



PHILEX MINING CORPORATION

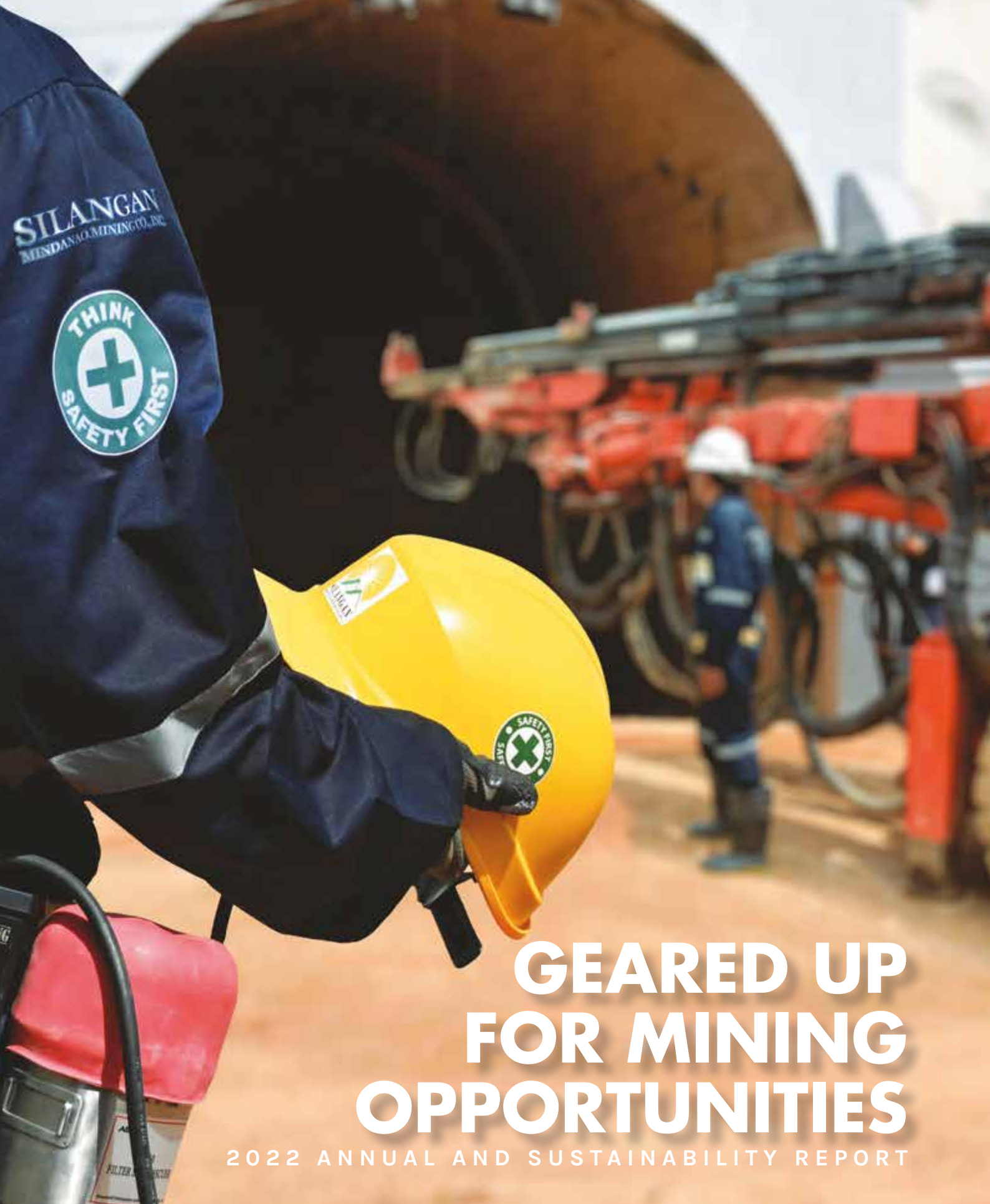
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SILANGAN
MINDANAO MINING CO., INC.





PHILEX MINING
CORPORATION



GEARED UP FOR MINING OPPORTUNITIES

2022 ANNUAL AND SUSTAINABILITY REPORT

ABOUT THE THEME



In 2019, we saw **A NEW DAWN RISING** as we continued to live up to our commitment to our stakeholders in Padcal Mine even as humanity faced its greatest challenge of all time: the global COVID-19 pandemic.

In 2020, we predicted that **A BRIGHT NEW DAY** would come even as the world struggled to come out of a difficult and challenging year, with COVID-19 posing a threat to lives and livelihoods. This was because we already anticipated fresh opportunities for the development of Silangan Project and the government's extension of our Mineral Production Sharing Agreement.

In 2021, we claimed that there will be **BRIGHTER DAYS AHEAD** as we welcomed the lifting of restrictive government policies on mining, as well as the growing bullishness over Silangan Project.

This positive storyline has led us to our 2022 Annual and Sustainability Report theme: **GEARING UP FOR MINING OPPORTUNITIES**. This conveys our excitement and readiness to seize the opportunities from Silangan Project and nearby mineral resources. It also captures the bright prospects we see for the mining industry to play a more significant role in lifting the Philippine economy post-pandemic and towards sustainable growth.

As we start development work on the Silangan Project, we are also gearing up for the successful identification of additional mineable reserves in Padcal Mine and the extension of its mine life to 2027 from 2024. With these opportunities and more, Philex continues to present viable investment opportunities, as well as sustain its commitment to be a principled and responsible miner in the country.

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This is the fourth Annual and Sustainability Report (ASR) of Philex Mining Corporation, which combines our financial and sustainability performance disclosures to provide the public with a more holistic view of our Company.

Reporting Scope and Boundary

The Report covers the financial and sustainability performance of the Padcal Mine, our main source of revenue, for the reporting period January 1 to December 31, 2022. We also provide detailed information on the economic, environmental, and social performance of the Padcal Mine, particularly its significant contributions to the development of its host and neighboring communities.

Reporting Standards

We prepared the Report with reference to the Sustainability Reporting Guidelines for Publicly Listed Companies of the Philippines' Securities and Exchange Commission (SEC). These guidelines build upon the established principles and metrics of other globally accepted sustainability reporting frameworks such as the Global Reporting Initiative (GRI) Standards, which has a comprehensive reporting framework that covers economic, environmental, and social topics.

Based on the guidelines, we reported key information in two parts: disclosures and management approaches. Disclosures reflect our most material economic, environmental, and social topics based on the results of our comprehensive materiality assessment and stakeholder engagement. Disclosures are quantifiable and measurable and provide a snapshot of our financial and sustainability achievements for the reporting period. Management approaches explain how we manage our impacts on the economy, environment, and society. These management approaches are in the form of company policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, as well as processes, projects, programs, and initiatives.

Feedback

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

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OUR RESPONSIBLE BUSINESS

One of Southeast Asia's Oldest Gold and Copper Producers

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

VISION

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

MISSION

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

CORE VALUES

Corporate Responsibility

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

Teamwork

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

Respect for Individuals

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

Integrity

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

Social and Environmental Responsibility

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

Work Excellence

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

Business Structure

| Company | Location | Description of Operations |
|---|--|--|
| Philex Mining Corporation (Parent company) | Padcal Mine in Tuba and Itogon, Benguet Province | Operating since 1958 using the underground block cave mining method, the mine produces copper concentrates containing gold, copper, and silver. This has been the primary source of revenue of Philex for over 64 years. Padcal Mine's life has been extended six times. The latest was on December 7, 2022, which would extend its mine life for three years up to December 31, 2027. The new estimate included remaining reserves from the previously declared mineable reserves as of December 31, 2022 aggregating 40.7 million tonnes with an average gold and copper grades of 0.21 g/t and 0.17%, respectively. |
| Philex Gold Philippines, Inc. Wholly owned mining business | Bulawan Mine in Sipalay, Negros Occidental | Operated until the second quarter of 2002 and has residual resource estimates of around 29.6 million tonnes containing 1.7 million ounces of gold, which also includes the Vista Alegre area with completed geological modelling and preliminary resource estimation. |
| | Sibutad Project in the Municipalities of Rizal and Sibutad, Zamboanga del Norte | Under care and maintenance |
| Silangan Mindanao Exploration Co., Inc. (SMECI) Wholly owned mining business | Silangan Copper and Gold Project (Silangan Project) in Surigao del Norte, Northeastern Mindanao | The Silangan Project is seen as one of the current three large-scale projects in the country to become a major copper and gold producer. Its tenements consist of two main ore deposits: Boyongan and Bayugo. |
| Silangan Mindanao Mining Co., Inc. (SMMCI) Wholly owned mining business | | <p>Boyongan ore deposit: Wholly owned by SMMCI and will be developed as Phase I of the Silangan Project.</p> <p>Bayugo ore deposit: To be developed as Phase II, with Bayugo-Silangan deposit (Phase II-A, wholly owned by SMMCI) and Bayugo-Kalayaan deposit (Phase II-B, a joint venture with Manila Mining Corporation, its subsidiary Kalayaan Copper Gold Resources, Inc. (KCGRI), and Philex Mining which currently holds a 5% interest with an option to increase its stake up to 60%).</p> |
| PXP Energy Corporation (formerly Philex Petroleum Corporation) Energy and hydro-carbon business affiliate (30.4% owned) | Recto Bank (SC 72) Peru Block Z-38 SC 75 NW Palawan SC 74 Linapacan SC 40 North Cebu | The Company's investment in this oil and gas venture forms part of its long-term growth strategy which includes deploying assets into value-accretive ventures. |



Corporate Objectives (2023-2027)

1.

Padcal Operational Efficiency Improvement to Support further Mine Life Extension

- Optimizing further the periphery of the orebody to take advantage of the existing infrastructures and relatively high metal prices
- Enhanced current equipment
- Pursue power optimization improvements

2.

Advancing Ground Works Under the Development Phase of the Silangan Project to Commence Commercial Operation in 2025

- Driving of the main decline to access the orebody
- Awarding of critical contract works – mill processing plant and tailings storage facility (TSF)
- Commence TSF construction, road networks and other critical mine surface infrastructures

3.

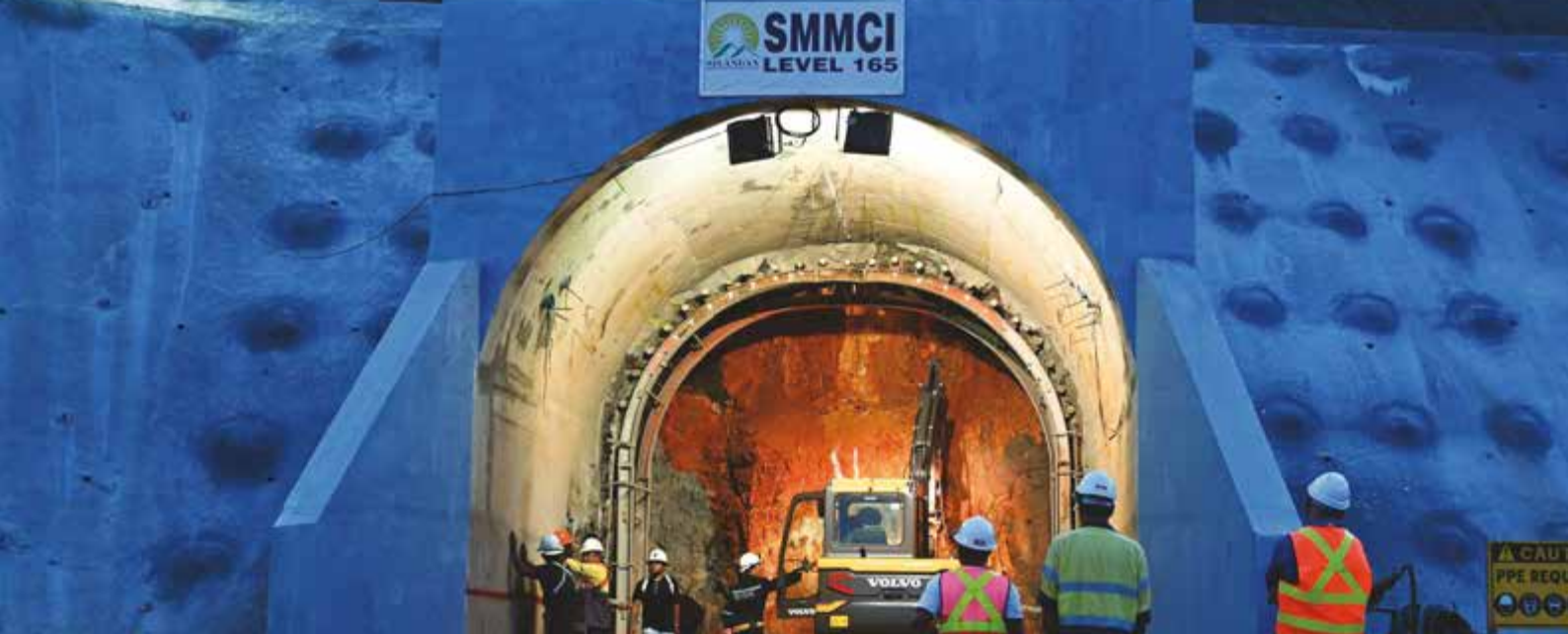
Broaden Interests into the Green Metal Space

- Development of existing nickel prospects
- Evaluation of other mining assets / projects around Padcal Mine
- Wider search on green metal prospects to address the issue on global warming

4.

Others

- Intensification of ESG Advocacies
- Continued promotion of Right and Principled Mining



Silangan Project Milestones

2010

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

2019

APPROVAL OF FEASIBILITY STUDY. SMMCI approved the definitive feasibility study (DFS) prepared by its consultants, Ausenco of Australia, for an underground sub-level cave mining operation for the Silangan Project yielding 81 million tonnes (Mt) high-grade copper and gold ore reserves out of 279 Mt of mineral resource estimates for the Boyongan ore deposit containing high-quality copper and gold grades. Including the Bayugo deposit, the Project's total mineral resource is estimated to be 571 Mt.

ECC APPROVAL. In the same year, the Silangan Project was granted an Environmental Compliance Certificate (ECC) for underground sub-level cave mining method. Following the grant of ECC, the Department of Environment and Natural Resources (DENR), through the Mines and Geosciences Bureau (MGB), approved the underground sub-level cave mining method.

The search for investors continued even in the face of the COVID-19 global pandemic.

2020

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

2021

APPROVAL OF STRATEGY. The Board of Directors of Philex Mining and SMMCI approved the in-phase plan execution strategy of the Silangan Project. With the plan, the capital expenditure requirement will be made in stages, and to be funded from a variety of potential investors including internally-generated cash and through equity and debt financing from various investors and creditors.

2022

COMPLETION OF MINE PLAN. The Company completed the In-Phase Mine Plan feasibility study and updated the mineable reserve estimate for the Boyongan deposit. Under the In-Phase Mine Plan, Silangan is expected to commence operation with a starter sub-level cave mine using copper and gold leaching processes with ore production

of 2,000 tonnes per day or about 700,000 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 cooper 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.

The initial capital to develop the starter mine of the Silangan Project 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.

STOCK RIGHTS OFFERING. The stock rights offering was completed by Philex with the listing of the 842 million shares on August 3, 2022. A total of Php2.65 billion was raised from the Philex SRO, the net of which amounting to Php2.58 billion has been invested by Philex in early October 2022 into the Silangan Project under SMMCI, through SMECI, as a component of the funding plan to finance the initial capital cost of the project.

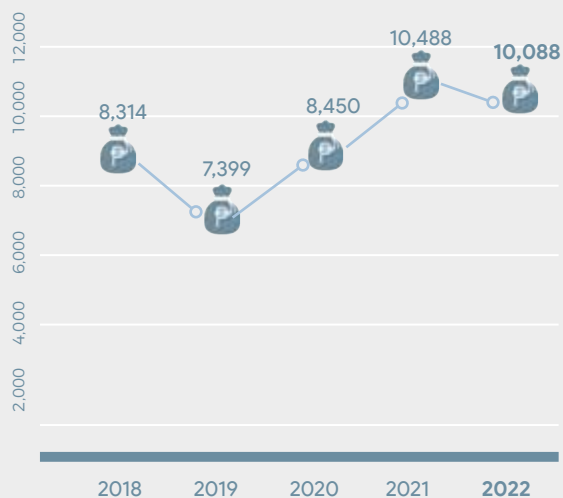
SITE DEVELOPMENT WORK. The Front End Engineering and Design (FEED) works for the mine, process plant and tailings storage facility were completed by the third quarter of 2022. Earth works, slope stabilization, and excavation for the boxcut and portal commenced in May 2022 and was completed by January 2023.

