million, 44% lower than Php690 million in 1Q2022.

Similarly, EBITDA was also lower by 46% at Php635 million than the Php1.182 billion for 1Q2022. The Company's core net income and EBITDA exclude non-recurring transactions to clearly reflect and provide results based on the normal operating parameters of the business.

FINANCIAL CONDITION REVIEW

Current Assets

The Company's Current Assets as of March 31, 2023 increased to Php6.675 billion from Php6.423 billion as of December 31, 2022. The increase of Php252 million was mainly due to higher other current assets on account of additional VAT receivable on Company purchases .

Cash and Cash Equivalents

The Cash and Cash Equivalents amounted to Php4.047 billion as of March 31, 2023 from Php3.925 billion as of December 31, 2022. The consolidated cash balance included the remaining SRO proceeds that was invested in SMMCI for the development of the Silangan Project and cash generated from copper concentrates shipment proceeds valued at strong copper and gold prices and continuously favorable foreign exchange rates. The Company continues to maintain cash reserves for programmed infusion in the Silangan Project.

Accounts Receivable

The Company's Accounts Receivable slightly increased to Php660 million as of March 31, 2023 from Php581 million as of December 31, 2022. This account consisted of Trade Receivables from sales of the Company's copper concentrates or bullion and Other Receivables that include loan to an associate and advances to employees for conduct of transactions in the ordinary course of

business. As of March 31, 2023, Trade Receivables amounted to Php524 million and Other Receivables of Php136 million.

Under the existing sales agreement with the Company's Customers ("Offtakers"), the Company receives 90% of the total US\$ value of the copper concentrates within 3-4 days after presentation of sales and shipping documents, with the balance payable upon final pricing determination based on agreed quotational period ("QP"). QP is determined either Prior Month of Shipment Schedule ("MOSS") or Month After Month of Arrival ("MAMA") in destination.

The Trade Receivables as of March 31, 2023 consisted of the remaining value of five shipments (versus five shipments also in the fourth quarter of 2022 as of December 31, 2022) awaiting final pricing, were with IXM S.A. and Trafigura Pte. Ltd. The QP for both offtakers is MOSS for copper and gold.

In March 2022, the Company granted loans to its associate, PXP Energy Corporation, where Philex owns 30.4% interest, through the issuance of the later of covering Promissory Notes (PNs). Under the PNs, total loans to PXP Energy amounted to US\$600,000, payable on demand and subject to an interest of 3.5% p.a. over LIBOR (6 months) that is payable quarterly. Total interests received as of March 31, 2023 amounted to Php654 thousand.

Inventories

Total Inventories, consisting of materials and supplies and mine products, amounted to Php1.023 billion as of March 31, 2023, a decrease of 11% from Php1.151 billion as of December 31, 2022.

As of March 31, 2023, mine products inventory, which is valued at net realizable value, amounted to Php391 million or 38% of total inventory, while inventory for materials and supplies amounted to Php632 million or about 62% of total inventory. On the other hand, mine products inventory amounted to Php710 million, while materials and supplies inventory was Php441 million as of December 31, 2022. Mine products inventory decreased by 45% due to lower value of mine products inventory corresponding to 2,158 DMT of copper concentrates against 4,420 DMT as of December 31, 2022. On the other hand, materials and supplies slightly increased due to the build-up of critical and insurance inventories to ensure availability of parts for ageing equipment given the extended life of Padcal for another three years to December 2027.

Other Current Assets

Other Current Assets, composed primarily of input Value-Added Tax ("VAT") claims for refund on purchases of materials, supplies and equipment, increased to Php932 million as of March 31, 2023 from Php766 million as of December 31, 2022, due mainly to additional VAT receivable on Company purchases. Based on the recently issued guidelines on VAT zero-rating which retroacts to December 10, 2021, all purchases of goods and services by Philex Mining shall be subject to 12% VAT but can still be refunded to Philex, being an exporter, by the Bureau of Internal Revenue for VAT on local purchases and by Bureau of Customs for VAT on importations.

Non-Current Assets

Non-Current Assets of Php37.064 billion as of March 31, 2023 slightly increased from Php36.836 billion as of December 31, 2022. This comprised mainly of Deferred Exploration Costs, Investment in Associates, and Property, Plant and Equipment. Deferred Exploration Costs and Property,

Plant and Equipment represent 74% of total assets, signifying the capital intensive nature of the business.

Deferred Exploration Costs

Deferred Exploration Costs increased to Php29.705 billion as of March 31, 2023 from Php29.492 billion as of December 31, 2022, on account of the pre-development and initial development expenditures related to Silangan Project with cumulative amount of Php27.335 billion or 92% of total deferred exploration costs. Initial expenditures on early works program for the Silangan Project were also included in the deferred exploration costs of the Project.

Investment in Associates

Investment in Associates decreased to Php3.600 billion as of March 31, 2023 from Php3.606 billion as of December 31, 2022, mainly from the Company's share in the net losses of associates in 1Q2023 of Php5 million.

Property, Plant and Equipment

Property, Plant and Equipment ("PPE") slightly increased to Php2.742 billion as of March 31, 2023 from Php2.730 billion as of December 31, 2022 due to regular additions to PPE which were the actual expenditures on Padcal's mine development activities and acquisition of mine equipment, net of amount of depreciation, depletion and amortization for the period. The depreciation, depletion and amortization already considered the impact of the further extension of mine life of Padcal of up to December 2027.

Pension Asset

Pension Asset slightly increased to Php343 million as of March 31, 2023 from Php341 million as of December 31, 2022, which represents the excess of the fair value of plan assets against the present value of defined benefit obligations under the Company's retirement plan, net of SMMCI pension obligation.

Financial Assets Measured at FVOCI

Financial Assets Measured at FVOCI, consisting mainly of shares in gold and country clubs, remained at Php145 million as of March 31, 2023 from December 31, 2022.