Installation of ground supports is targeted to be completed by the second quarter of 2023. Upon completion of the boxcut and portal, development of the decline to the orebody will commence. Advanced mine dewatering continued this year from 4 existing dewatering wells. Drilling of nine new wells were completed, and pumps were purchased and under installation. The two remaining new wells were completed in the first quarter 2023. Based on the In-Phase Mine Plan, the commercial operations of the Project is targeted first quarter 2025.

BY THE NUMBERS

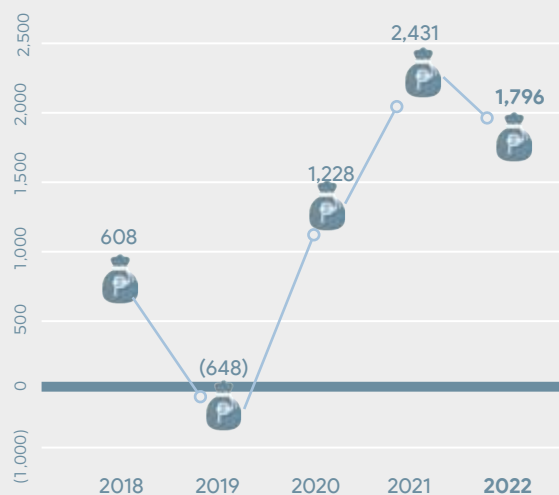
Gross Revenues

(in Php millions)



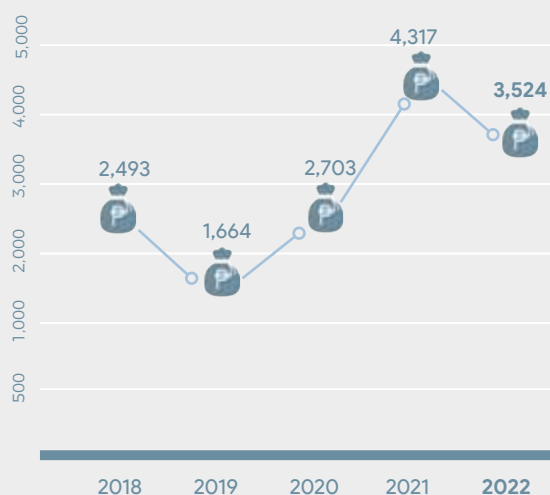
Net Income

(in Php millions)



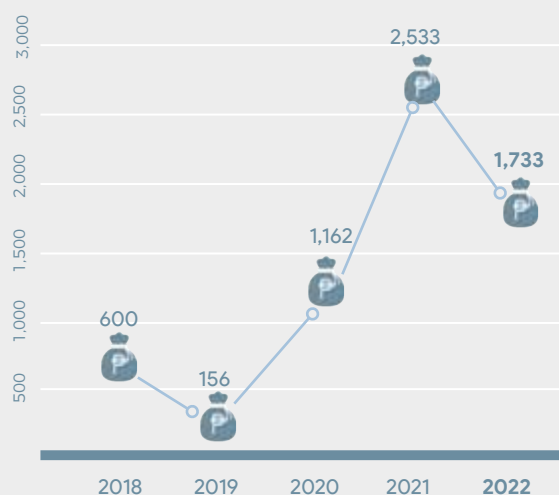
EBITDA

(in Php millions)

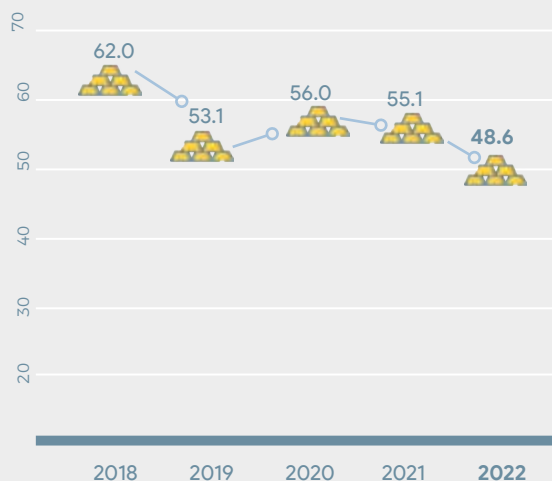


Core Net Income

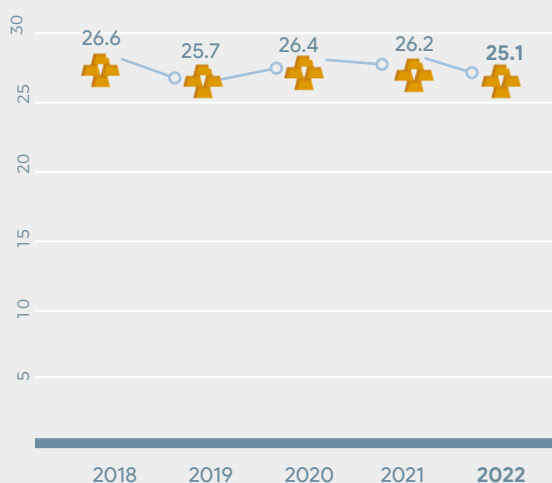
(in Php millions)



Gold Output (‘000 ounces)



Copper Output (Million lbs.)



2022 AT A GLANCE

Gross Revenues
(in Php millions)

10,088

Net Income
(in Php millions)

1,796

EBITDA
(in Php millions)

3,524

Core Net Income
(in Php millions)

1,733

Gold Output
(‘000 ounces)

48.6

Copper Output
(Million lbs.)

25.1

FINANCIAL HIGHLIGHTS

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|
| Profit and Loss (In Php millions) | | | | | |
| Revenues | | | | | |
| Gold | 4,625 | 4,885 | 4,794 | 3,740 | 4,200 |
| Copper | 5,383 | 5,516 | 3,579 | 3,592 | 4,051 |
| Silver | 80 | 87 | 77 | 67 | 63 |
| Total | 10,088 | 10,488 | 8,450 | 7,399 | 8,314 |
| Smelting Charges | 826 | 691 | 616 | 610 | 674 |
| Operating Cost and Expenses | 7,120 | 6,598 | 6,298 | 6,917 | 6,821 |
| Income from Operations | 2,142 | 3,199 | 1,536 | 127 | 820 |
| Other and Non-Recurring Income (Charges) | 187 | (399) | (5) | (877) | (136) |
| Net Income/Loss | 1,796 | 2,431 | 1,228 | (648) | 608 |
| EBITDA | 3,524 | 4,317 | 2,703 | 1,664 | 2,493 |
| Core Net Income | 1,733 | 2,533 | 1,162 | 156 | 600 |
| Per Share Data | | | | | |
| Earnings Per Share | 0.339 | 0.492 | 0.249 | (0.131) | 0.123 |
| Dividends per Share | 0.02 | 0.059 | 0.01 | - | 0.04 |
| Financial Condition (in Php millions) | | | | | |
| Property, Plant and Equipment | 2,730 | 3,429 | 3,043 | 3,185 | 5,404 |
| Deferred Exploration Cost | 29,492 | 28,100 | 27,365 | 26,616 | 25,448 |
| Total Assets | 43,259 | 41,856 | 38,939 | 37,899 | 40,712 |
| Current Liabilities | 4,758 | 13,324 | 4,221 | 4,929 | 6,811 |
| Total Liabilities | 12,389 | 15,157 | 14,713 | 14,930 | 17,012 |
| Total Equity | 30,869 | 26,698 | 24,226 | 22,969 | 23,699 |
| Capital Expenditure | 1,778 | 979 | 1,168 | 1,745 | 2,261 |
| Book Value Per Share | 5.34 | 5.40 | 4.19 | 4.65 | 4.80 |
| Price and Costs | | | | | |
| Gold | | | | | |
| Realized Price / oz (US\$) | 1,790 | 1,785 | 1,757 | 1,388 | 1,294 |
| Operating Cost / oz (US\$) | 1,347 | 1,202 | 1,362 | 1,296 | 1,112 |
| Copper | | | | | |
| Realized Price / lb (US\$) | 3.96 | 4.24 | 2.87 | 2.72 | 2.92 |
| Operating Cost / lb (US\$) | 2.98 | 2.85 | 2.22 | 2.54 | 2.50 |
| Financial Ratios | | | | | |
| Net Profit Margin | 19.4% | 24.8% | 15.7% | -9.5% | 8.0% |
| Return on Assets | 4.2% | 6.0% | 3.2% | -1.6% | 1.5% |
| Return on Equity | 6.2% | 9.5% | 5.2% | -2.8% | 2.5% |
| Asset-to-Equity Ratio | 1.4 | 1.6 | 1.6 | 1.7 | 1.7 |
| Other Information | | | | | |
| Cash Dividend Yield | 0.7% | 0.9% | 0.2% | - | 1.1% |
| Number of Shareholders | 43,901 | 43,945 | 43,971 | 43,986 | 44,029 |
| Number of Employees | 1,897 | 1,881 | 1,894 | 1,845 | 2,114 |

KEY PERFORMANCE INDICATORS

Philex regards mining as an essential activity in our economy and carries both social and environmental challenges that we must effectively address as a responsible miner. Finding solutions to these challenges requires exceptional commitment, operational excellence, and innovation. We use the following as key indicators of our financial and non-financial performance.

| Indicators | Impact on Operations | Measurement | Performance | |
|--|--|--|-------------------|-------------------|
| | | | 2022 | 2021 |
| Safety Performance  | Safeguarding employee welfare, and reducing vulnerability and exposure to hazardous elements in the workplace A safe working environment would result in zero or minimal untoward incidents and business interruptions. This would translate to improved operational risk assessments, leading to lower insurance premiums. | Number of Lost Time Accident (Fatal) incidents | 2 | 1 |
| | | Lost Time Accident (Non-Fatal) | 10 | 8 |
| Exploration Activities  | Scouting for new ore deposits based on the knowledge, experience, and expertise of the Company The Company conducts strategic exploration events on an opportunistic basis to maximize output of current ore bodies and search for fresh mineral deposits to ensure long-term operational sustainability. | Exploration Cost | Php759 million* | Php228 million |
| | | Total Deferred Exploration Costs | Php29.492 billion | Php28.100 billion |
| Tonnes Milled and Metal Production  | Total tonnage is the quantity of mine output annually, which provides the basis for gold and copper production, metal grade and recovery rate. Total tonnes milled, metal grade, and recovery rate are functions of revenues that determine the amount of concentrates that will be produced. Additional milling processes may be adopted to address inferior ore grades. | Total tonnes milled | 7,431,651 | 7,945,879 |
| | | Copper production | 25,085,952 pounds | 26,200,259 pounds |
| | | Gold production | 48,567 ounces | 55,149 ounces |
| Operating Cost Per Tonne  | Average cost per tonne, a key measure for the Company's operating performance At the same cost level, the higher the production volume, the lower the cost per tonne becomes, which will also be similar if the same production volume incurs a lower operating cost. Thus, a lower cost per tonne would generally reflect an improvement in operating efficiency. | Total operating costs | Php7.696 billion | Php7.036 billion |
| | | Average cost per tonne | Php1,036 | Php886 |
| Earnings per Share (EPS)  | Net income attributable to equity holders of the Company, expressed in the amount per share of the Company's average outstanding capital stock EPS is a primary indicator of the Company's profitability. Assuming a constant outstanding number of shares, the EPS correspondingly rises as the Company's earnings increase. The EPS ultimately reflects the Company's financial and operational growth as a result of its performance in cost management, technical efficiency, and productivity. | EPS | Php0.339 | Php0.492 |

* Includes costs related to the pre-development expenditures in Silangan Project

MESSAGE FROM THE CHAIRMAN

2022 began with much optimism. Even if concerns about the virus lingered, economies around the world were re-opening, manufacturing activities expanded, and trade levels were invigorated.

But in March 2022, geopolitical tensions complicated what was supposed to be a year of recovery. The war in Ukraine, among other major events, disrupted commodity supply chains, and dashed hopes of a strong global economic rebound. The operating environment became more volatile, energy and commodity prices spiked, and inflation rose. These unprecedented events diminished the near-term demand for many mined products such as copper and silver, although nickel and gold prices remained strong.

Philippine mining takes the spotlight

The Philippine mining industry, however kept its momentum. The Mines and Geosciences Bureau (MGB) reported that metallic mineral production value surged by 31.73% to Php238.05 billion in 2022 from Php180.71 billion the previous year.

The enactment of certain government policies, such as the lifting of the moratorium on accepting applications for mineral agreements (Executive Order No. 130) and the lifting of the ban on open pit mining for copper, gold, silver, and complex ores in the country (DAO No. 2021-40) gave the industry a welcome boost.

Our local mining industry is now being counted upon by Government to help the Philippine economy emerge from the pandemic. In Finance Secretary Benjamin E. Diokno's words: The mining industry holds the greatest potential to be a key driver in our economic recovery and long-term growth, especially now that world metal prices are high. The Philippines, after all, is one of the world's most richly endowed countries in terms of mineral resources.



A supportive government will shore up confidence not only in the domestic economy, but also in the global economy. After all, the Philippines is one of the world's richly endowed countries in terms of mineral resources—with considerable deposits of gold, copper, and nickel. Our country is estimated to have about \$1 trillion worth of untapped copper, gold, nickel, zinc and silver reserves, only 5% of which have been explored.

Directly benefiting from our robust mining industry are the major economies, whose citizens are clamoring for a quick transition to electric vehicles and other green industries. Strong supply and demand worldwide, in turn, will generate more employment opportunities and tax and export revenues for our country.

Our unmissable opportunities

While we welcome the relaxation of government policies on mining, much remains to be done to fully revitalize the industry.

A stable business environment will allow mineral resource development to flourish. This means having mining and investment policies that do not change mid-stream, national and local laws that are in harmony, and a fiscal regime that considers the Philippines' competitiveness vis-à-vis other mining jurisdictions.

Operating in a country that has one of the highest electricity costs in Southeast Asia and relatively high compared to global standards is also a bane to our industry. The Philippines is also among the world's most vulnerable to the effects of climate change, exposing local miners to the potential risk of asset damage and supply chain disruptions.

While these challenges in our operating environment abound, we are confident that the National Government will approach these issues with the rationality, even-handedness, and care with which they have consistently approached the task of governance. Philex Mining, for its part, remains unwavering on its two commitments: being a right and principled miner while meeting the challenges post-pandemic, and ensuring that people in our host and neighboring communities continue to benefit from our presence. We will stay true to fulfilling these commitments

as we gear up for our Silangan Project in Surigao del Norte, where development work has begun.

Once it goes into commercial operation in 2025, Silangan will unlock opportunities for the Philippines to become a global leader in the production of copper and gold. The project will also enable our business to smoothly transition from Padcal Mine, which just attained a new 3-year lease on life after confirmatory drilling yielded additional mineable reserves. Padcal's extended mine life will provide continuous employment for 1,838 employees as well as sustain the necessary assistance given to the social development of the host and neighboring communities.

Mining ahead

While there is much to look forward to in the coming years, we must keep a keen eye on near-term opportunities and risks. The global outlook for metal production remains cloudy due to the ongoing geopolitical tensions.

There is still considerable work ahead — to improve our operational efficiency and performance, to anticipate and respond to a shifting competitive landscape, and to continue to strengthen our partnerships with all our stakeholders.

But as I look to the future, I am confident that we have the right ingredients in place: a firm reputation as a principled miner, excellent people, and promising opportunities for Silangan Mine and other mineral properties.

Thanks to our Board of Directors and the senior management team, all our employees, and all our partners in our host communities. Our efforts to live our purpose and make Philex a sustainable business have been—and will continue to be—rewarded.

MANUEL V. PANGILINAN **Chairman**

¹ <https://www.philstar.com/other-sections/newsmakers/2022/04/19/2175019/philippine-mining-industry-looking-stable-business-environment>

² <https://energytracker.asia/electricity-price-hikes-in-the-philippines/>

REPORT FROM THE PRESIDENT AND THE CEO

2022 turned out to be another year full of surprises for the global economy – but one that was filled with promising opportunities for the local mining industry and for Philex Mining Corporation.