Other Non-Current Assets

Other Non-Current Assets slightly increased to Php528 million as of March 31, 2023 from Php523 million as of December 31, 2022. This consisted mainly of the non-current portion of SMMCI Input Value-Added Tax amounting to Php467 million.

Total Assets

Total Assets of the Company increased to Php43.739 billion as of March 31, 2023 from Php43.259 billion as of December 31, 2022, primarily from the higher deferred exploration costs, other current assets and cash balance.

Current Liabilities

Current Liabilities slightly increased to Php4.942 billion as of March 31, 2023 from Php4.758 billion as of December 31, 2022, due mainly to the increase in accounts payable and accrued expenses, and income tax payable.

Loans Payable

Loans Payable decreased to Php1.576 billion as of March 31, 2023 from Php1.617 billion as of December 31, 2022 due to the lower Peso value of the dollar denominated short-term bank loans of US\$29 million, restated at lower closing forex of Php54.360 as of March 31, 2023 versus Php55.755 as of December 31, 2022. Total outstanding loan of the Parent Company amounted to US\$23 million while SMMCI amounted to US\$6 million.

Accounts Payable and Accrued Liabilities

As of March 31, 2023, Accounts Payable and Accrued Liabilities slightly increased to Php2.775 billion from Php2.671 billion as of December 31, 2022. This composed primarily of payables to suppliers and contractors of which no material amount has been left unpaid within terms acceptable and agreed upon with suppliers and contractors.

Subscription Payable

Subscription Payable remained at Php2.8 million as of March 31, 2023 which consisted of outstanding payables to Philodrill Corporation and Kalayaan Copper Gold Resources, Inc.

Income Tax Payable

As of March 31, 2023, Income Tax Payable amounted to Php246 million, which included the tax payable pertaining for 1Q2023 that is due on May 30, 2023, higher compared to Php124 million as of December 31, 2022.

Dividends Payable

Dividends Payable decreased to Php342 million as of March 31, 2023 from Php343 million as of December 31, 2022. The Philex Board of Directors approved on February 23, 2023 the declaration of regular cash dividend of two centavos to shareholders on record date of March 13, 2023, payable on March 24, 2023, which represented 7% of Core Net Income.

Non-Current Liabilities

As of March 31, 2023, Non-Current Liabilities amounted at Php7.675 billion, slightly higher than the Php7.631 billion as of December 31, 2022, comprising mainly of Bonds Payable and Deferred Income Tax Liabilities.

Bonds Payable

Bonds Payable increased to Php5.980 billion as of March 31, 2023 from Php5.908 billion as of December 31, 2022, both numbers reflecting the Convertible Note (CN) issued by SMECI to Asia

Link B.V. that was extended for another three years from the expiry of its original maturity date of December 18, 2022, with the sole option of SMECI to extend further for another three years at 1.5 years interval. The balances included the changes in the amounts corresponding to the amortization of deferred transaction costs, accretion of interest from the discounting of the face value of the Convertible Note (CN) and accrual of the 3% redemption premium.

The bonds payable pertains to the 8-year convertible bonds issued by SMECI, with Philex Mining as the co-issuer, on December 18, 2014, with a face value of Php7.2 billion at 1.5% coupon rate p.a. payable semi-annually. The bonds are convertible into 400,000 common shares of SMECI at Php18,000 per share 12 months after the issue date ("Standstill Period"). On the last day of Standstill Period, the Issuer shall have a one-time right to redeem the bonds from the holders in whole or in part. After the Standstill Period, the noteholders may exercise the conversion right, in whole but not in parts, at any time but no later than the maturity date. At redemption/maturity date, the bonds can be redeemed together with the principal or face value of the bonds at a premium, payable at a rate of 3% per annum compounded semi-annually based on the face value of the bonds and unpaid accrued interest (if there be any). The proceeds of the bonds were used to repay the SMECI's advances from Philex Mining and fund the exploration works of SMMCI. The bonds original maturity date was December 18, 2022. Upon original maturity, the CN issued to SSS was settled at Php2.741 billion representing the face value and the corresponding premium.

Deferred Income Tax Liabilities

Deferred Income Tax Liabilities, mainly consisting of Php1.388 billion arising from the acquisition of Anglo's 50% stake in the Silangan companies and Php305 million mainly for accelerated deductions, decreased to Php1.693 billion as of March 31, 2023 from Php1.721 billion as of December 31, 2022 which considered the impact of the CREATE Law that reduced corporate income tax rate to 25% from 30% effective July 2020.

Provision for Losses and Mine Rehabilitation Costs

Provision for Losses and Mine Rehabilitation Costs was maintained at Php2 million as of March 31, 2023 from December 31, 2022. The amount of Php137 million that is required under the Company's MGB-approved Final Mine Rehabilitation and Development Program has been fully funded.

Total Liabilities

As of March 31, 2023, Total Liabilities amounted to Php12.617 billion, higher than the Php12.389 billion as of December 31, 2022, mainly due to higher current liabilities particularly income tax and accounts payable and accrued expenses.

Total Equity

The Company's Total Equity as of March 31, 2023 increased to Php31.122 billion from Php30.869 billion as of December 31, 2022 on account mainly of the 1Q2023 net income of Php390 million, net of the cash dividend declared in February 2023.

Capital Stock and Additional Paid in Capital remained at Php5.782 billion and Php2.885 billion, respectively, as of March 31, 2023 from December 31, 2022, which reflected the issuance of new

Philex shares under the Stock Rights Offer (“SRO”) that was completed on August 3, 2022. Retained Earnings increased to Php19.264 billion as of March 31, 2023, consisting of Php8.764 billion unappropriated amount and Php10.500 billion appropriated of which Php10.000 billion and Php500 million were approved for appropriation by the Board of Directors on December 13, 2013 and February 28, 2017, respectively, for the development and construction of the Silangan Project which appropriated amount remained the same compared with the Dec. 31, 2022 balance. Total Retained Earnings increased from Php18.994 billion as of December 31, 2022. The unappropriated amount is inclusive of the 1Q2023 Net Income of Php390 million and net of cash dividend declared on February 23, 2023.