We went into the year knowing fully well what we were up against, as we did not expect the uncertainty from the global pandemic to wane.

True to form, the war between Russia and Ukraine erupted in February 2022 just when the global economy was about to recover. The resulting supply chain disruption was followed by an energy crisis in Europe, the volatility of currencies and of metal prices, and high levels of global inflation.

For Philex Mining, this confluence of events posed several operational challenges.

Challenges

The buildup in inflationary pressures and the depreciation of the local currency against the U.S. dollar led to a significant increase in the cost of materials and supplies and logistics expenses. These, and the supply chain bottlenecks, also nudged up our power cost starting in the third quarter of 2022.

As a result, our operating cost and expenses (opex) grew by 8% to Php7.12 billion in 2022 from Php6.60 billion in 2021. Our production costs increased by 8% to Php4.86 billion versus Php4.49 billion, year-on-year, as the prices of coal, materials and supplies such as diesel fuel and lubricants, as well as maintenance costs of mill equipment all rose.

Thanks to our continued focus on the prevention of recurring equipment breakdown, investment in new machineries, and improvement in the execution of the mining plan, we were able to cushion the adverse impact of these cost pressures on our metal output. The Company milled a total of 7,431,651 tonnes in 2022, 6% lower than the 7,945,879 tonnes in 2021.

Gross revenues amounted to Php10.09 billion, 4% lower than Php10.49 billion, year-on-year. This was brought about by the decline in metal output for gold and copper as well as the lower prices of copper. Copper revenues comprised 53% of total revenues, a slight decrease from the 2021 level, while the share of gold revenues remained at 46% with the remaining 1% from silver revenues.



The Company's core net income amounted to Php1.73 billion, 32% lower than the Php2.53 billion in 2021, attributable to lower revenues and higher operating costs. Thanks to the steady climb in gold prices and favorable exchange rate, the negative impact of lower metal output and lower copper prices were partially mitigated.

Following the decline in core net income, EBITDA fell by 18% to Php3.52 billion in 2022 from Php4.32 billion a year ago.

Opportunities

Despite our tepid financial performance in 2022, we continue to see promising opportunities in the horizon.

On December 7, 2022, the life of Padcal Mine was extended for another three years to 2027 from 2024. The extension was finalized after the completion of confirmatory drillings on the fringes of the ore body and technical studies on the mining methodology and Tailings Storage Facility (TSF) No. 3, leading to the successful identification of additional mineable reserves. As of October 31, 2022, we estimated our mineable reserves at 42 million tonnes, including the remaining reserves of 24.9 million tonnes from the previously declared mineable reserves as of December 31, 2021.

This latest extension of Padcal Mine's life would enable the Company to provide much-needed employment for more than a thousand Padcal employees. Our host and neighboring communities can also rest assured that our enduring presence in Padcal will continue to benefit them through our Social Development and Management Program (SDMP) which amounted to Php109 million in 2022 aside from the employment that the Company offers.

Equally important, the extension of Padcal Mine's life will also allow the business to smoothly transition to the commercial operation of its Silangan Project in Surigao del Norte, which we expect to start in 2025.

We are excited about the vast potential for Silangan Project to be a world-class asset that will help meet the global demand for green metals. To fund this ambition, the Company raised Php2.65 billion through a stock rights offering that was listed on the Philippine Stock Exchange in August 2022. These proceeds will be used for mine development, the construction of a mill plant and support facilities, and tailings storage facility for the Silangan project.

Along with unlocking the potential of Silangan, we are also keen on discovering new mine assets such as the Macawiwili gold mine, a neighboring mine of Padcal in Itogon, Benguet. Philex Mining has already signed a nonbinding term sheet with Macawiwili Gold Mining and Development Co. Inc. (MGMDCI), which has more than 800 hectares of contract under its MPSA.

Seizing these opportunities will enable us to heed the government's call for mineral resources development to be a driver for national growth and economic recovery in the country.

Gearing Up

While global uncertainty will continue to persist in 2023 and the coming years, we have more reason to be optimistic that the best years have yet to come for Philex Mining.

With two mines to look after and other possible business opportunities, we will remain committed to environmental, social, and governance (ESG) principles to sustain our reputation as a right and principled miner. We see green metals like copper to play an incredibly vital role in the post-pandemic, digital so we expect the stars to align with our vision and the sun to shine brightly on Silangan.

With the dedication and passion of our shareholders and partners, our employees, our host communities, our management team, and our Board of Directors, we are all geared up and ready to seize the promise of a brighter future for Philex Mining.

EULALIO B. AUSTIN JR.
President and CEO

BOARD OF DIRECTORS



MANUEL V. PANGILINAN
CHAIRMAN

Non-Executive Director

Age: 76

Date of First Appointment: November 28, 2008

Academic Background:

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

Business and Professional Background/Experience:

Mr. Pangilinan founded First Pacific Company Limited, a corporation listed on the Hong Kong Stock Exchange, in May 1981. He served as Managing Director of First Pacific Company Limited since its founding in 1981 until 1999. He was appointed Executive Chairman until June 2003, after which he was named Managing Director and Chief Executive Officer. In May 2006, the Office of the President of the Philippines awarded Mr. Pangilinan the Order of Lakandula, rank of Komandante, in recognition of his contributions to the country. He was named Management Man of the Year 2005 by the Management Association of the Philippines. Mr. Pangilinan was awarded Honorary Doctorates in Science by Far Eastern University in 2010; in Humanities by Holy Angel University in 2008; by Xavier University in 2007; and by San Beda College in 2002 in the Philippines. He was formerly Chairman of the Board of Trustees of the Ateneo de Manila University and was a member of the Board of Overseers of the Wharton School. He is a member of the ASEAN Business Advisory Council.

Mr. Pangilinan has been a Director of the Company and Philex Gold Philippines, Inc. (PGPI) since November 2008, and most recently re-elected on June 30, 2022. He is also Chairman of the PLDT Inc. (PLDT) since 2004, after serving as its President and Chief Executive Officer (CEO) since 1998. He reassumed the position of President and CEO of PLDT from December 2015 until June 2021. Mr. Pangilinan is the Chairman, President and Chief Executive Officer of Metro Pacific Investments Corporation. He is also Chairman of Smart Communications, Inc., PLDT Communications and Energy Ventures, Inc. (Digitel), Metro Pacific Tollways Corporation, Landco Pacific Corporation, Medical Doctors Inc. (Makati Medical Center), Colinas Verdes Corporation (Cardinal Santos Medical Center), Asian Hospital, Inc., Davao Doctors, Inc., Riverside Medical Center Inc., Our Lady of Lourdes Hospital, Central Luzon Doctor's Hospital, Inc., Maynilad Water Services Corporation, Mediaquest, Inc., Associated Broadcasting Corporation (TV5) and Manila North Tollways Corporation. Mr. Pangilinan is also Chairman of the Manila Electric Company (MERALCO) and was elected as President and Chief Executive Officer on May 30, 2023. Mr. Pangilinan is also Vice Chairman of Roxas Holdings, Incorporated, the largest sugar producer in the Philippines. He is a Director of SMMCI.

Directorships in Other Listed Companies in the Philippines:

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



Non-Executive Director

Age: 61

Date of First Appointment: June 29, 2011

Academic Background:

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

Business and Professional Background/ Experience:

Mr. Austin has been a Director of the Company and PGPI since June 29, 2011 and was reelected on June 30, 2022. He became President and Chief Operating Officer on January 1, 2012 and President and CEO of the Company on April 3, 2013. He is also the President and CEO of Silangan Mindanao Mining Co., Inc.

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

He is involved with various organizations: member of the Board of Trustees of the Chamber of Mines of the Philippines; member of the Executive Committee of the Board of Trustees and Chairman of the Membership Committee of the Towards Sustainable Mining Initiative Committee. He also earned the following distinctions: Competent Person (CP) for Copper and Gold Deposit by the Philippine Society of Mining Engineers under the PMRC guidelines; 2021 Outstanding Professional of the Year in the Field of Mining Engineering by the Professional Regulation Commission of the Philippines; Most Outstanding Engineer of the Philippine Society of Mining Engineers (PSEM), aside from being the Founding President of PSEM's Philex Chapter; CEO of the Year on Mining by The Asset in Hong Kong in 2015; and Asia Pacific Entrepreneurship Awardee by the Enterprise Asia in 2016.

Directorship in Other Listed Companies in the Philippines:

PXP Energy Corporation - Non-Executive Director



Non-Executive Director

Age: 68

Date of First Appointment: June 26, 2013

Academic Background:

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

Business and Professional Background/Experience:

Ms. Migallos was elected to the Board of Directors of the Company and PGPI on June 26, 2013, and was most recently re-elected on June 30, 2022. She has been the Company's Corporate Secretary since 1998. She is also the Corporate Secretary and former Director of PXP Energy Corporation, and Corporate Secretary of Silangan Mindanao Mining Co., Inc. She is the Managing Partner of the Migallos & Luna Law Offices. Ms. Migallos is also Director of Mabuhay Vinyl Corporation since 2000, Philippine Resins Industries since 2001, Corporate Secretary of Eastern Telecommunications Philippines, Inc. since 2005, Nickel Asia Corporation since 2010, and Alliance Select Foods International, Inc. since 2015. She is a professional lecturer in Corporations Law, Securities Regulation and Commercial 1 and 2 at the De La Salle University College of Law, and heads its Mercantile Law Department. She was a Senior Partner of Roco Kapunan Migallos and Luna Law Offices from 1988 to 2006.

Directorship in Other Listed Companies in the Philippines:

Mabuhay Vinyl Corporation - Non-Executive Director

BOARD OF DIRECTORS



MARILYN A. VICTORIO-AQUINO
DIRECTOR

Non-Executive Director

Age: 67

Date of First Appointment: December 7, 2009

Academic Background:

Ms. Aquino was educated at the University of Santo Tomas (A.B.) and University of the Philippines (LL.B., cum laude). and admitted to the practice of law in the Philippines in 1981.

Business and Professional Background/ Experience:

Ms. Aquino joined Sycip Salazar Hernandez and Gatmaitan Law Offices in the Philippines in 1980 where she became a partner in 1989. He practice focused on banking, finance and securities, construction and infrastructure, investments, mergers and acquisitions, and mining and natural resources. Aside from Philex Mining Corporation, she is also a Director of Philex Gold Philippines, Inc.; PXP Energy Corporation; Silangan Mindanao Mining Company, Inc.; Lepanto Consolidated Mining Company; and Maynilad Water Services, Inc. She was also appointed as Chief Legal Counsel of PLDT in December 2018. Ms. Aquino was re-elected as Director of Philex on June 30, 2022.

Directorships in Other Listed Companies in the Philippines:

- PXP Energy Corporation - Non-Executive Director
- Lepanto Consolidated Mining Company - Non-Executive Director



JOSEPH H. P. NG
DIRECTOR

Non-Executive Director

Age: 60

Date of First Appointment: January, 30 2019

Academic Background:

Mr. Ng received an MBA and a Professional Diploma in Accountancy from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Ng is a Commissioner of PT Indofood Sukses Makmur Tbk. Mr. Ng was reelected on June 30, 2022.

Business and Professional Background/Experience:

Mr. Ng joined First Pacific in 1988 from PriceWaterhouse's audit and business advisory department in Hong Kong. He was appointed as Associate Director in April 2019. Prior to that, he was Executive Vice President of Group Finance and served in several senior positions within First Pacific Group, including as the Head of Finance of its regional telecom division and a director of a number of its telecom joint ventures in India, Indonesia and China.

Directorship in Other Listed Companies in the Philippines:

PXP Energy Corporation - Non-Executive Director



RICHARD P.C. CHAN
DIRECTOR

Non-Executive Director

Age: 53

Date of First Appointment: January 30, 2019

Academic Background:

Mr. Chan received a BBA (Hons) degree from Hong Kong Baptist University and an MBA from the Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a CFA Charterholder and a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has experience in auditing, accounting, finance and management spanning a diverse range of business activities. Mr. Chan was re-elected on June 30, 2022.

Business and Professional Background/ Experience:

Mr. Chan joined First Pacific in 1996 from KPMG. Prior to his appointment as Executive Vice President, Group Financial Controller in April 2019, Mr. Chan was Vice President, Group Financial Controller.



ROLANDO L. MACASAET
DIRECTOR

Non-Executive Director

Age: 62

Date of First Appointment: February 23, 2023

Academic Background:

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

Business and Professional Background/ Experience:

Mr. Macasaet formally assumed the post as the 20th head of the Social Security System (SSS) on January 5, 2023. He previously held the position of President and General Manager of the Government Service and Insurance System (GSIS) from 2019 to 2022, and served as the Chairperson of the GSIS' Board of Trustees in 2018. Prior to joining the SSS, he had an extensive experience in public service, having served in various leadership capacities in several Government-Owned and Controlled Corporations such as the Philippine National Construction Corporation, Dasmariñas Industrial Steel Corporation, Skyway Corporation, and Tierra Factors Corporation. He also has more than two decades of professional experience in financial services, banking, and public-private partnerships, most of it under the Philippine National Bank (PNB). His work in PNB included postings overseas as Vice President and General Manager in Los Angeles, California (USA) and as Regional Vice President-ASEAN in Singapore. His other stints in the banking sector included a two-year service as Corporate Account Manager at BMO Bank of Montreal, Vancouver and as President and Vice Chairman of the Philippine Postal Bank from 2005 to 2007. He also served as a Board Member of various companies such as San Miguel Corporation, Bank of Commerce, Private Infrastructure and Development Corporation, and PCI Bank. He further served as Director of the Asian Infrastructure and Investment Bank.

Directorship in Other Listed Companies in the Philippines:

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

BOARD OF DIRECTORS



ANITA BUMPUS QUITAIN
DIRECTOR

Non-Executive Director

Age: 76

Date of First Appointment: February 28, 2017

Academic Background:

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

Business and Professional Background/Experience:

Ms. Quitain was first elected to the Company's Board of Directors on February 28, 2017, and most recently re-elected on June 30, 2022. She is Commissioner of the Social Security Commission since her appointment on October 6, 2016. She is also Director of First Philippine Holdings, Inc. since March 2018. She was an employee of the Social Security System (SSS) for 31 years assigned to the Main Office of Region 9 in Davao City, where one of her major achievements was taking charge of the operations of the then newly opened SSS Representative Office in Digos City, Davao del Sur as Office-in-Charge. She stayed there for five years where she conducted seminars and coverage drives, especially in rural areas, aside from discharging management and leadership functions in the Representative Office.

As a BSE Education Degree holder, she worked with the Department of Education as an elementary classroom teacher for 10 years and was a teacher at the Philippine Women's College of Davao. After this, she moved to SSS office in Region 9, Davao City, where she eventually retired in July 2009 after 31 years of dedicated service. Ms. Quitain, at one time or another, headed different sections of SSS Region 9, namely: Membership, Real Estate, Operations Accounting, Member Assistance Center, and Sickness, Maternity and Disability Sections.

Directorship in Other Listed Companies in the Philippines:

First Philippine Holdings, Inc. – Non-Executive Director



BAI NORHATA D. M. ALONTO
DIRECTOR

Non-Executive Director

Age: 72

Date of First Appointment: February 24, 2021

Academic Background:

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

Business and Professional Background/ Experience:

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

Ms. Alonto is currently the President of the Philippine Muslim Women Council, Vice President of the 16th President Cabinet Spouses Foundation, and Regional Governor of the National Council of Women in the Philippines. Previous positions include: Head Secretariat of the All Moro Convention, Mindanao; Executive Assistant V/Chief of Staff to the Chairman of the Mindanao Development Authority; Focal Person for foreign-assisted development programs for the Bangsamoro under the Office of the Chairman, Mindanao Development Authority; Member of the Board of Directors of the ARMM Social Fund Board and the Bataan Shipyard and Engineering Corporation; Commissioner of the Presidential Commission for Urban Poor; and Presidential Assistant for Muslim Mindanao. Ms. Alonto also held various positions in the College Instructor, College of Arts and Sciences, Mindanao State University.

Directorship in Other Listed Companies in the Philippines:

IONICS, Inc.



Non-Executive Director

Age: 85

Date of First Appointment: December 7, 2009

Academic Background:

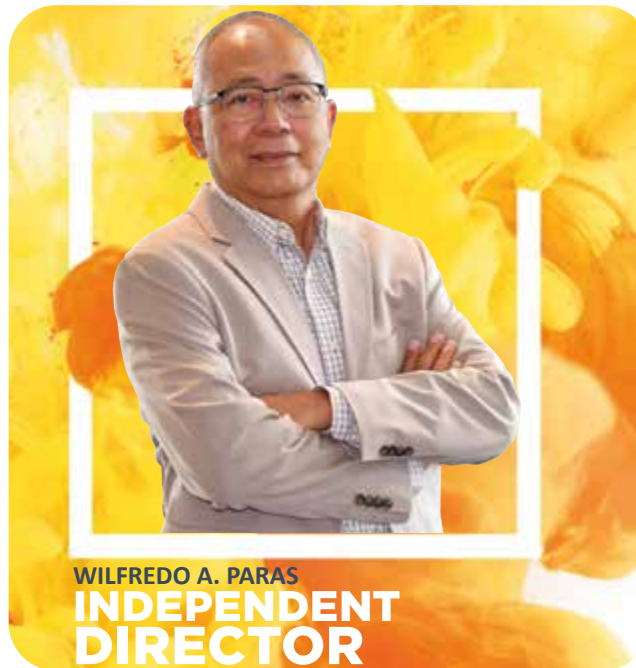
Mr. Hilado, a Certified Public Accountant, completed his undergraduate studies at the De La Salle College-Bacolod in 1958 and obtained his Master's degree in Business Administration from the Harvard School of Business Administration (Smith Mundt/Fulbright Scholar) in 1962. He received a Doctorate in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

Business and Professional Background/Experience:

Mr. Hilado has been an Independent Director of Philex Mining since December 7, 2009 and was most recently re-elected on June 30, 2022. Mr. Hilado holds the following positions: Chairman of Philippine Investment Management (PHINMA), Chairman Emeritus of Phinma Corporation, Vice-Chairman of Phinma Property Holdings Corporation and Union Galvasteel Corporation. Chairman of the Executive Committee of Phinma Corporation. Director of Philex Mining Corporation, Rockwell Land Corporation, A. Soriano Corporation, Roxas Holdings, Inc. Smart Communications, Inc., Phinma Solar Energy Corporation, Philippine Cement Corporation, Phinma Education Holdings, Inc., Araullo University, Inc., Cagayan de Oro College, Inc., University of Iloilo, Inc., University of Pangasinan, Inc., Southwestern University, Phinma Hospitality, Inc., United Pulp and Paper Company, Inc., Digital Telecommunications Philippines, Inc., Seven Seas Resorts and Leisure, Inc., Beacon Property Ventures, Inc., Cebu Light Industrial Park, Inc., Pueblo de Oro Development Corporation, Manila Cordage Company, and Metro Pacific Investments Corporation.

Directorship in Other Listed Companies in the Philippines:

- a. PHINMA Corporation – Chairman Emeritus
- b. A. Soriano Corporation – Independent Director
- c. Rockwell Land Corporation – Independent Director
- d. Roxas Holdings, Inc. – Independent Director
- e. Metro Pacific Investments Corporation – Independent Director



Non-Executive Director

Age: 76

Date of First Appointment: June 29, 2011

Academic Background:

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

Business and Professional Background/ Experience:

Mr. Paras has been an Independent Director of Philex Mining since June 29, 2011 and was reelected on June 30, 2022. He is currently an Independent Director of RLC REIT INC. He is also a senior adviser to the Board of Trustees of Dualtech Training Foundation Inc. and is a teaching fellow at the Institute of Corporate Directors Inc. Mr. Paras was previously the Executive Vice-President, Chief Operating Officer and Director of JG Summit Petrochemical Corporation, President and Director of PT Union Carbide Indonesia, Managing Director of Union Carbide Singapore, Business Director, Union Carbide Asia Pacific, and President of Union Carbide Philippines.

Directorship in Other Listed Companies in the Philippines:

RLC REIT INC. – Independent Director

PHILEX OFFICERS



EULALIO B. AUSTIN JR.
PRESIDENT & CEO

**BARBARA ANNE
C. MIGALLOS**
CORPORATE SECRETARY

ROMEO B. BACHOCO
**TREASURER, CHIEF
FINANCE OFFICER,
CHIEF COMPLIANCE
OFFICER, CORPORATE
GOVERNANCE OFFICER,
AND CHIEF RISK OFFICER**



WINSTON S. CRUZ
**VICE PRESIDENT - LEGAL &
GENERAL COUNSEL AND DATA
PROTECTION OFFICER**

RICARDO S. DOLIPAS II
**VICE PRESIDENT - PADCAL
OPERATIONS**

VICTOR A. FRANCISCO
**VICE PRESIDENT -
ENVIRONMENT AND
COMMUNITY RELATIONS**

SILANGAN MINDANAO MINING CO. INC. OFFICERS



EULALIO B. AUSTIN JR.
PRESIDENT & CEO

BARBARA ANNE
C. MIGALLOS
CORPORATE SECRETARY

MICHAEL T. TOLEDO
CHIEF OPERATING OFFICER



ROMEO B. BACHOCO
TREASURER

PARALUMAN M. NAVARRO
CONTROLLER

MINING PROPERTIES AND EXPLORATION ACTIVITIES

OPERATIONS



Gearing Up for the Future

For nearly 65 years, Philex has been operating Padcal mine – the first underground block cave operation in the Far East. The mine started commercial operations in 1958, producing copper concentrates, with gold and silver as by-products.

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

Padcal Mine

Mineral properties or tenements in the Padcal Mine and its vicinity have a total area of 11,924 hectares located within the municipalities of Tuba and Itogon in Benguet Province. These are all covered by existing mineral agreements and applications.

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

Contiguous to the area covered by the MPSA are two other mineral agreements covered by MPSA-156-2000-CAR and MPSA-157-2000-CAR, both issued on April 10, 2000 and valid until April 10, 2025, and applications under EXPA-075-CAR, EXPA-078-CAR, and EXPA (unnumbered).

Summary of the Padcal Vicinity Mining Tenements and Applications

| Tenement | Operator / Contractor | Area (in hectares) | MPSA Date of Expiration |
|-------------------------|-----------------------|--------------------|-------------------------|
| MPSA-156-2000-CAR | PMC | 3,848 | April 10, 2025 |
| MPSA-157-2000-CAR | PMC | 2,958 | April 10, 2025 |
| MPSA-276-2009-CAR | PMC | 81 | January 19, 2034 |
| EP 009-2021-CAR | PMC | 474 | December 09, 2023 |
| EXPA-075-CAR | PMC | 262 | n/a |
| EXPA-078-CAR | PMC | 4,177 | n/a |
| EXPA (formerly APSA-98) | PMC | 124 | n/a |
| Total | | 11,924 | |

MINING PROPERTIES AND EXPLORATION ACTIVITIES

Padcal Mine Mineral Resources

As of December 31, 2022

| Ore Sources | Classification | Tonnes (Mt) | Cu % | Au g/t | Contained Cu (M lbs.) | Contained Au (ozs.) |
|-----------------|-----------------------------|--------------|-------------|-------------|-----------------------|---------------------|
| 782ML | Measured + Indicated | 3.9 | 0.21 | 0.33 | 18.0 | 42,000 |
| 798ML | Measured + Indicated | 65.0 | 0.20 | 0.27 | 280.0 | 560,000 |
| Subtotal | Measured + Indicated | 68.9 | 0.20 | 0.27 | 298.0 | 602,000 |
| 770-630ML | Measured + Indicated | 140.0 | 0.17 | 0.30 | 550.0 | 1,400,000 |
| Total | Measured + Indicated | 208.9 | 0.18 | 0.29 | 848.0 | 2,002,000 |

Notes:

1. Cut-off grade = 0.271%CuEq
%CuEq = %Cu + 0.708 x g/tAu

The copper equivalent conversion factor and the cut-off grade were derived from the current Padcal Mine economic parameters shown below:

Metal prices = US\$ 3.50/lb Cu and US\$1,700/oz Au Recoveries = 80% for Cu and 80% for Au
Forex (Php to USD) = 57.00 PhpCost per MT= 952.00 Php

2. The decrease in the grade cut-off and the increase in the height of the 798ML mining block to 1020ML considered within reasonable prospects of economic extraction, resulted in a corresponding 27% increase of the total measured and indicated resource from the previously declared year-end remaining resource for 2021.
3. Drilling was completed last June 2022 within the southern fringe of the orebody, previously delineated as Inferred Resource, to increase the confidence in the estimates. This resulted in an increase in resource tonnage within the 798ML.
4. Majority of the reported tonnage is within 770-630ML, however, much of the area is still considered uneconomical for extraction. This portion of the orebody is still undergoing studies to increase the probability of economic ore extraction.
5. The Mineral Resource reported is based on the August 2022 Resource block model prepared by Philex with corresponding technical report entitled August 2022 Mineral Resource Estimation (MRE) Update, Sto. Tomas II Porphyry Cu-Au deposit of Padcal Mine, which discusses MRE updates from incorporating data using additional holes drilled within the year.
6. The resource block model was generated using Leapfrog ARANZTM and Geovia GemSTM.
7. Mineral Resource Estimates followed the terminology and guidelines set forth in the Philippine Mineral Reporting Code (PMRC).
8. Total resources include Proved Reserves.
9. All tonnage information has been rounded to reflect the relative uncertainty in the estimates; there may therefore be small differences in the totals.

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

Padcal Mine Proved Reserves

As of December 31, 2022

| Ore sources | Tonnes (Mt) | Cu % | Au g/t | Recoverable Cu (M lbs.) | Recoverable Au (Ozs.) |
|--------------|---------------|-------------|-------------|-------------------------|-----------------------|
| 798-ML | 38,400 | 0.17 | 0.21 | 116.2 | 208,500 |
| 782-ML | 1,100 | 0.18 | 0.20 | 3.5 | 5,500 |
| 760-ML | 1,200 | 0.15 | 0.35 | 3.2 | 11,000 |
| Total | 40,700 | 0.17 | 0.21 | 122.9 | 225,000 |

Notes:

- This Mineral Reserve Estimate was based on the Summary of Remaining Mineral Resource Estimate (MRE) for Padcal Mine as of December 31, 2022 memo by Noel C. Oliveros, a Competent Person for Exploration and Mineral Resource Estimation.
- Geovia GEMSTM and PCBTCM software were used in the above reserve estimate with the following parameters:

| | | |
|----------------------|-----|---------------|
| Metal Prices: | Cu: | 3.50 US\$/lb |
| | Au: | 1,700 US\$/oz |
| Metal Recoveries: | Cu: | 80% |
| | Au: | 80% |
| Forex (Php to US\$): | | 57.00 |

| | |
|---|-----------|
| Conversion Factor for Gold grade to CuEq: | 0.708 |
| Operating Cost per Tonne: | Php952.00 |
| Break-even Grade (%CuEq): | 0.271 |

- The cost per MT of PhP952 is the estimated operating cost of the Company up to year 2027.
- Metal prices of \$3.50/lb copper and \$1,700/oz gold, and FOREX of PhP57.0/US\$ are the projections of the Company up to year 2027.
- TSF-3 will impound tailings from the Padcal Operation until 2027.

This estimate was prepared by Engr. Julius A. Bayogan (BSEM) and Engr. Benedict B. Gapongli (BSEM), who are the current Mill Division Manager and Mine Division Manager, respectively, of Philex Mining Corporation, Padcal Operations. Engr. Bayogan is a Competent Person under the definition of the Philippine Mineral Reporting Code (PMRC) and has 12 years of experience as to the type of deposit and style of mining. He is a licensed mining engineer with Professional Regulation Commission (PRC) registration number 0002566 and accreditation number EM-ACP-152-0002566. Engr. Gapongli is a Competent Person under the definition of the Philippine Mineral Reporting Code (PMRC) and has 12 years of experience as to the type of deposit and style of mining. He is a licensed mining engineer with Professional Regulation Commission (PRC) registration number 0002308 and accreditation number EM-ACP-110-0002308. They have given their consent to the Public Reporting of this statement concerning Mineral Reserve Estimation.

On December 7, 2022, the Company declared the life extension of the Padcal Mine from 2024 to up to December 31, 2027. The decision to extend the life of the mine was reached after the completion of confirmatory drilling and related technical studies on the mining methodology and TSF No. 3, which identified additional mineable reserves in the Padcal Mine that can be extracted over three years from December 31, 2024 up to December 31, 2027.

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

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

MINING PROPERTIES AND EXPLORATION ACTIVITIES

OPERATIONS

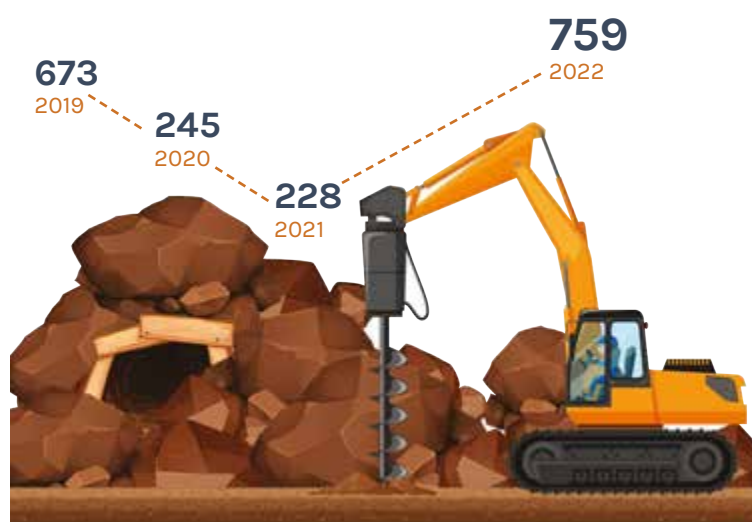


Exploration and Development

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

For 2022, the Exploration Division progressed with acquiring legal and social acceptability documents for various external projects and Philex-controlled tenements in order to move forward with possible exploration work, partnerships or acquisitions. Assistance on Life-of-Mine Extension Studies for Padcal and monitoring of available resource for TSF-1 was continuously implemented. No other ground exploration activities were conducted in MPSAs-156 & 157 during the year.

Expenses on Exploration and Development (In Php millions)



Padcal Projects in Benguet

Padcal Sto. Tomas II

Continuing with the Life-of-Mine studies for orebody, for the previous year, confirmatory drilling was completed for the southern fringe of the orebody. Four (4) holes collared at 798ML were drilled from April 27 to June 17, 2022 at the southern portion of the orebody. The additional holes resulted in the addition of 208 samples, which entailed a subsequent update of the Sto Tomas II Mineral Resource Estimate (MRE), which was completed on August 1, 2022. The resulting resource estimate within the validated area is 11M tonnes at 0.17% Cu and 0.26g/t Au at a cut-off of 0.272% CuEq. The resource estimate results were utilized in feasibility studies which led to the eventual approval for the extension of the life of mine until the year 2027.

In addition, related technical studies on the mining methodology and TSF No.3 were simultaneously completed that supports the feasibility of mining the identified additional mineable reserves in the Padcal Mine for an additional period of three (3) years from December 31,2024 up to December 31,2027.

Tailings Storage Facility 1

Philex has been keen on exploring the mineability of spillages and tails in TSF-1 since the 1980s. In 2020, a project to recover gold and copper from TSF-1 was launched. A prospective better grade area adjacent to the Mill Plant thickeners was identified as top priority (called Phase 1) on the basis of historical data. Confirmatory and resource drilling program commenced on Phase 1 in January 2020. The program resulted to the viability of hauling and processing of the spillage and tails into copper concentrates. For 2022, the hauling and processing of spillage and tails continued and the computation of remaining resource was continuously updated after hauling activities. Computations were done by deduction of reported hauled tonnage from the total estimated resource.