The Company recorded Net Unrealized Gain on Financial Assets Measured at FVOCI and derivative of Php37 million as of March 31, 2023 from Php55 million as of December 31, 2022. These amounts were inclusive of gain related to the fair value of derivative instruments of Php24 million as of March 31, 2023 from a gain of Php6 million as of December 31, 2022.

There were no changes on the balances of Equity Conversion Options, Equity Reserves, Net Revaluation Surplus and Effect of Transactions with Non-controlling Interests as of June 30, 2022 from their December 31, 2022 balances at Php858 million, Php368 million, Php1.850 billion and Php78 million, respectively. Equity Conversion Options corresponded to the value of the conversion options of the 8-year convertible bonds issued by SMECI, with Philex Mining as the co-issuer, in December 2014 with a face value of Php7.200 billion, which was reduced from Php1.226 billion to Php858 million with the amount recorded as Equity Reserves following the redemption of the CN issued to SSS in December 2022. Net Revaluation Surplus related to the step acquisition of the Silangan Project companies in 2009.

Total Liabilities and Equity amounted to Php43.739 billion as of March 31, 2023 from Php43.259 billion as of December 31, 2022 due mainly to the increase in Equity as a result of the 1Q2023 net income of Php390 million and 3% increase in Current Assets.

Liquidity and Capital Resources

The Company’s existing liquidity position and capital resources are primarily used for the funding of its existing operations and exploratory drilling works within and around the Sto. Tomas ore body with the aim to further extend the mine life of Padcal and for pre-development works of the Silangan Project. Despite the risks inherent in the business associated with metal prices, foreign exchange rates, regulatory environment, and the changing economic and market conditions as well as the global impact of the COVID-19 pandemic for the past three years, the Company’s net cash generated in operating activities amounted to Php587 million for the three months ended March 31, 2023 (1Q2023), compared with Php1.104 billion in the three months of 2022 (1Q2022). This allowed the Company to have sufficient liquidity to meet working capital needs, finance any strategic supply chain activities in anticipation of global supply chain disruptions and any unscheduled operating disruptions.

Internally generated funds remain as the Company’s principal source of cash to finance the capital expenditures of the Padcal Mine, the development of the Silangan Project, exploration initiatives of various mine sites, and for the repayment of existing loans when programmed.

Net cash used in investing activities, principally for capital expenditures and deferred exploration costs, amounted to Php335 million in 1Q2023 as against Php413 million in 1Q2022. Capital expenditures mainly for Padcal were lower at Php180 million 1Q2023 compared with Php340

million in 1Q2022. On the other hand, expenditures on deferred exploration costs were higher at Php153 million 1Q2023 compared with Php73 million in 1Q2022, pertaining substantially to Silangan Project primarily activities to start the pre-development of Silangan project and capitalized interests on loans and convertible notes.

<i>(in Php Millions)</i>	1Q2023	1Q2022
Padcal		
Mine Development	123	109
Tailings Pond Structures	22	50
Machinery and Equipment	35	182
Total	180	340
Silangan Project		
Deferred Exploration Costs	102	72
Machinery and Equipment	2	0.2
Total	104	72
Mine Exploration Projects	51	1
Total	335	413
Consolidated		
Property, Plant and Equipment	182	340
Deferred Exploration Costs	153	73
Total (*Adjusted 2021)	335	413

Total Padcal Capital Expenditures and Deferred Exploration Costs totalled to Php335 million 1Q2023 and Php413 million.

Padcal operations accounted for 54% of total expenditures at Php180 million in 1Q2023 compared with Php340 million in 1Q2022.

Silangan Project comprised of 31% of the total expenditures amounting to Php104 million in 1Q2023 and Php72 million for 1Q2022.

Other mining exploration projects constituted a total amount of Php51 million in 1Q2023 compared with Php1 million only in 1Q2022. These activities focused on complying with minimum regulatory requirements.

Net cash used in financing activities amounted to Php130 million in 1Q2023, representing dividend payment of Php116 million as compared with only Php8 million in 1Q2022, consisting of capitalized interests. No loan repayment was programmed in 2023. No loan repayment was programmed in 2022.

Top Five Key Financial and Non-Financial Performance Indicators

Safety Performance

Personnel health and safety is of paramount concern and regarded with utmost priority. In 1Q2023, the Company recorded one Lost Time Accident-Fatal (“LTA-F”) compared with zero in

1Q2022. In terms of Lost Time Accident Non-Fatal events, there were three recorded in 1Q2023 compared with five in 1Q2022.

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

Earnings Per Share

Earnings Per Share (“EPS”) represents the net income attributable to equity holders of the Company, expressed in the amount per share of the Company’s weighted average number of shares outstanding. Assuming a constant outstanding number of shares, the earnings per share correspondingly rises as the Company’s earnings increase. The EPS ultimately reflects the Company’s financial and operational growth as a result of its performance in cost management, technical efficiency and productivity.

	1Q2023	1Q2022
Earnings Per Share	Php0.067	Php0.140
Total Outstanding Shares	5,782,399,068	4,940,399,068

Tonnes Milled and Metals Produced

Tonnes milled and ore grade determine the volume of concentrates to be produced and sold. Tonnes milled were 1,706,371 tonnes in 1Q2023, 6% lower compared with 1,822,467 tonnes in 1Q2022.

Copper output reached 5,531,450 pounds in 1Q2023, 11% lower compared with 6,181,396 pounds in 1Q2022 due mainly to lower tonnage and lower ore grades. Gold production was 17% lower at 10,062 ounces in 1Q2023, compared with 12,097 ounces in 1Q2022, as a result of lower tonnage and ore grade.

Break-even Production and Operating Cost Per Unit

The Company’s average cost per tonne is a key measure of the Company’s operating performance. At the same cost level, the higher the production volume, the lower the cost per tonne becomes, which will also be similar if the same production volume incurs a lower operating cost. Thus, a lower cost per tonne would generally reflect an improvement in operating efficiency.