Tailings Storage Facility 2

There has been a renewed interest in tailings deposit in light of better metal grades and prices. In 2020, exploration target in TSF-2 is the subsurface extension of magnetite and other heavy mineral accumulations and as well as possible Cu and Au similar to TSF-1. Initial ground activities for magnetite studies on TSF-2 started on April 2020. A 40x40m grid was laid out covering the entire TSF-2 area. Grab samples collected from the grid location points were analyzed for magnetic susceptibility, multi-element analysis using Niton tabletop XRF and submitted to Padcal Assay Laboratory for Au, Cu and Fe content. Scout drilling

operations were carried out from July to September 2020, with a total of five (5) drill holes completed for the year, equivalent to 249.7m drilled. Laboratory studies show that magnetite recovery is very low, ranging from 1-15% only, which indicates that the density separation methodology is inefficient. Low magnetite recoveries are attributed mainly to the limitations of the separation method, particle size effects and feed capacity that resulted to long processing times. Minimizing the effects of these limitations entail additional time and energy costs in processing. Fe ore quality was assessed by its %Fe content and the amount of impurities present in the concentrate. The results for the shaking table concentrates qualify it as low (<58% Fe) to medium (62-64% Fe) grade Fe as magnetite concentrates. The average values of the contaminants are within acceptable limits for SiO₂ and outside the prescribed range for Al₂O₃ for commercial magnetite specifications for these trace elements. Thus, these could affect the marketability and consequently the profitability of the magnetite ore.

Support to Operations

In 2022, the Mine Geology Department actively pursued underground mapping and sampling as part of the geological data gathering of all newly developed openings. An aggregate survey length of 3,015m was completed with 1,005 samples collected. Active underground workings comprised the bulk of the mapping and sampling in levels 798ML Production Level, 814ML Undercut Level and 840ML Undercut Level. The team also continues to extend technical support to mill operations through petrographic analyses of mill-stream samples, such as main flotation feed, filter cake, and final flotation tails samples, to monitor mineralogical changes.

Other technical works done by the department was the annual program for geo-hazard mapping and assessment of the Sto. Tomas II Subsidence Area to determine the effect and extent of the underground operations on the surface. The activities involved are the collection of quantitative and qualitative data from the current physical and structural conditions of the grounds. Notable geological hazards and ground disturbances are mostly in the form of cracks, slide debris, slumps, creeps, rock falls, soil erosion, and slope failures. These data from the yearly monitoring are compared to previous observations to detect progressions on the observed disturbances. For 2022, the geo-hazard mapping was conducted from January 15, 2022 to March 30, 2022. The geo-hazard monitoring team continuously assessed and monitored the ground condition of all mine camps and facilities focusing on detecting potential ground movements and formulating possible mitigating measures.

MINING PROPERTIES AND EXPLORATION ACTIVITIES

Silangan Project

The Silangan Project, situated in Surigao del Norte, consists of the following deposits: Boyongan, Bayugo-Silangan and Bayugo-Kalayaan, with the latter representing a joint venture with Manila Mining Corporation. Individual deposit areas and proposed sites for waste and storage facilities will be built within tenement scopes covered by MPSA 149-99-XIII and EP 000013-XIII. All mineral rights held by SMMCI with respect to the Silangan Project area are valid and subsisting.

The Definitive Feasibility Study (DFS) completed in July 2019 for the Boyongan ore body indicates a feasible mining project. The first phase of the project has a mineable ore reserve of 81 Million metric tons which will be mined for 22 years at a rate of 4 Million metric tons per year using Underground Sub-level cave mining based on the 2019 DFS. A Pre-feasibility study for Bayugo ore body, which will come in as the project's second phase, is being undertaken with Ausenco's Brisbane Australia office as the lead technical consultant. The updated mineral resource estimates for all the deposits and mineable reserves estimate for Boyongan orebody, indicates a large high-grade gold and copper deposits within the tenement areas.

In January 2022, a Philippine Mineral Reporting Code (PMRC) compliant feasibility study was completed for its In-Phase mining plan, which highlights the start of ore production at 2,000 tonnes per day. The 2,000 tonnes per day starter mine will last for 5 years, after which on the sixth year of production, mining and processing rate will increase to 4,000 tonnes per day or 1.3 Million tonnes per year. By the ninth year, ore production and processing rates will again increase to 8,000 tonnes per day or 2.7 Million tonnes per year. The final ramp up will occur on the twelfth year. Ore production rate starting the twelfth year up to when the mineable ore will be exhausted will be 12,000 tonnes per day or 4 Million tonnes per year. The life of mine for Phase 1 Boyongan is 28 years.

The initial capital cost to commission the In-Phase mine plan is estimated to be US\$ 224 Million, which will be spent within the 2.5 years development period. This will be raised in a number of ways including stock rights offering, debt and infusion from internal funds. As of December 31, 2022, the Company successfully raised a net amount of Php2.580 billion from its stock rights offering on August 3, 2022.

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

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

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

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

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

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

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

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

| | Tonnes (Mt) | Cu % | Au g/t | Contained Cu (M lbs.) | Contained Au (ozs.) |
|----------------------------------|-------------|-------------|-------------|-----------------------|---------------------|
| BOYONGAN | | | | | |
| Measured | 160 | 0.58 | 0.86 | 2,039 | 4.43 |
| Indicated | 119 | 0.44 | 0.48 | 1,151 | 1.84 |
| Measured + Indicated | 279 | 0.52 | 0.70 | 3,190 | 6.27 |
| Inferred | 218 | 0.36 | 0.49 | 1,735 | 3.42 |
| Sub-Total BOYONGAN | 497 | 0.45 | 0.61 | 4,925 | 9.69 |
| BAYUGO-SILANGAN | | | | | |
| Measured | 161 | 0.60 | 0.61 | 2,113 | 3.17 |
| Indicated | 12 | 0.29 | 0.39 | 73 | 0.15 |
| Measured + Indicated | 172 | 0.57 | 0.60 | 2,186 | 3.31 |
| Inferred | 4 | 0.27 | 0.42 | 22 | 0.05 |
| Sub-Total BAYUGO-SILANGAN | 176 | 0.57 | 0.59 | 2,208 | 3.36 |
| BAYUGO-KALAYAAN | | | | | |
| Measured | 118 | 0.43 | 0.47 | 1,124 | 1.79 |
| Indicated | 3 | 0.64 | 0.37 | 37 | 0.03 |
| Measured + Indicated | 120 | 0.44 | 0.47 | 1,160 | 1.82 |
| Inferred | 2 | 0.81 | 0.40 | 28 | 0.02 |
| Sub-Total BAYUGO-KALAYAAN | 122 | 0.44 | 0.47 | 1,189 | 1.84 |
| BOYONGAN AND BAYUGO | | | | | |
| Measured | 438 | 0.55 | 0.67 | 5,276 | 9.39 |
| Indicated | 133 | 0.43 | 0.47 | 1,260 | 2.01 |
| Measured + Indicated | 571 | 0.52 | 0.62 | 6,536 | 11.40 |
| Inferred | 224 | 0.36 | 0.48 | 1,786 | 3.49 |
| Total BOYONGAN AND BAYUGO | 795 | 0.47 | 0.58 | 8,322 | 14.9 |

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

| | | |
|------------------|-----|---------------|
| Metal Prices | Cu: | 3.2 US\$/lb |
| | Au: | 1,342 US\$/oz |
| Metal Recoveries | Cu: | 85% |
| | Au: | 95.3% |

| | |
|---|-------|
| Conversion Factor for Gold grade to CuEq: | 0.686 |
|---|-------|

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

MINING PROPERTIES AND EXPLORATION ACTIVITIES

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

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

Notes:

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

| | |
|----------------------|--------------------------------------|
| Metal Prices | Cu: 3.2 US\$/lb Au: 1,342 US\$/oz |
| Metal Recoveries | Cu: 83% Au: 96% |
| Forex (Php to US\$): | Php53.00 |

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

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

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

SMMCI is now implementing pre-development activities under the In-Phase Mine Plan. Mine development commenced with the boxcut and portal excavation. Land banking activities continue to 2023 and this highlighted with SMMCI controlling the lands required for development and construction. SMMCI continues to pursue environmental and social acceptance as it maintains compliance with its Environmental Protection and Enhancement Program (EPEP) and Social Development and Management Programs (SDMP) which are both monitored by the Mines and Geosciences Bureau (MGB). In December 2022, Silangan Project was certified to be compliant with ISO 140001:2015 covering its mine development activities by NQA Philippines, Inc.

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Permits

The project is fully permitted having obtained the Declaration of Mining Project Feasibility (DMPF) and its pre-conditions, the Environmental Compliance Certificate (ECC), Environment Protection and Enhancement Program (EPEP), Final Mine Rehabilitation and Decommissioning Program (FMRDP), Three Year Utilization and Development Work Program (3YUDWP) and Social Development and Management Program (SDMP) in 2019.

The total expenditure related to the project as of December 31, 2022 amounted to Php21.213 billion, including the Php1.438 billion incurred prior to 2009, when the project was under Anglo. The figure does not include the fair value adjustment amounting to Php5.552 billion.

Kalayaan Project

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

Under the agreement, PMC was to conduct exploration activities in the property for three (3) years but was extended for an additional three years. Exploration of the area is currently on hold pending the approval of the Third Renewal of the Exploration Period. In the event the Company declares commercial feasibility of the area within the period, it will have the right to increase its holdings in KGCRI to 60% by subscribing to an additional 55% of KGCRI's outstanding capital stock for a minimal amount and will become an integral part of the Silangan Project. The term of the Farm-In Agreement was extended until May 11, 2023.

The Company commenced drilling in December 2011 after ground preparations, environmental mitigating measures and community-relations initiatives had been conducted. This transpired for about seven (7) months after the signing of the Farm-In Agreement. By September 2013, a total of 73,520 meters had been drilled, of which 66,486 meters were for resource definition and 7,034 meters for scout drilling.

In 2014, detailed logging of 57 definition drill holes of East and West Bayugo, totaling 26,104.64 meters, was completed. This activity increased the confidence in the understanding of the mineralization. In addition, magnetotellurics (MT) survey from the surface was conducted, which provided preliminary data on the hydrologic model of the Boyongan and Bayugo deposits. Data from the Kalayaan Exploration Program was utilized in the update of the MRE for the Silangan Project. The computed resource for the portion of the deposit from within the Kalayaan Tenement is shown below using the same parameters in the above-mentioned Silangan MRE:

Other Significant Projects

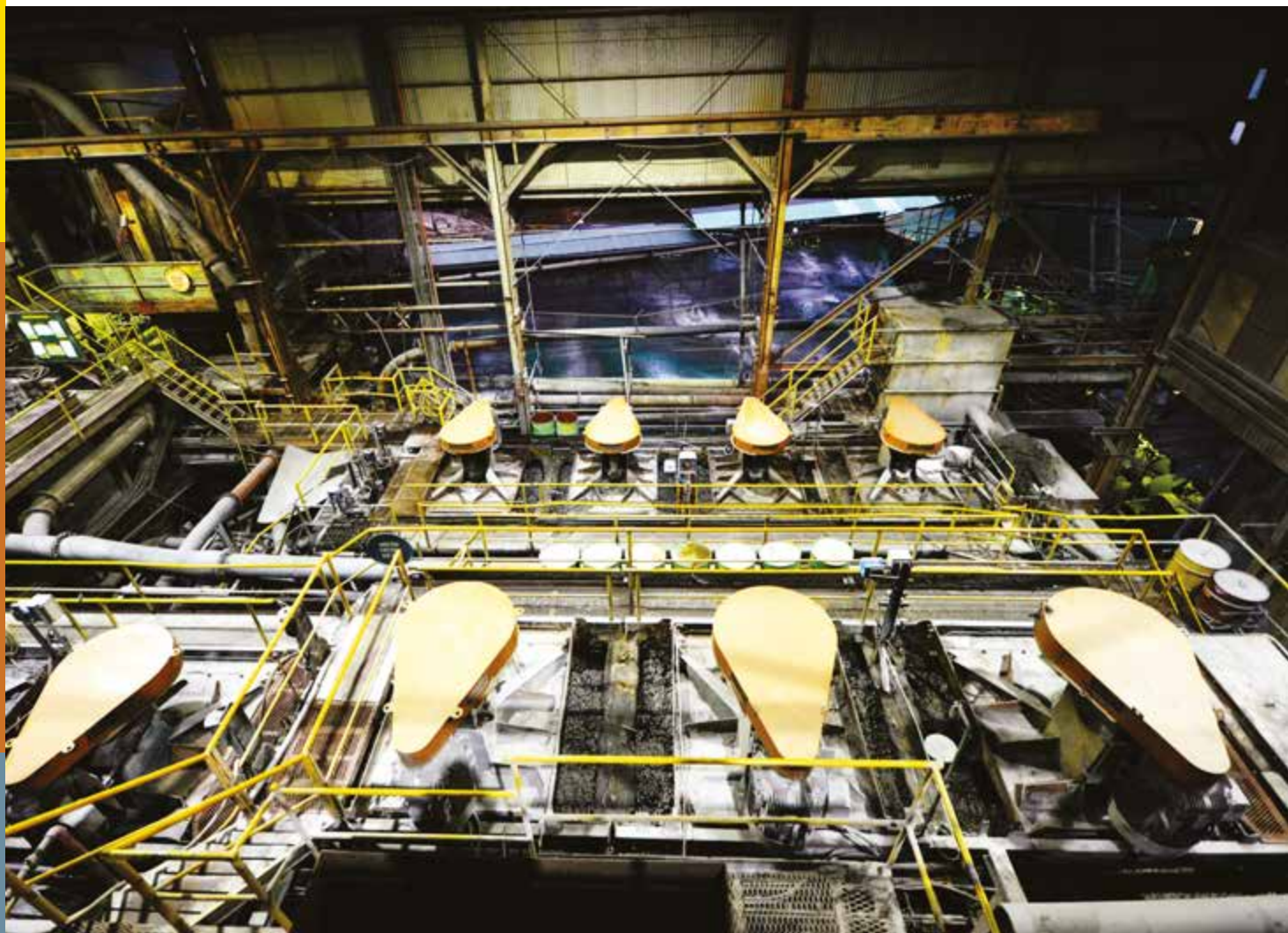
The Company focused on more advanced exploration projects such as the Silangan Project and continuous improvement of mining operations in Padcal. As a result, Exploration activities in each of the Company's various Mineral Production Sharing Agreements (MPSAs) located in Negros Occidental and Surigao del Norte were at a minimum, however, compliance with government requirements were all met.

Bayugo-Kalayaan MRE at 0.5%CuEq (within EP-14B-XIII)

| Classification | Mt | g/t Au | % Cu | Au Moz | Cu Mlb |
|-----------------------------------|------------|-------------|-------------|-------------|----------------|
| Measured | 118 | 0.47 | 0.43 | 1.79 | 1,123.8 |
| Indicated | 3 | 0.37 | 0.64 | 0.03 | 36.6 |
| Total Measured + Indicated | 120 | 0.47 | 0.44 | 1.82 | 1,160.3 |
| Inferred | 2 | 0.40 | 0.81 | 0.02 | 28.3 |
| Total | 122 | 0.47 | 0.44 | 1.84 | 1,188.6 |

RESULTS OF OPERATIONS

OPERATIONS



PHILEX strived to strategically overcome recurring and intermittent factors that continue to pose challenges to its operations and hamper the sustainable performance of the Padcal Mine.

Delivery of targeted tonnage in 2022 was restricted by unscheduled breakdowns of aging mill equipment and supply chain disruptions as the world geared up for a post-pandemic environment. Despite these challenges, Philex's management continued to focus on preventing the recurring equipment breakdown, investing in new long-haul dumps (LHDs), and improving the execution of its mining plan. These efforts mitigated the negative impact of these challenges to metal output.

Production

The Company milled a total of 7,431,651 tonnes in 2022, 6% lower than the 7,945,879 tonnes in 2021 which was slightly higher than the 7,837,536 tonnes in 2020. Tonnage in 2020 was lower by 3% than that in 2019 at 8,112,791 tonnes.

As a continuing strategy, Philex focuses on the continued calibration and refinement of measures to mitigate the effect of delayed arrival of critical parts, materials and supplies experienced globally. Overall, the Padcal Mine was able to overcome internal and external factors that may have significantly compromised the achievement of the targeted production outputs.

Production

| | 2022 | 2021 | 2020 |
|---------------------------|------------|------------|------------|
| Tonnes Milled | 7,431,651 | 7,945,879 | 7,837,536 |
| Copper Concentrates (DMT) | 57,421 | 58,679 | 58,101 |
| Gold | | | |
| Ounces | 48,567 | 55,149 | 56,000 |
| Head Grade (g/t) | 0.269 | 0.285 | 0.283 |
| Recovery (%) | 75% | 76% | 78 |
| Copper | | | |
| Pounds | 25,085,952 | 26,200,259 | 26,378,914 |
| Head Grade (%) | 0.190 | 0.186 | 0.188 |
| Recovery (%) | 80 | 81 | 81 |

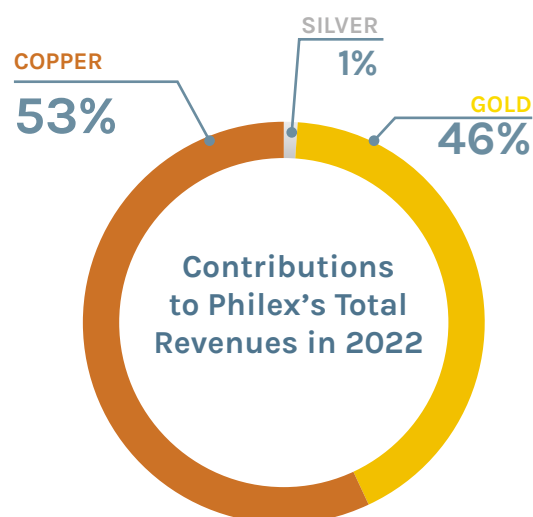
Revenues

Gross Revenues generated in 2022 amounted to Php10.088 billion, 4% lower than revenues in 2021 of Php10.488 billion, which was 24% higher than the revenues of Php8.450 billion in 2020. The 2020 revenues were similarly higher by 14% than the revenues of Php7.399 billion in 2019. The decline in revenues in 2022 was brought about by the decrease in metal output for gold and copper as well as lower average copper price. Copper revenues comprised 53% of total revenues, a slight decrease from its 2021 level, while gold revenues remained at 46% level with the remaining 1% attributable to silver.

Breakdown of Revenues

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

| | 2022 | 2021 | 2020 |
|-----------------------------|---------------|---------------|--------------|
| Gold | | | |
| Revenues | 4,625 | 4,885 | 4,794 |
| Ounces Produced | 48,567 | 55,149 | 56,000 |
| Realized Price (in US\$/oz) | 1,790 | 1,785 | 1,757 |
| Copper | | | |
| Revenues | 5,383 | 5,516 | 3,579 |
| Pounds Produced | 25,085,952 | 26,200,259 | 26,378,914 |
| Realized Price (in US\$/lb) | 3.96 | 4.24 | 2.87 |
| Silver Revenues | | | |
| Foreign Exchange Rate | Php54.91 | Php49.87 | Php49.12 |
| Gross Revenues | 10,088 | 10,488 | 8,450 |
| Net Revenues | 9,262 | 9,797 | 7,834 |



Gold

Gold revenues amounting to Php4.625 billion decreased by 5% in 2022 from Php4.885 billion in 2021 which increased by 2% from the Php4.794 billion in 2020. The decrease in gold revenues was mainly attributable to the 12% decrease in gold output with partial offset from favorable gold prices that averaged at US\$1,790 per ounce compared with US\$1,785, US\$1,757 and US\$1,388 for years 2021, 2020 and 2019, respectively.

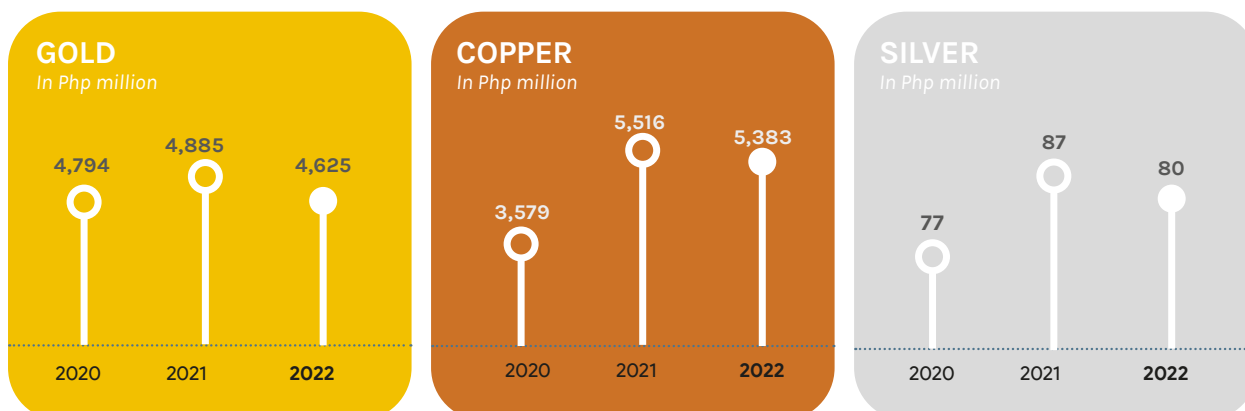
Gold production decreased to 48,567 ounces in 2022 from 55,149 ounces in 2021 and 56,000 ounces in 2020, mainly from lower tonnage and gold grades. Average gold prices, on the other hand, increased to US\$1,790 per ounce in 2022 from US\$1,785 per ounce in 2021, US\$1,757 in 2020 and US\$1,388 in 2019.

Copper

Copper revenues amounted to Php5.383 billion in 2022, 2% lower than Php5.516 billion in 2021, which were 54% higher than Php3.579 billion in 2020 (2020 was slightly lower than the Php3.592 billion in 2019). Both lower copper output and lower average copper price contributed to the lower copper revenues in 2022.

Copper production was at 25,085,952 pounds in 2022, 4% lower than the 26,200,259 pounds in 2021, was also lower than the 26,378,914 pounds in 2020 (2020 was higher than the 25,737,207 pounds copper production in 2019). Similarly, average copper price was also lower in 2022 at US\$3.96 per pound compared with US\$4.24 per pound in 2021, which increased significantly by 48% from US\$2.87 per pound in 2020 (2020 was also higher than the US\$2.72 per pound in 2019).

RESULTS OF OPERATIONS



Silver

Silver, accounting for 1% of total revenues, contributed Php80 million in 2022, slightly lower compared with Php87 million in 2021, which was higher compared to Php77 million in 2020 (2020 was also higher than the Php67 million in 2019).

The favorable foreign exchange rate in 2022 that averaged at Php54.91, 10% higher than the average of Php49.87 in 2021 partially offset the impact of lower metal output and average copper price in the 2022 revenues. The 2021 forex was slightly higher compared to Php49.12 in 2020 that was lower than the Php51.49 in 2019.

In 2022, Revenues, net of smelting charges, decreased by 5% to Php9.262 billion from Php9.797 billion in 2021, which was 25% higher than Php7.834 billion in 2020 (2020 was also higher by 15% compared with Php6.790 billion in 2019).

As part of its 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 Philex's revenues. Based on its outlook on the movement of gold and copper prices, the Company entered into various collar hedging contracts in 2022.

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

Operating Costs and Expenses

Operating costs and expenses (Opex) include production costs; excise tax and royalties; depletion, depreciation and amortization, and General and Administrative (G&A) Expenses. Opex in 2022 rose by 8% to Php7.120 billion versus Php6.598 billion in 2021, which was 5% higher than the Php6.298 billion in 2020 (2020, however, was significantly lower than the Php6.917 billion in 2019).

Operating Costs and Expenses

(in Php millions)

| | 2022 | 2021 | 2020 |
|---|-------|-------|-------|
| Production Cost | 4,865 | 4,488 | 4,216 |
| Depletion, Amortization and Depreciation* | 1,413 | 1,218 | 1,252 |
| Excise Tax and Royalties | 592 | 639 | 543 |
| General and Administrative Expenses | 250 | 253 | 287 |
| Total Operating Costs and Expenses | 7,120 | 6,598 | 6,298 |

The 8% increase in Opex was mainly due to higher production costs on account of the significant increase in the cost of materials and supplies and logistics expenses influenced by inflationary pressures and depreciation of the Peso against the U.S. dollar, as well as the effect of higher coal prices that directly impacted power generating cost since the third quarter of 2022.

Depletion, Depreciation and Amortization (DDA) also increased in 2022 due to the reversal of provisions on impairment of mining assets in 2021. The Opex for 2021 rose by 5% compared to 2020 due to higher Production Cost, and Excise Tax and Royalties on account of the 25% increase in net revenue in 2021 with partial offsetting from the decrease in DDA, as well as in G&A. For the 2020 Opex, the decrease against 2019 was brought about by the lower Production Costs, and DDA. This was partially offset by higher Excise Taxes and Royalties on account of significantly higher revenues, the basis for computing taxes and royalties.

Production Costs increased by 8% in 2022 to Php4.865 billion compared with Php4.488 billion in 2021 due to higher power costs attributable to the higher coal prices, the significant increase in commodity prices of materials and supplies such as diesel fuel and lubricants, and higher maintenance costs of mill equipment. For 2021, Production Costs also increased to Php4.488 billion versus Php4.216 billion in 2020 due mainly to higher power costs under the new power contract, materials and supplies following higher consumption for equipment parts, in addition to the slightly elevated purchase costs of materials and suppliers, increasing lubes and fuel prices, and labor costs based on the recently concluded renewal of the Collective Bargaining Agreements at the Padcal Mine. For 2020, the production costs decreased from Php4.388 billion in 2019, attributable to continuous operational efficiencies and prudent cost management which led to less consumption of materials and supplies in 2020 in addition to the benefit from lower contracted power rates.

DDA increased by 16% to Php1.413 billion in 2022 from Php1.218 billion in 2021, mainly due to further reversal of previously recorded provision on impairment of mining assets after the extension of Padcal's mine life in 2021. For 2021, DDA slightly decreased to Php1.218 billion in 2021 against 2020 despite the impact of the reversal of the 2019 impairment provision and additional depreciation for new acquisitions and amortization for additional costs related to the tailings storage facility. DDA has significantly gone down to Php1.252 billion in 2020 from Php1.814 billion in 2019 mainly as a result of the recognition of the impairment provision against mine and mining assets in 2019 that reduced the rate per tonne for the depletion and block amortization expenses, net of additional depreciation, and amortization on account new acquisitions and TSF costs, respectively, in 2020.

G&A slightly decreased to Php250 million in 2022 from Php253 million in 2021 which was 12% lower than the Php287 million in 2020 (2020 was maintained at Php287 million level versus 2019 after a continuous reduction for the past three years as a result of the conscientious spending for Head Office administrative activities). The significant decrease in 2021 was due to lower salaries and wages on account of reduced manpower.

Excise Taxes and Royalties also decreased by 7% in 2022 to Php592 million versus Php639 million in 2021. The decrease was due to the 5% decrease in net revenues, the basis for computing excise taxes and royalties. On the other hand, Excise Taxes and Royalties in 2021 significantly increased to Php639 million from Php543 million in 2020 on account of the 25% increase in net revenues. Similarly, in 2020, these costs increased by 27% compared to Php427 million in 2019 mainly due to higher net revenues.

RESULTS OF OPERATIONS

Smelting Charges significantly increased by 19% to Php826 million from Php691 million in 2021 due to higher freight charges that more than doubled in 2022, higher value of unit deductions for gold, and higher Treatment and Refining Charges (TCRC). For 2021,

Smelting Charges also increased by 12% compared with 2020 due to higher value of unit deductions as a result of higher metal prices and higher freight charges despite slightly lower TCRC on concentrate shipments in 2021. This is following a slight increase in 2020 to Php616 million from Php610 million in 2019, primarily from higher metal production in 2020.

Breakeven Costs

(in Php millions, except for unit costs)

| | 2022 | 2021 | 2020 |
|---|--------------|--------------|--------------|
| Production Cost | 4,865 | 4,488 | 4,216 |
| Depletion, Amortization and Depreciation | 1,413 | 1,218 | 1,252 |
| Total Production Cost | 6,278 | 5,706 | 5,468 |
| Excise Tax and Royalties | 592 | 639 | 543 |
| Smelting Charges | 826 | 691 | 616 |
| Total Operating Cost | 7,696 | 7,036 | 6,627 |
| Breakeven Costs: | | | |
| Production Cost Per Tonne (Php) | 845 | 718 | 698 |
| Operating Cost Per Tonne (Php) | 1,036 | 886 | 846 |
| Operating Cost Per Ounce of Gold (US\$) | 1,347 | 1,202 | 1,362 |
| Operating Cost Per Pound of Copper (US\$) | 2.98 | 2.85 | 2.22 |

Production Cost per Tonne, consisting of cash and non-cash (representing DDA), increased by 18% to Php845 in 2022 from Php718 in 2021, primarily due to higher power and maintenance costs. For 2021, Production Cost per Tonne slightly increased compared with Php698 in 2020 due mainly to the higher costs of power, materials and supplies, and labor. For 2020, the production cost per tonne decreased from Php724 in 2019 on account of lower materials and supplies and power costs.

With higher production cost per tonne, coupled with the increase in Smelting Charges, the Operating Cost per Tonne significantly increased by 17% to Php1,036 from Php886 in 2021 which was also 5% higher than the Php846 in 2020 (2020 was slightly lower than the Php852 in 2019).

Break-even Operating Cost (using co-production method) per ounce of gold and per pound of copper was higher at US\$1,347 per ounce gold and

US\$2.98 per pound copper compared with US\$1,202 per ounce gold and US\$2.85 per pound copper in 2021. There was no significant change in the cost allocation which was based on the revenue contribution of gold and copper thus no significant impact on the higher breakeven costs. The increase was primarily on higher operating costs caused by the increase in power rates and higher costs of materials and supplies, as well as the reverse impact of lower metal output that increased cost per unit. For 2021, Break-even Operating Cost for gold decreased while that for copper increased compared with US\$1,362 per ounce and US\$2.22 per pound, respectively, in 2020.

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

per ounce gold was higher while cost per pound copper was lower compared with US\$1,296 per ounce gold and US\$2.54 per pound copper in 2019, respectively.

Net Other Income (Charges)

(in Php millions)

| | 2022 | 2021 | 2020 |
|--|------------|--------------|------------|
| Reversal of (provisions for) Impairment Losses – net of other provisions and reversals | 126 | 272 | (2) |
| Foreign Exchange Gain (Losses) – Net | 83 | (46) | 99 |
| Share in Net Losses of Associates | (27) | (529) | (47) |
| Interest Income | 25 | 2 | 1 |
| Others – Net | (20) | (98) | (56) |
| Total | 187 | (399) | (5) |

The Company recorded Php187 million net other income in 2022 from net other charges of Php399 million in 2021 and Php5 million in 2020. The net other income in 2022 is the combined effect of the Reversal of (Provisions for) Impairment Losses – Net of Other Provisions and Reversals of Php126 million, Foreign Exchange (Forex) Gain of Php83 million, Interest Income of Php25 million, and the Share in Net Losses of Associates of Php27 million and other charges of Php20 million.

With the modification of the terms extending the maturity date of the convertible notes issued by subsidiary Silangan Mindanao Exploration Co., Inc., Philex recorded a gain of Php500 million. The gain was offset by the provisions on possible impairment of Php290 million on its mining assets and Php84 million on possible inventory obsolescence, resulting to a net amount of Php126 million.

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

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

For 2022, the Company recorded a net Forex gain of Php83 million as it benefited from the higher forex on dollar-denominated money placements, net of the unrealized forex loss recognized on the restatement of dollar-denominated short-term loans at cut-off date. In 2021, it recorded a net forex loss on short-term loans of Php46 million, compared with a forex gain of Php99 million in 2020 following the depreciation of the Peso against the U.S. Dollar in 2021. In 2020, the forex appreciated, thus the gain of Php99 million from a Php93-million gain in 2019. In 2022, the Company recorded a Share in Net Losses of Associates of Php27 million, much lower than the Php529 million in 2021 which included PXP Energy's impairment provision of the carrying value of its oil and gas assets related to Peru Block Z-38. The 2021 Share in Net Losses of Associates of Php47 million was lower compared with Php118 million in 2019.

The overall Net Other Income amounted to Php187 million compared to Net Other Charges of Php399 million in 2021, Php5 million in 2020 and Php877 million in 2019.