The same essentially applies to cost expressed in per unit of metal, which incorporates the metal grade, as it affects metal production, and the exchange rate, as it affects the conversion from peso to dollar.

In 1Q2023, the total production cost (mine site cost and expenses including depletion, depreciation and amortization but excluding smelting charges, excise tax and royalties) per tonne of ore milled was Php837, with total production cost of Php1,428 billion over ore milled of 1,706,371 tonnes. This was 7% higher than the cost per tonne of Php782 from the total production

cost of Php1.426 billion over ore milled of 1,822,467 tonnes in 1Q2022. The higher cost per tonne in 1Q2023 was primarily on account of higher non-variable costs despite lower tonnage.

The operating costs and expenses (all cost and expenses excluding G&A) per tonne of ore milled in 1Q2023 was Php1,055 from the total operating cost and expenses of Php1.800 billion, 8% higher than the Php978 from the operating costs and expenses of Php1.781 billion in 1Q2022. The increase in operating cost and expenses per tonne was mainly attributable to higher production costs, and smelting charges and lower tonnage.

Using co-production method, the operating cost applicable to gold produced amounted to US\$1,507 per ounce in 1Q2023 compared with US\$1,271 per ounce in 1Q2022, while operating cost applicable to copper produced amounted to US\$3.19 per pound in 1Q2023 compared with US\$3.07 per pound in 1Q2022. Under co-production method, the total cost is allocated proportionately based on the revenue contribution of each product considering there is no physical basis that can be used in allocating costs between the two metals. Due to the significant increase in copper prices, costs allocated to copper based on its revenue contribution consequently increased against last year.

Exploration Activities

The Company is cognizant that exploration in itself is a speculative endeavour, and mineral exploration and mining operations can be hampered by force majeure and other unforeseen circumstances beyond the Company's control. To mitigate the impact of these external factors and other contingencies, the Company banks on its ability to successfully explore and/or acquire reserves, design and construct efficient processing facilities, operate and manage its projects, and provide effective financial controls and management. To ensure the optimization of value from its natural resource properties and the long-term sustainability of operations, the Company pursues and invests in viable exploration activities and operational enhancements on a constant basis. In recent years, exploration activities focused mostly on regulatory requirements under the exploration permits or confirmatory drilling related to possible mine life extension.

In 1Q2023, the amount spent on mining exploration including that of Silangan Project amounted to Php153 million compared with Php73 million in 1Q2022. As of March 31, 2023, total deferred exploration costs amounted to Php29.705 billion, comprising 68% of the Company's Total Assets, compared with Php29.492 billion (68% of the Company's Total Assets) as of December 31, 2022.

Subsidiaries and Related Party Transactions

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

a) Advances from Philex Mining to SMMCI and SMECI

Philex Mining, owning directly and indirectly 100% of SMMCI and SMECI, provides the funds to SMMCI, through SMECI since 2011 and directly thereafter, for the Silangan project's expenditures since the Company's acquisition of Anglo American's interest in the Silangan Project in 2009. These advances, which were intended to be converted into equity, amounting to Php3.673 billion as of March 31, 2023 and as of December 31, 2022. In December 2022, portion of the PMC

advances to SMECI and SMMCI amounted to Php792 million and Php1.459 billion, respectively, were settled.

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

In December 2014, SMECI and Philex Mining, as the co-issuer, issued 8-year convertible bonds with a face value of Php7.2 billion at 1.5% coupon rate p.a. payable semi-annually. The bonds are convertible into 400,000 common shares of SMECI at Php18,000 per share one year after the issue date.

On December 7, 2022, Asia Link B.V. and SMECI agreed, with the consent of PMC, to a 3-year extension from the original maturity of the convertible notes held by Asia Link B.V. from December 19, 2022 to December 18, 2025, the same which can be further extended for another 3 years, at 1.5 year intervals, at the sole option of SMECI and PMC. The extension was made in support of the fund-raising activities for the development of the Silangan Project of SMECI under its subsidiary, SMMCI. With respect to the convertible notes held by SSS, the same was settled at maturity date, consistent with the agreement with the related equity conversion option classified as part of the Group's equity reserves.

The carrying value of loans payable amounted to Php5.980 billion and Php5.908 billion as of March 31, 2023 and December 31, 2022, respectively.

c) Investment in SMECI and SMMCI

In October 2022, a subscription agreement was entered between PMC and SMECI wherein PMC subscribed 75,787 new shares from SMECI with a total consideration of Php2.580 billion. The subscription price was taken from PMC's proceeds from the Philex SRO.

Subsequently, SMECI invested the net proceeds in SMMCI to support the capital expenditures and development of the Silangan Project.

In December 2022, PMC subscribed additional shares from SMECI consisting of 101,471 new shares with total subscription price of Php2.649 billion

d) Loans Granted by Philex Mining to PXP Energy Corporation

In March 2022, PXP Energy Corporation (PXP Energy) issued Promissory Notes covering two loans from Philex Mining amounting to US\$375,000 and US\$225,000 or a total of US\$600,000. The loans are payable on demand and subject to an interest of 3.5% p.a. over LIBOR (6 months), payable quarterly. As of March 31, 2023, total loans receivable from PXP Energy amounted to Php31 million.

Known Trends, Events, or Uncertainties

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

Other than as discussed above, there are no known significant trends, demands, commitments, or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way. There are no material commitments for capital expenditures not reflected in the Company's financial statements.

There is likewise no significant seasonality or cyclicity in its business operation that would have material effect on the Company's financial condition or results of operation. There were no other significant elements of income or loss that did not arise from the Company's continuing operations. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period. There are no line items in the Company's financial statements not already explained for causes either above or in the Notes to the Consolidated Financial Statements other than due to the usual period-to-period fluctuations in amounts natural in every business operations.