Core Net Income, EBITDA, and Consolidated Net Income

The Company's Core Net Income in 2022 amounting to Php1.733 billion was 32% lower than the Php2.533 billion in 2021. The significant drop in Core Net Income was brought about by the 5% decrease in revenues and 8% increase in operating costs. Sustained higher level of gold prices and favorable exchange rate partially mitigated the negative impact of lower metal output and lower copper prices that greatly affected the level of revenues in 2022. For 2021, favorable and sustained higher level of gold and copper prices allowed the Company to post a core net income of Php2.533 billion, 118% above the Php1.162 billion in 2020, which excludes extra-ordinary and non-recurring transactions and reflected the Company's operational performance. This was the result of the 25% increase in revenues, coupled with the steady management of operating costs.

RESULTS OF OPERATIONS

The 2020 core net income was also substantially higher than the core net income of Php156 million in 2019. The 2020 results benefited from higher gold and copper production from sustained better ore grades and from favorable realized gold and copper prices as copper started to soar in the third quarter of 2020.

Following lower Core Net Income, EBITDA decreased by 18% to Php3.524 billion in 2022 from Php4.317 billion in 2021. EBITDA for 2021, on the other hand, significantly increased by 60% to Php4.317 billion from Php2.703 billion in 2020. The healthy cash generation of the Company as a result of favorable metal prices provided sufficient funds to finance additional capital expenditures for continued operation of the Padcal Mine. For 2020, EBITDA also increased from Php1.664 billion in 2019. The Company's core net income and EBITDA exclude non-recurring transactions to clearly reflect and provide results based on the normal operating parameters of the business. Non-core items consisted mainly of Forex gain (losses) and net provisions for impairment of assets.

The operating challenges of meeting production targets, unfavorable copper prices and uncontrollable increase in global prices of materials and supplies also affecting local power rates resulted to a lower Consolidated Net Income (the same as the Net Income Attributable to the Equity Holders as income attributable to non-controlling interest was nil) of Php1.796 billion in 2022 versus to the Consolidated Net Income of Php2.431 billion in 2021, due to excellent operating performance. For 2021, the Company posted a Consolidated Net Income of Php2.431 billion from Php1.228 billion in 2020, which was a turnaround from a loss of Php648 million in 2019 after recording the non-cash net impairment provisions of Php849 million.

Reconciliation of Core Net Income to Consolidated Net Income

(in Php millions)

| | 2022 | 2021 | 2020 |
|---|--------------|--------------|--------------|
| Core Net Income | 1,733 | 2,533 | 1,162 |
| Non-Recurring Gains (Losses): | | | |
| Net Provisions for Impairment of Assets | 126 | 272 | (2) |
| Foreign Exchange Gain (Losses) | 83 | (46) | 99 |
| Effect of CREATE Law | - | 335 | - |
| Share in Provision for Impairment in PXP assets | - | (674) | (2) |
| Net Tax Effect of Aforementioned Adjustments | (146) | 11 | (29) |
| Net Income (Loss) Attributable to Equity Holders | 1,796 | 2,431 | 1,228 |
| Net Income Attributable to Non-Controlling Interest | - | - | - |
| Consolidated Net Income | 1,796 | 2,431 | 1,228 |
| EBITDA | 3,524 | 4,317 | 2,703 |

Financial Condition Summary

(in Php millions, except for ratios)

| | 2022 | 2021 | 2020 |
|---|--------|--------|--------|
| Cash and Cash Equivalents | 3,925 | 2,891 | 1,191 |
| Non-Current Assets | 36,836 | 36,134 | 35,495 |
| Total Assets | 43,259 | 41,856 | 38,939 |
| Loans and Bonds Payable | 1,617 | 10,131 | 1,777 |
| Non-Current Liabilities | 7,631 | 1,834 | 10,492 |
| Equity Attributable to Equity Holders of Parent Company | 30,870 | 26,699 | 24,227 |
| Non-Controlling Interests | (0.3) | (0.3) | (0.3) |
| Total Equity | 30,869 | 26,698 | 24,226 |
| Liquidity Ratios: | | | |
| Current Ratio | 1.35 | 0.43 | 0.82 |
| Quick Ratio | 0.95 | 0.25 | 0.37 |
| Solvency and Debt to Equity Ratios: | | | |
| Debt-to-Equity Ratio | 0.40 | 0.57 | 0.61 |
| Solvency Ratio | 0.26 | 0.24 | 0.17 |
| Financial Leverage Ratios: | | | |
| Asset-to-Equity Ratio | 1.40 | 1.57 | 1.61 |
| Profitability Ratios: | | | |
| Return on Assets | 4.22% | 6.02% | 3.20% |
| Return on Equity | 6.24% | 9.55% | 5.21% |
| Net Profit Margin | 19.39% | 24.82% | 15.68% |

Capital Expenditures and Deferred Exploration Costs

Total Capital Expenditures and Deferred Exploration Costs amounted to Php1.778 billion in 2022, compared with Php979 million in 2021, Php1.168 billion in 2020, and Php1.745 billion in 2019.

In 2022, the Company spent Php1.020 billion for the sustaining mine development in Padcal, the acquisition of mine and mill equipment to augment Padcal's aging machinery and equipment, and the civil works to maintain the stability of the existing tailings facilities. The Company funded in 2019 the completion of Silangan DFS and land banking activities in preparation for the commencement of the Silangan Project development phase. In January 2022, it completed the Silangan In-Phase Mine Plan feasibility study. With the infusion of cash from the proceeds of SRO, some development works for the Silangan project already started.

Padcal operations accounted for 57% of total actual spending at Php1.015 billion in 2022 as compared to Php758 million in 2021, Php926 million in 2020 and Php1.083 billion in 2019.

Silangan Project comprised 42% of the capital expenditures amounting to Php749 million in 2022 versus Php214 million in 2021, Php211 million in 2020 and Php629 million in 2019. In 2022, the increase from 2021 was mainly due to the completion of the Silangan In-Phase Mine Plan feasibility study and the implementation of some of the development works of the Silangan project.

Other mining exploration projects constituted a total amount of Php13 million in 2022 compared to Php6 million in 2021 compared to Php31 million in 2020 and Php32 million in 2019. These activities focused on complying with minimum regulatory requirements and confirmatory drillings necessary to evaluate the possible extension of the life of Padcal Mine.



Capital Expenditures and Deferred Exploration Costs (in Php millions)

| | 2022 | 2021 | 2020 |
|-------------------------------|--------------|------------|--------------|
| Padcal and Others: | | | |
| Mine Development | 458 | 352 | 522 |
| Tailings Pond Structures | 181 | 182 | 148 |
| Machinery and Equipment | 376 | 224 | 256 |
| Total | 1,015 | 758 | 926 |
| Silangan Project: | | | |
| Deferred Exploration Costs | 745 | 221 | 214 |
| Machinery and Equipment | 4 | (7) | (3) |
| Total | 749 | 214 | 211 |
| Mine Exploration Projects | 13 | 6 | 31 |
| Total | 1,778 | 979 | 1,168 |
| By Recording: | | | |
| Deferred Exploration Costs | 759 | 228 | 245 |
| Property, Plant and Equipment | 1,020 | 751 | 923 |
| Total | 1,778 | 979 | 1,168 |

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philex Mining Corporation

Opinion

We have audited the consolidated financial statements of Philex Mining Corporation and its Subsidiaries (the Group) which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022, in accordance with accounting principles generally accepted in the Philippines applied on the basis described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Recoverability of Deferred Exploration Costs

As at December 31, 2022, the carrying value of the Group's deferred exploration costs amounted to ₱29.49 billion. Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceeds the recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether there is any indication of impairment.

The Group's disclosures about deferred exploration costs are included in Note 13 to the consolidated financial statements.

Audit response

We obtained management's assessment on whether there is any indication that deferred exploration costs may be impaired. We reviewed the summary of the status of each exploration project as of December 31, 2022. We reviewed the contracts and agreements, and the budget for exploration and development costs. We inspected the licenses/permits of each exploration project to determine that the period for which the Group has the right to explore in the specific area has not expired, will not expire in the near future, and will be renewed accordingly. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Recoverability of the carrying value of property, plant and equipment

The carrying value of the Group's property, plant and equipment amounted to ₱2.73 billion after allowance for impairment loss amounting to ₱2.09 billion as of December 31, 2022. The impairment mainly relates to mine and mining properties. Under PAS 36, *Impairment of Assets*, an entity is required to assess whether indicators for impairment exist and if they exist, an impairment test is required. We consider this as a key audit matter because the assessment of the recoverability of the carrying value of property, plant and equipment requires significant judgment and involves estimation and assumptions about future cash flows and discount rates.

The Group's disclosures about property, plant and equipment are included in Note 10 to the consolidated financial statements.

AUDITED FINANCIAL STATEMENTS

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Audit response

We reviewed management's assessment of the recoverability of the carrying value of mine and mining properties by evaluating whether indicators for potential impairment exist. We compared the assumptions used in forecasting the future cash flows against the budget business plans, published forecasted metal prices, forecasted foreign exchange rates and historical production costs. We compared the forecasted production quantities against the estimated ore reserves declared in the competent person's report. We involved our internal specialist to assist us in testing the parameters used in the determination of the discount rate against market data.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, 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, 2022 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

AUDITED FINANCIAL STATEMENTS

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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 Alexis Benjamin C. Zaragoza III.

SYCIP GORRES VELAYO & CO.



Alexis Benjamin C. Zaragoza III

Partner

CPA Certificate No. 109217

Tax Identification No. 246-663-780

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

SEC Partner Accreditation No. 109217-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions

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

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-129-2023, January 25, 2023, valid until January 26, 2026

PTR No. 9566023, January 3, 2023, Makati City

February 23, 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Par Value Per Share)

| | December 31 | |
|--|--------------------|--------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 6) | ₱3,925,296 | ₱2,890,763 |
| Accounts receivable - net (Note 7) | 580,621 | 466,922 |
| Inventories - net (Note 8) | 1,151,089 | 1,926,464 |
| Other current assets - net (Note 9) | 765,754 | 437,585 |
| Total Current Assets | 6,422,760 | 5,721,734 |
| Noncurrent Assets | | |
| Deferred exploration costs (Notes 1, 13 and 20) | 29,491,920 | 28,099,836 |
| Investment in associates - net (Note 12) | 3,605,677 | 3,632,480 |
| Property, plant and equipment - net (Note 10) | 2,729,865 | 3,428,552 |
| Pension asset - net (Note 21) | 340,725 | 352,609 |
| Financial assets measured at FVOCI (Note 11) | 145,207 | 125,212 |
| Other noncurrent assets (Note 14) | 522,595 | 495,424 |
| Total Noncurrent Assets | 36,835,989 | 36,134,113 |
| TOTAL ASSETS | ₱43,258,749 | ₱41,855,847 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Loans and bonds payable (Note 15) | ₱1,616,895 | ₱10,131,071 |
| Accounts payable and accrued liabilities (Notes 16 and 32) | 2,670,983 | 2,556,347 |
| Subscription payable | 2,767 | 2,767 |
| Income tax payable | 124,351 | 181,243 |
| Dividends payable (Note 28) | 343,346 | 452,413 |
| Total Current Liabilities | 4,758,342 | 13,323,841 |
| Noncurrent Liabilities | | |
| Bonds payable (Note 15) | 5,907,961 | — |
| Deferred tax liabilities - net (Notes 3 and 27) | 1,720,847 | 1,816,070 |
| Provision for losses and mine rehabilitation costs (Notes 10 and 32) | 2,342 | 17,496 |
| Total Noncurrent Liabilities | 7,631,150 | 1,833,566 |
| Total Liabilities | 12,389,492 | 15,157,407 |
| Equity Attributable to Equity Holders of the Parent Company | | |
| Capital stock - ₱1 par value (Note 28) | 5,782,399 | 4,940,399 |
| Additional paid-in capital | 2,885,163 | 1,143,981 |
| Retained earnings (Note 28) | | |
| Unappropriated | 8,493,736 | 6,943,648 |
| Appropriated | 10,500,000 | 10,500,000 |
| Net revaluation surplus | 1,849,971 | 1,849,971 |
| Equity conversion option (Note 15) | 857,863 | 1,225,518 |
| Equity reserves (Note 15) | 367,655 | — |
| Effect of transactions with non-controlling interests | 77,892 | 77,892 |
| Net unrealized gain on financial assets measured at FVOCI and derivative (Notes 11 and 16) | 54,870 | 17,319 |
| | 30,869,549 | 26,698,728 |
| Non-controlling interests (Note 28) | (292) | (288) |
| Total Equity | 30,869,257 | 26,698,440 |
| TOTAL LIABILITIES AND EQUITY | ₱43,258,749 | ₱41,855,847 |

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share)

| | Years Ended December 31 | | |
|--|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| REVENUES (Note 17) | ₱9,261,576 | ₱9,796,531 | ₱7,833,713 |
| COSTS AND EXPENSES (Note 18) | | | |
| Production costs | 4,864,929 | 4,488,274 | 4,215,573 |
| Depletion, amortization and depreciation | 1,413,250 | 1,217,736 | 1,252,204 |
| Excise taxes and royalties | 591,905 | 639,281 | 543,238 |
| General and administrative expenses | 249,640 | 252,932 | 287,133 |
| | 7,119,724 | 6,598,223 | 6,298,148 |
| OTHER INCOME (CHARGES) | | | |
| Reversal of (provision for) impairment losses - net of other provisions, reversals and gain (Notes 8, 10, 12, 15, 26 and 32) | 125,664 | 272,241 | (1,900) |
| Foreign exchange gain (losses) - net (Note 23) | 82,703 | (46,485) | 99,115 |
| Share in net losses of associates (Note 12) | (26,804) | (528,848) | (47,011) |
| Interest income (Note 6) | 25,045 | 2,186 | 981 |
| Others - net | (19,705) | (97,861) | (56,426) |
| | 186,903 | (398,767) | (5,241) |
| INCOME BEFORE INCOME TAX | 2,328,755 | 2,799,541 | 1,530,324 |
| PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27) | | | |
| Current | 838,743 | 559,498 | 234,407 |
| Deferred | (305,501) | (191,165) | 67,620 |
| | 533,242 | 368,333 | 302,027 |
| NET INCOME | ₱1,795,513 | ₱2,431,208 | ₱1,228,297 |
| Net Income Attributable to: | | | |
| Equity holders of the Parent Company | ₱1,795,517 | ₱2,431,212 | ₱1,228,308 |
| Non-controlling interests (Note 28) | (4) | (4) | (11) |
| | ₱1,795,513 | ₱2,431,208 | ₱1,228,297 |
| Basic/Diluted Earnings Per Share (Note 30) | ₱0.339 | ₱0.492 | ₱0.249 |

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Par Value Per Share)

| | Years Ended December 31 | | |
|---|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| NET INCOME | ₱1,795,513 | ₱2,431,208 | ₱1,228,297 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| <i>Items to be reclassified to profit or loss in subsequent periods:</i> | | | |
| Loss on fair value of derivatives (Note 23) | (6,492) | (24,048) | — |
| <i>Items not to be reclassified to profit or loss in subsequent periods:</i> | | | |
| Remeasurement gains on pension obligation plans (Note 21) | 1,571 | 71,593 | 120,406 |
| Income tax effect on remeasurement losses on pension obligation plans (Notes 21 and 27) | — | (2,143) | (36,122) |
| Income tax effect on net revaluation surplus (Note 27) | — | 277,586 | — |
| Unrealized gain or loss on financial assets measured at FVOCI (Note 11) | 19,955 | 9,508 | (5,886) |
| | 15,034 | 332,496 | 78,398 |
| TOTAL COMPREHENSIVE INCOME | ₱1,810,547 | ₱2,763,704 | ₱1,306,695 |
| Total Comprehensive Income (Loss) Attributable to: | | | |
| Equity holders of the Parent Company | ₱1,810,551 | ₱2,763,708 | ₱1,306,706 |
| Non-controlling interests (Note 28) | (4) | (4) | (11) |
| | ₱1,810,547 | ₱2,763,704 | ₱1,306,695 |