PART II - OTHER INFORMATION

There are no other information for this interim period not previously reported in a report on SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PHILEX MINING CORPORATION
(Issuer)


EULALIO B. AUSTIN, JR.
President and CEO
ROMEO B. BACHOCO
Chief Finance Officer
PARALUMAN M. NAVARRO
Assistant Vice President
Corporate Finance

Date: May 8, 2023

PHILEX MINING CORPORATION
AND SUBSIDIARIES

UNAUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
March 31, 2023

Pasig City, Philippines

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, except Par Value per Share)

	March 31 2023 (Unaudited)	December 31 2022 (Audited)
Current Assets		
Cash and cash equivalents	P 4,047,137	P 3,925,296
Accounts receivable - net	660,072	580,621
Inventories - net	1,023,168	1,151,089
Derivative assets	13,142	-
Other current assets - net	931,561	765,754
Total Current Assets	6,675,081	6,422,760
Noncurrent Assets		
Deferred exploration costs	29,704,768	29,491,920
Investment in associates - net	3,600,304	3,605,677
Property, plant and equipment - net	2,742,310	2,729,865
Pension asset - net	342,950	340,725
Financial assets measured at fair value through other comprehensive income (FVOCI)	145,207	145,207
Other non current assets	527,971	522,595
Total Noncurrent Assets	37,063,511	36,835,989
TOTAL ASSETS	P 43,738,592	P 43,258,749
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	P 1,576,440	P 1,616,895
Accounts payable and accrued liabilities	2,774,985	2,670,983
Subscription payable	2,767	2,767
Income tax payable	246,101	124,351
Dividends payable	341,581	343,346
Total Current Liabilities	4,941,874	4,758,342
Noncurrent Liabilities		
Bonds payable	5,979,819	5,907,961
Deferred tax liabilities - net	1,692,887	1,720,847
Provision for losses and mine rehabilitation costs	2,342	2,342
Total Noncurrent Liabilities	7,675,048	7,631,150
Total Liabilities	12,616,922	12,389,492
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock - P1 par value	5,782,399	5,782,399
Additional paid-in capital	2,885,163	2,885,163
Retained Earnings		
Unappropriated	8,763,771	8,493,736
Appropriated	10,500,000	10,500,000
Net unrealized gain (loss) on financial assets measured at FVOCI and derivative	37,248	54,870
Equity conversion option	857,863	857,863
Equity reserves	367,655	367,655
Net revaluation surplus	1,849,971	1,849,971
Effect of transactions with non-controlling interests	77,892	77,892
	31,121,962	30,869,549
Non-controlling Interests	(292)	(292)
Total Equity	31,121,671	30,869,257
TOTAL LIABILITIES & EQUITY	P 43,738,592	P 43,258,749

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(Amounts in Thousands, except Earnings Per Share)

	Three Months ended			
	March 31			
	2023		2022	
REVENUES (Note 5)	P	2,105,356	P	2,528,194
COSTS AND EXPENSES				
Production costs		1,260,757		1,094,562
Depletion, depreciation and amortization		167,081		331,425
Excise taxes and royalties		145,168		163,397
General and administrative expenses		63,338		66,004
		1,636,345		1,655,388
INCOME FROM OPERATIONS		469,011		872,806
OTHER (CHARGES) INCOME				
Foreign exchange gains - net		26,234		18,950
Interest income		5,134		667
Share in net losses of associates		(5,372)		(5,428)
Others - net		(16,022)		(20,140)
		9,974		(5,951)
INCOME BEFORE INCOME TAX		478,985		866,856
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current		121,750		224,870
Deferred		(32,338)		(48,402)
		89,412		176,468
NET INCOME	P	389,573	P	690,388
Net Income Attributable to:				
Equity holders of the Parent Company		389,573		690,388
Non-controlling interests		-		-
	P	389,573	P	690,388
BASIC/DILUTED EARNINGS PER SHARE	P	0.067	P	0.140

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(Amounts in Thousands)

	Three Months ended	
	March 31	
	2023	2022
NET INCOME	P 389,573	P 690,388
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Unrealized loss on fair value of hedging instruments	(17,622)	(95,157)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement of pension obligation (net of tax) and others	(3,888)	(66,936)
	(21,510)	(162,093)
TOTAL COMPREHENSIVE INCOME	P 368,062	P 528,295
Total Comprehensive Income Attributable to:		
Equity holders of the Parent Company	368,062	528,295
Non-controlling interests	-	-
	P 368,062	P 528,295

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months ended March 31			
	2023		2022	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P	478,985	P	866,856
Adjustments for:				
Depletion, depreciation and amortization		169,347		334,958
Unrealized foreign exchange losses (gains) and others - net		(40,455)		21,489
Share in net losses of associates		5,372		5,428
Interest income		(5,134)		(667)
Operating income before working capital changes		608,116		1,228,063
Decrease (increase) in:				
Accounts receivable		(79,451)		(29,164)
Inventories		127,921		48,181
Other current assets		(174,711)		(8,705)
Other noncurrent assets		(5,077)		(2,499)
Increase (Decrease) in:				
Accounts payable and accrued liability		107,836		(71,059)
Non current liabilities		(29,241)		(60,506)
Cash generated from operations		555,393		1,104,312
Interest paid		31,368		-
Net cash flows generated from operating activities		586,760		1,104,312
CASHFLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment		(181,793)		(340,290)
Increase in deferred exploration costs and other noncurrent assets		(153,367)		(72,897)
Net cash flows used in investing activities		(335,159)		(413,187)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Capitalized interest expenses		(14,157)		(8,227)
Dividends		(115,603)		-
Net cash flows used in financing activities		(129,760)		(8,227)
EFFECT OF EXCHANGE RATE CHANGES				
ON CASH AND CASH EQUIVALENTS				
NET DECREASE IN CASH AND CASH EQUIVALENTS		121,841		682,898
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		3,925,296		2,890,763
CASH AND CASH EQUIVALENTS AT END THE PERIOD	P	4,047,137	P	3,573,661

	Attributable to Equity Holders of the Parent Company											
	Capital Stock	Additional Paid-in Capital	Retained Earnings		Unrealized Gain (Loss) on financial assets measured at FVOCI and Derivative	Equity Conversion Option	Equity Reserves	Net revaluation Surplus	Effect of transaction with Non-controlling Interest	Sub-total	Non-controlling Interest	Total
			Unappropriated	Appropriated								
BALANCES AT DECEMBER 31, 2022	5,782,399	2,885,163	8,493,736	10,500,000	54,870	857,863	367,655	1,849,971	77,892	30,869,549	(292)	30,869,257
Net income			389,573							389,573		389,573
Other comprehensive income (loss): <i>Items to be reclassified to profit and loss in subsequent periods:</i>												
Net Unrealized Gain on financial assets measured at FVOCI and Derivative					(17,622)					(17,622)		(17,622)
<i>Items not to be reclassified to profit and loss in subsequent periods:</i>												
Re measurement of pension obligation (net of tax) and others	-	-	(3,888)		-	-	-	(0)	-	(3,888)	-	(3,888)
Income tax effect on revaluation surplus	-	-			(17,622)	-	-	(0)	-	368,062	-	368,062
Total comprehensive income	-	-			-	-	-	-	-	(115,648)	-	(115,648)
Declaration of dividends												
BALANCES AT MARCH 31, 2023 (Unaudited)	5,782,399	2,885,163	8,763,773	10,500,000	37,248	857,863	367,655	1,849,971	77,892	31,121,963	(292)	31,121,671
BALANCES AT DECEMBER 31, 2021	4,940,399	1,143,981	6,943,648	10,500,000	17,319	1,225,518	-	1,849,971	77,892	26,698,728	(289)	26,698,440
Net income			690,388							690,388		690,388
Other comprehensive income (loss): <i>Items to be reclassified to profit and loss in subsequent periods:</i>												
Net Unrealized Gain on financial assets measured at FVOCI and Derivative					(95,157)					(95,157)		(95,157)
<i>Items not to be reclassified to profit and loss in subsequent periods:</i>												
Re measurement of pension obligation (net of tax)	-	-	(66,936)		(95,157)	-	-	-	-	(66,936)	-	(66,936)
Total comprehensive income	-	-	623,452	-	(95,157)	-	-	-	-	528,295	-	528,295
Declaration of dividends			(247,000)							(247,000)		(247,000)
BALANCES AT MARCH 31, 2022 (Unaudited)	4,940,399	1,143,981	7,320,100	10,500,000	(77,898)	1,225,518	-	1,849,971	77,892	26,980,023	(289)	26,979,734

PHILEX MINING CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS - UNAUDITED

		Three Months Ended March 31	
		2023	2022
Current Ratio	Current Assets over Current Liabilities	1.35	0.46
Debt-to-equity Ratio	Total Liabilities over Total Equity	0.41	0.58
Asset-to-equity Ratio	Total Assets over Equity	1.41	1.58
Net Income Ratio	Net Income over Net Revenue	0.19	0.27

PHILEX MINING CORPORATION AND SUBSIDIARIES

SCHEDULE OF ACCOUNTS RECEIVABLE

As of March 31, 2023

(In Thousands)

Accounts Receivable- Trade	P 524,457
Others	135,615
	P 660,072

AGING OF ACCOUNTS RECEIVABLE - TRADE

As of March 31, 2023

	0-30 days	31-60 days	Total
IXM S.A.	P 86,334	P 163,516	P 249,850
Trafigura Pte Ltd		274,607	274,607
	P 86,334	P 438,123	P 524,457

PHILEX MINING CORPORATION AND SUBSIDIARIES

SCHEDULE OF LOANS AND BONDS PAYABLE

As of March 31, 2023

(In thousands)

Bonds Payable	P 5,979,819
Loans Payable:	
Banco de Oro	P 217,440
Philippine National Bank	326,160
Bank of the Philippine Islands	326,160
Security Bank	706,680
Total	P 7,556,259

PHILEX MINING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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

1. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Disclosures and Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

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

Statement of Compliance

The unaudited consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the Philippines. The Group prepared its consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRSs), except for the Parent Company's mine product inventories that are measured at NRV which was permitted by the Philippine SEC. The significant accounting policies followed by the Group are disclosed below.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements as at and for the year ended December 31, 2022, except for the adoption of new standards that is effective January 1, 2023.

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to PAS 8, Definition of Accounting Estimates
- Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from Single Transaction

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

Effective beginning on or after January 1, 2025

- PFRS 17, Insurance Contracts

Deferred effectivity

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

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

2. Significant Judgments and Estimates and Assumptions

The preparation of the unaudited consolidated financial statements in accordance with accounting principles generally accepted in the Philippines requires the management of the Group to exercise judgment, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of any contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Accounting assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Determination of the Functional Currency

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

Recognition of Deferred Tax Assets

The Group reviews the carrying amounts at each end of reporting period and adjusts the balance of deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The sufficiency of future taxable profits requires the use of assumptions, judgments and estimates, including future prices of metals, volume of inventories produced and sold, and amount of costs and expenses that are subjectively determined like depreciation.

Accounting Estimates and Assumptions

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

Measurement of Mine Products Revenue

Mine products revenue is provisionally priced until or unless these are settled at pre-agreed future or past dates referred to as “quotational period,” the prevailing average prices at which time become the basis of the final price. Revenue on mine products is initially recognized based on shipment values calculated using the provisional metals prices, shipment weights and assays for metal content less deduction for insurance and smelting charges as marketing costs. The final shipment values are subsequently determined based on final weights and assays for metal content and prices during the applicable quotational period.

Valuation of Financial Instruments

The Group carries certain financial assets and financial liabilities (i.e., quoted and unquoted shares) at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (e.g., quoted equity prices), the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities is recognized in the consolidated statements of income and in the consolidated statements of comprehensive income.

Valuation of Financial Assets measured at FVOCI

Fair value measurement requires the use of accounting estimates and judgment. At initial recognition, the fair value of quoted financial assets measured at FVOCI is based on its quoted price in an active market, while the fair value of unquoted financial assets measured at FVOCI is based on the latest available transaction price. The amount of changes in fair value would differ if the Group utilized a different valuation methodology.

Measurement of NRV of Mine Products Inventory

The NRV of mine products inventory is the estimated sales value less costs to sell, which can be derived from such inventory based on its weight and assay for metal content, and the LME and LBMA for prices, which also represents an active market for the product. Changes in weight and assay for metal content as well as the applicable prices as the mine products inventory are eventually shipped and sold are accounted for and accordingly adjusted in revenue.

Write-down of Carrying Values of Materials and Supplies Inventories

The Group carries material and supplies inventories at NRV when such value is lower than cost due to damage, physical deterioration, obsolescence or other causes. When it is evident that the NRV is lower than its cost based on physical appearance and condition of inventories, an allowance for inventory obsolescence is provided.

Impairment of Mine and Mining Properties

The Group assesses, at each reporting date, whether there is an indication that mine and mining properties may be impaired. If any indication exists, or when annual impairment testing for mine and mining properties is required, the Group estimates the mine and mining and properties' recoverable amount. An asset's recoverable amount is the higher of asset's fair value less costs of disposal and its value in use. 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. When the carrying amount of asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Assessments require the use of estimates and assumptions such as future cash flows, discount rates, estimated ore reserves, forecasted metal prices, and production quantities. In assessing value in use, the estimated future

cash flows are discounted to their present value using a suitable discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Estimation of Useful Lives of Property, Plant and Equipment

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

Estimation of Ore Reserves

Ore reserves were determined using various factors such as market price of metals and production costs among others. These are economically mineable reserves based on the current market condition and concentration of mineral resource. Reserves are key inputs to depletion, amortization and decommissioning provisions. On June 25, 2021, the Padcal Mine life has been extended for another two (2) years, extending its life until December 31, 2024. Further, on December 7, 2022, the life of Padcal Mine has been extended for another three (3) years up to December 31, 2027. The extension of the mine life is due to additional reserves from mineral resources delineated below the current mining level.

Impairment of Deferred Exploration Costs

The Group reviews the carrying values of its deferred exploration costs whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves and future plans of the prospective mine project.

An impairment loss is recognized when the carrying values of these assets are not recoverable and their historical cost exceeds their fair value.

Convertible Bonds

The Group's convertible bonds, treated as a compound financial instrument, are separated into liability and equity components based on the terms of the contract. On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

Provisions for losses

The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle the said obligations. An estimate of the provision is based on known information at each end of the reporting period, net of any estimated amount that may be

reimbursed to the Group. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

Estimation of net retirement benefits liability (plan assets) and costs

The Group's net retirement benefits costs are actuarially computed using certain assumptions with respect to future annual salary increases and discount rates per annum, among others.

3. Financial Risk Management Objectives and Policies and Hedging Activities

Financial Risks Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise mainly of cash and cash equivalents, accounts receivable, financial assets measured at FVOCI, short-term bank loan and accounts payable and accrued liabilities. The main purpose of these financial instruments is to provide financing for the Group's operations and capital-intensive projects.

The BOD is mainly responsible for the overall risk management and approval of the risk strategies and principles of the Group. The BOD has approved its formalized hedging policy in relation to entering into commodity derivatives in order to manage its financial performance.

Financial Risks

The main risks arising from the Group's financial instruments are credit and concentration risks, liquidity risk, and market risk. The market risk exposure of the Group can be further classified to foreign currency risk, cash flow interest rate risk, equity price risk, and commodity price risk. The BOD reviews and approves the policies for managing some of these risks and they are summarized as follows:

Credit and concentration risks

Credit risk is the risk where the Group could incur a loss if its counterparties fail to discharge their contractual obligations. To avoid such losses, the Group's primary credit risk management strategy is to trade only with recognized, creditworthy third parties.

Credit risk may also arise from the Group's other financial assets, which comprise of cash and cash equivalents. The Group's exposure to credit risk could arise from default of the counterparty, having a maximum exposure equal to the carrying amount of these instruments.

The table below summarizes the Group's exposure to credit risk for the components of the unaudited consolidated balance sheet as of March 31, 2023:

Cash and cash equivalents	
Cash with banks	₱ 1,316,091
Short-term deposits	2,729,067
Accounts receivable:	
Trade	524,457
Others	133,511
Financial assets measured at FVOCI	
Quoted equity investments	92,172
Unquoted equity investments	53,035
Derivative assets	13,143
	₱ 4,861,477

The table below summarizes the Group's exposure to credit risk for the components of the consolidated statements of financial position as of March 31, 2023.

	Neither Past Due nor Impaired		Past Due and Individually Impaired	Total
	High-Grade	Standard		
Cash and cash equivalents:				
Cash with banks	₱ 1,316,091	-	-	₱ 1,316,091
Short-term deposits	2,729,067	-	-	2,729,067
Accounts receivable:				
Trade	524,457	-	-	524,457
Others	133,511	-	-	133,511
Financial assets measured at FVOCI				
Quoted equity investments	92,172			92,172
Unquoted equity investments	53,035			53,035
Derivative assets	13,143			13,143
Total	₱ 4,861,477	-	-	₱ 4,861,477

Credit quality of cash and cash equivalents and accounts receivable are based on the nature of the counterparty and the Group's evaluation process.

High-grade credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience.

Liquidity risk

Liquidity risk is the risk where the Group becomes unable to meet its obligations when they fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary.

The table below summarizes the maturity profile of the Group's financial assets that can be used by the Group to manage its liquidity risk and the maturity profile of the Group's financial liabilities, based on contracted undiscounted repayment obligations (including interest) as of March 31, 2023:

	On Demand	Within 1 Year	More than 1 Year	Total
Other financial liabilities:				
Loans payable - current				
Principal		₱ 1,576,440		₱ 1,576,440
Interest		1,757		1,757
Loans payable- noncurrent				
Principal		5,040,000		5,040,000
Interest		378,000		378,000
Accounts payable and accrued liabilities		2,498,537		2,498,537
Dividends payable	341,581			341,581
Total undiscounted financial liabilities	₱ 341,581	₱ 9,494,734	-	₱ 9,836,315

	On Demand	Within 1 Year	More than 1 Year	Total
Loans and receivables:				
Cash and cash equivalents	₱ 4,047,137			₱ 4,047,137
Accounts receivable:				
Trade		524,457		524,457
Others		133,511		133,511
Advances to related parties				-
Financial assets measured at FVOCI				
Quoted equity investments	92,172			92,172
Unquoted equity investments	53,035			53,035
Total undiscounted financial assets	₱ 4,192,344	₱ 657,968	-	₱ 4,850,312

Market risks

Foreign currency risk

Foreign currency risk is the risk where the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from sales in currencies other than its functional currency. All of the Parent Company's sales are denominated in US Dollar. Also, the Parent Company is exposed to foreign exchange risk arising from its US Dollar-denominated cash and cash equivalents and trade receivables and loans payable.

As the need arises, the Group enters into structured currency derivatives to cushion the effect of foreign currency fluctuations.

The following table summarizes the impact on the unaudited consolidated income before income tax of reasonable possible changes in the exchange rates of US Dollar against the Peso:

US\$ Appreciate (Depreciate)	Effect on Consolidated Income before Income Tax
6%	(₱11,122)
(6%)	11,122

Equity Price Risk

Equity price risk is the risk where the fair values of investments in quoted equity securities could increase or decrease as a result of changes in the levels of equity indices and in the value of individual stocks. Management monitors the movement of the share prices

pertaining to the Group's investments. The Group is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the consolidated statements of financial position as financial assets measured at FVOCI.

The effect on equity, as a result of a possible change in the fair value of the Group's quoted equity instruments held as financial assets measured at FVOCI as at March 31, 2023 that could be brought by changes in equity indices with all other variables held constant is as follows:

Currency	Change in Quoted Prices of Investments Carried at Fair Value	Effect on Equity
Peso	Increase by 1%	₱27.47
	Decrease by 1%	(27.47)

Commodity price risk

The Parent Company's mine products revenues are based on international commodity quotations (i.e., primarily on the LME and London Bullion Market Association quotes) over which the Parent Company has no significant influence or control. This exposes the Group's results of operations to commodity price volatilities that may significantly impact its cash inflows.

The table below shows the effect on income before income tax should the change in the prices of copper and gold occur based on the inventory of the Parent Company as of March 31, 2023:

Change in Metal Prices		Effect on Income before Income Tax
Gold:		
Increase by 15%	15%	₱149,667
Decrease by 15%		(149,667)
Copper:		
Increase by 28%	28%	₱368,875
Decrease by 28%		(368,875)

4. Segment Information

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

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

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

EBITDA is also not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. The Group relies primarily on the results in accordance with PFRSs and uses EBITDA only as supplementary information.

The Group's Core EBITDA for the three months ended March 31, 2023 and 2022 amounted to ₱634,964 and ₱1,182,195, respectively.

The following table shows the Group's reconciliation of core net income to the consolidated net income for the three months ended March 31, 2023 and 2022.

	YTD March 31	
	2023	2022
Core Net Income	₱387,897	₱676,174
Non-Recurring gains (losses) :		
Foreign exchange gains (losses)	26,234	18,950
Provision for losses	(18,000)	-
Net tax effect on foreign exchange losses	(6,559)	(4,737)
Net income attributable to parent company	389,573	690,387
Net income attributable to non-controlling interests	-	-
Net income	₱389,573	₱690,387

Core net income per share is computed as follows:

	2023	2022
Core net income	₱389,573	₱690,387
Divided by weighted average number of common shares outstanding	5,782,399,068	4,940,399,068
Core net income per share	₱0.067	₱0.137

5. Revenues

Adoption of PFRS 15 using modified retrospective approach as of March 31, 2023 and March 31, 2022:

	2023		
	Revenue from contracts with customers	Provisional pricing adjustments	Total Revenue
Gold	₱ 954,878	(54,260)	₱ 900,618
Copper	1,096,980	92,145	1,189,125
Silver	16,014	(402)	15,613
Total			₱ 2,105,356

	2022		
	Revenue from contracts with customers	Provisional pricing adjustments	Total Revenue
Gold	₱ 1,085,920	33,122	₱ 1,119,042
Copper	1,392,775	(3,489)	1,389,286
Silver	21,589	(1,723)	19,865
Total			₱ 2,528,194

All revenue from sale of gold, copper and silver are recognized at a point in time when control transfers.

6. Basic/Diluted Earnings Per Share

Basic and diluted earnings per share as of March 31, 2023 and 2022 are computed as follows:

	2023	2022
Net income attributable to equity holders of the Parent Company	₱389,573	₱690,387
Divided by weighted average number of common shares outstanding during year	5,782,399,068	4,940,399,068
Basic earnings per share	₱0.067	₱0.140

In November 2021, the Board of Directors of the Parent Company approved the Stock Rights Offering (SRO) wherein eligible shareholders of record, as of the date to be set in accordance with existing law and regulations (the "Record Date") will have the opportunity to participate and to subscribe to common shares that will be issued in connection with the proposed SRO, subject to the approval by the SEC, and compliance with the listing requirements of the PSE.

On August 3, 2022, a total of 842,000,000 shares was listed at ₱3.15 per share. The total proceeds from the SRO amounted to ₱2,652,300. Together with long-term debt

being arranged by a leading local financial institution and internally generated cash of the Group, the SRO proceeds will be utilized for the development of the Silangan Project.

7. Events After End of Reporting Period

There were no known event that will trigger direct or contingent financial obligation that is material to the Company other than those discussed in Part 1 of this report.