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020 (Amounts in Thousands)

| | Equity Attributable to Equity Holders of the Parent Company | | | | | | | | | |
|--|---|----------------------------------|-----------------------------|---|---|---------------------------------|------------------------------------|---|---|--------------------|
| | Capital Stock (Note 28) | Additional Paid-in Capital | Retained Earnings (Note 28) | Net unrealized gain on financial assets measured at FVOCI and derivative (Notes 11 and 23) | Equity Conversion Option (Note 15) | Equity Reserves (Note 15) | Revaluation Surplus (Note 4) | Effect of Transactions with Non-controlling Interests | Non-controlling Interests (Note 28) | Total |
| BALANCES AT JANUARY 1, 2020 | P4,940,399 | P1,143,981 | P3,471,281 | P10,500,000 | P1,225,518 | P- | P1,572,385 | P77,892 | P22,969,201 | P22,968,928 |
| Net income | - | - | 1,228,308 | - | - | - | - | - | (11) | 1,228,297 |
| Items not to be reclassified to profit or loss in subsequent periods: | | | | | | | | | | |
| Remeasurements of pension obligation, net of tax (Note 21) | - | - | 84,284 | - | - | - | - | - | - | 84,284 |
| Unrealized gain on financial assets measured at FVOCI - net of related deferred income tax (Note 11) | - | - | - | (5,886) | - | - | - | - | - | (5,886) |
| Total comprehensive loss | - | - | 1,312,592 | (5,886) | - | - | - | - | (11) | 1,306,695 |
| Declaration of dividends (Note 28) | - | - | (49,404) | - | - | - | - | - | - | (49,404) |
| BALANCES AT DECEMBER 31, 2020 | 4,940,399 | 1,143,981 | 4,734,469 | 10,500,000 | 1,225,518 | - | 1,572,385 | 77,892 | 24,226,503 | 24,226,219 |
| Net income | - | - | 2,431,212 | - | - | - | - | - | (4) | 2,431,208 |
| Other comprehensive income | | | | | | | | | | |
| Items not to be reclassified to profit or loss in subsequent periods: | | | | | | | | | | |
| Loss on fair value of derivatives (Note 23) | - | - | - | (24,048) | - | - | - | - | - | (24,048) |
| Items not to be reclassified to profit or loss in subsequent periods: | | | | | | | | | | |
| Remeasurements of pension obligation, net of tax (Note 21) | - | - | 53,693 | - | - | - | - | - | - | 53,693 |
| Income tax effect on net revaluation surplus (Note 27) | - | - | 15,757 | - | - | - | 277,586 | - | - | 293,343 |
| Unrealized gain on financial assets measured at FVOCI - net of related deferred income tax (Note 11) | - | - | - | 9,508 | - | - | - | - | - | 9,508 |
| Total comprehensive income | - | - | 2,500,662 | (14,540) | - | - | 277,586 | - | (4) | 2,763,704 |
| Declaration of dividends (Note 28) | - | - | (291,483) | - | - | - | - | - | - | (291,483) |
| BALANCES AT DECEMBER 31, 2021 | P4,940,399 | P1,143,981 | P6,943,648 | P10,500,000 | P1,225,518 | P- | P1,849,971 | P77,892 | P26,698,728 | P26,698,440 |

Equity Attributable to Equity Holders of the Parent Company

| | Capital Stock (Note 28) | Additional Paid-In Capital | Retained Earnings (Note 28) | Net unrealized gain on financial assets measured at FVOCI and derivative (Notes 11 and 23) | Equity Conversion Option (Note 15) | Equity Reserves (Note 15) | Net Revaluation Surplus (Note 4) | Effect of Transactions with Non-controlling Interests | Subtotal | Non-controlling Interests (Note 28) | Total |
|--|----------------------------|----------------------------------|-----------------------------|---|---|---------------------------------|---|---|-------------|---|-------------|
| | P4,940,399 | P1,143,981 | P6,943,648 | P17,319 | P1,225,518 | P- | P1,849,971 | P77,892 | P26,698,728 | (P288) | P26,698,440 |
| Net income | - | - | 1,795,517 | - | - | - | - | - | 1,795,517 | (4) | 1,795,513 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - |
| Items not to be reclassified to profit or loss in subsequent periods: | - | - | - | - | - | - | - | - | - | - | - |
| Loss on fair value of derivatives (Note 23) | - | - | - | 17,556 | - | - | - | - | 17,556 | - | 17,556 |
| Items not to be reclassified to profit or loss in subsequent periods: | - | - | - | - | - | - | - | - | - | - | - |
| Gain on sale of convertible bonds | - | - | - | - | (367,655) | 367,655 | - | - | - | - | - |
| Remeasurements of pension obligation, net of tax (Note 21) | - | - | - | - | - | - | - | - | - | - | - |
| Income tax effect on net revaluation surplus (Note 27) | - | - | 1,571 | - | - | - | - | - | 1,571 | - | 1,571 |
| Unrealized gain on financial assets measured at FVOCI - net of related deferred income tax (Note 11) | - | - | - | 19,995 | - | - | - | - | 19,995 | - | 19,995 |
| Total comprehensive income | - | - | 1,797,088 | 37,551 | (367,655) | 367,655 | - | - | 1,834,639 | (4) | 1,834,635 |
| Issuance of shares (Note 28) | 842,000 | 1,741,182 | - | - | - | - | - | - | 2,583,182 | - | 2,583,182 |
| Declaration of dividends (Note 28) | - | - | (247,000) | - | - | - | - | - | (247,000) | - | (247,000) |
| BALANCES AT DECEMBER 31, 2022 | P5,782,399 | P2,885,163 | P8,493,736 | P54,870 | P857,863 | P367,655 | P1,849,971 | P77,892 | P30,869,549 | (P292) | P30,869,257 |

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

| | Years Ended December 31 | | |
|--|-------------------------|-------------|-------------|
| | 2022 | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income before income tax | ₱2,328,755 | ₱2,799,541 | ₱1,530,324 |
| Adjustments for: | | | |
| Depletion, amortization and depreciation (Note 20) | 1,428,200 | 1,232,532 | 1,268,738 |
| Share in net losses of associates (Note 12) | 26,804 | 528,848 | 47,011 |
| Provision for (reversal of) impairment losses - net of other provisions, reversals and gain (Notes 8, 10, 12, 15, 26 and 32) | (11,764) | (272,241) | 1,900 |
| Movement in pension assets - net | 13,979 | 29,313 | 33,017 |
| Unrealized foreign exchange (gains) losses and others - net | 55,221 | 76,936 | (145,143) |
| Interest income (Note 6) | (25,045) | (2,186) | (981) |
| Operating income before working capital changes | 3,816,150 | 4,392,743 | 2,734,866 |
| Decrease (increase) in: | | | |
| Accounts receivable - net | (113,699) | (97,024) | 46,256 |
| Inventories - net | 859,375 | (616,098) | (404,518) |
| Other current assets - net | (328,169) | 102,365 | 125,818 |
| Increase in accounts payable and accrued liabilities | 106,126 | 617,421 | 178,088 |
| Cash generated from operations | 4,339,783 | 4,399,407 | 2,680,510 |
| Income taxes paid | (895,635) | (452,555) | (213,391) |
| Interest paid | (178,100) | (171,885) | (93,328) |
| Interest received | 25,045 | 2,186 | 981 |
| Net cash flows generated from operating activities | 3,291,093 | 3,777,153 | 2,374,772 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment (Note 10) | (1,026,920) | (927,608) | (1,048,411) |
| Increase in deferred exploration costs and other noncurrent assets | (719,084) | (250,408) | (162,166) |
| Payment of subscription payable (Notes 12 and 26) | — | (121,114) | (63,186) |
| Payment of mine rehabilitation costs | — | — | (25,628) |
| Net cash flows used in investing activities | (1,746,004) | (1,299,130) | (1,299,391) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from stocks rights offering | 2,583,182 | — | 305,960 |
| Payments of: | | | |
| Convertible bonds (Note 15) | (2,741,009) | — | — |
| Dividends (Notes 28 and 33) | (356,067) | (392,680) | (45,426) |
| Short-term bank loans (Note 33) | — | (387,180) | (942,655) |
| Net cash flows (used in) from financing activities | (513,894) | (779,860) | (683,121) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | 3,338 | 1,121 | 3,510 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,034,533 | 1,699,284 | 395,770 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 2,890,763 | 1,191,479 | 795,709 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6) | ₱3,925,296 | ₱2,890,763 | ₱1,191,479 |

See accompanying Notes to Consolidated Financial Statements.

RISK MANAGEMENT



Inherent in the nature of our mining business is risk. We constantly face various kinds of risks such as those that pose a threat to the safety of our workers; tightening state regulations; technological shifts; mine and aging mill facilities; uncertainty over the demand and supply of materials, supplies, and equipment parts and replacements; and volatility of prices.

At Philex, we are able to mitigate the impact of these risks to our business through an effective risk management system, which we consider as vital to the continued growth and success of Philex and its subsidiaries (the Group). Philex is committed to manage risks in a proactive and effective manner across the organization. This commitment is embodied in the Philex Group Risk Management Philosophy Statement, as follows:

The Philex Group shall undertake a Risk Management Program that will mitigate or eliminate identified physical, socioecological, and economic risks inherent in its mining business, thereby ensuring a productive and profitable operation.

The statement of adequacy of the Company's internal control and risk management system can be found on the next page.

COVID-19 Risks

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 could still result in the slowdown of operations, delay in the performance of works, and non-attainment of production targets that would put at risk the sustainability of cash flows. However, Philex has proven itself to be ready and capable to handle this threat. Health protocols at the height of the pandemic continue to be practiced and has become a way of life in the Company. We have also adopted a robust Occupational Safety and Health (OSH) program focused, not only on employees' physical well-being, but also on emotional and mental health.

Regulatory

Regulatory risks are changes in regulations, policies, and law that will affect the mining industry and Company in particular. The local mining industry is now under the helm of a Department Secretary with known impartiality and keen sense of balance when it comes to investments and the environment. There is no gainsaying that the present leadership of H.E. Ferdinand R. Marcos, Jr. has given strong signals for support on mining. Pres. Marcos has on several occasions maintained the position that mineral exploration and extraction are very important parts of his administration. Enforcement and compliance with environmental laws will be pushed.

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

RISK MANAGEMENT

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

Strategic

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

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

- Failure to further extend Padcal's life of mine beyond December 2027
- Delay in the launching of the Silangan project due to:
 - lukewarm investors' sentiment over the mining industry in the Philippines under the current regulatory environment; and
 - difficulty in sourcing funds as an effect of existing standard procedures and protocols of government agencies as well as the banking sector.

Financial

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

- Ability of the Company to achieve both production and financial targets due to the volatility of metal

prices, higher operating costs worsen by the impact of global inflation and operational and technical challenges related to Padcal's ageing equipment and facilities;

- The delay in the completion of the fund raising activities due to the general lukewarm sentiment over the mining business. The Company have engaged the services of a reputable financial advisor for the on going fund raising activities to fund the initial capital for the Silangan Project under the In-Phase Mine Plan. The Company is constantly engaging concerned parties and educating the public on the real benefits of mining. Likewise, the Chamber of Mines of the Philippines, through the initial steps taken by Philex, has formally signed an agreement with the Mining Association of Canada to adopt the Towards Sustainable Mining (TSM) Initiative in the local setting. Any further delay in the completion of the fund raising exercise may call for the reassessment of the prioritization of Padcal cash reserves allocated for capital expenditures versus the need to allocate funds to jump-start the Silangan Project.
- Possible write-off of mine and mining assets. The Company maintains critical mining equipment spare parts and supplies that may not be totally used at the end of mine life. In addition, the Company has a number of mining tenements in various areas nationwide. These assets are the subject of provisions, which can have material impact on the Company's financial position. PMC is constantly exploring joint ventures or farm-in/out agreements, with interested parties, to reflect their fair value in the balance sheet.

Operational

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

- Declining ore-grade situation and tonnage due to the mature state of the Padcal ore body continue to be a risk that will have a material impact on the ability of the Company to produce the metal targets.

Marginal ore grades are inherent within the fringes of the mineral body contributing to lower overall metal output. Less valuable mineral concentrations are typically encountered when extracting ore away from the core of the deposit.

- Acts of insurgency threats. An incident of insurgency transpired in 2017, which affected the transport of copper concentrates from the Padcal mine site to the Poro Port installation for shipment. The Company has since increased vigilance among residents within the camp and coordinated with various groups to identify and deter possible threats.
- Adverse underground conditions at Padcal mine. The unpredictable ground conditions inherent in an underground operation, coupled with the presence of bouldery ore and risks of mud rush events, have impacted operations, resulting in lower tonnage and metal output in the past that were recently addressed with the installation of new equipment and commissioning of other sub-mining levels.
- The risk of operations stoppage can happen due to the failure of the ageing critical mine and mill equipment that may have no available replacements or spare parts more so with the challenges brought about by the Covid-19 pandemic on supply chain activities. The Company is continuously implementing and adhering to strict operating and maintenance procedures to ensure the efficient operations of the equipment.

Environmental, Natural and Social

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

- **Environmental incidents.** To manage the risk, the Company puts a great amount of effort and invests a substantial amount of resources into environmental protection and rehabilitation through its Environmental Protection and Enhancement Program. This is in addition to ensuring compliance with all applicable environmental laws and regulations, including the Clean Water Act. As a manifestation of its

commitment to responsible and sustainable mineral resource development, the Company has adopted an environmental policy statement, which is consistent with ISO 14001 Certification on Environmental Management Systems. The Company maintains annual pollution liability insurance coverage to address environmental pollution-related events.

- **Natural calamities.** In addition, natural disasters, such as earthquakes, floods and landslides, could also hamper Company operations. Such natural disasters could damage Company's assets, among other things, Tailings Storage Facilities (TSF), damage Company facilities and surrounding infrastructure, block access to its mining assets, injure personnel and result in a suspension of its operations for an undeterminable period of time. All of these events could materially and adversely affect the Company's business, financial condition, results of operations and prospects. The Company is covered by a comprehensive insurance policy, including business interruption coverage, to respond to such eventualities and disruptions.

- **Social License to Operate.** The Company ensures strict compliance with all the applicable social laws, rules, and regulations covering it as a mining company. In addition, the Company strongly adheres to its Social Development Management Program, and oftentimes exceeds the requirements set by the government, through the provision of health, educational, livelihood, and public infrastructure services to its host and neighbouring communities, to constantly secure community endorsement and public approval for its operations. The Company adheres to the principles of ISO 26000:2010 Guidance on Social Responsibility, an international guideline, to assess and address sustainability concerns and effectively strengthen its social license to operate.

STATEMENT ON THE ADEQUACY OF INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM

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

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

1. an Independent Director (ID) chairs the Audit Committee and the Board Risk and Oversight Committee, and that the Committees have two IDs as members;
2. the Audit Committee and the Board Risk and Oversight Committee held five (5) and three (3) meetings, respectively, during the year 2022;
3. the Audit Committee reviewed and approved all audit services provided by SGV & Co. to the Philex Group, and related fees for such services;
4. the Audit Committee discussed with Philex Mining Corporation's (PMC's) Internal Audit Group and SGV & Co. the overall scope and plans of their respective audits, as well as the results of their examinations, evaluation of PMC and subsidiaries' internal controls, and the overall quality of the PMC Group's financial reporting;
5. the Audit Committee deliberated with SGV & Co. on matters required under the prevailing applicable Auditing Standards. The Committee received written disclosures and letter from SGV & Co. as required by the prevailing Independence Standards (statement of Independence) and discussed with the same its independence from PMC Group and PMC Group management;
6. the Audit Committee and the Board Risk and Oversight Committee conducted a review of the effectiveness of the Company's internal control and risk management systems. Based on both Committees' review, in conjunction with the Internal Auditor's report, the Audit Committee and the Board Risk and Oversight Committee confirmed that the internal controls and enterprise risk management of PMC are adequate and effective;
7. in the performance of the Audit Committee's oversight responsibilities, the Committee reviewed and discussed the audited financial statements of Philex Group, as of and for the year ended December 31, 2022, with the PMC Group's management, who has the primary responsibility for the financial statements, and SGV & Co., the PMC Group's independent auditor, who is responsible for expressing an opinion on the conformity of PMC Group's audited financial statements with the Philippine Financial Reporting Standards (PFRS);

8. based on the reviews and discussions referred to above, in concurrence with the PMC Group's management and SGV & CO., and subject to the limitation of its roles and responsibilities, the Audit Committee recommended to the Board of Directors the inclusion of the Company's consolidated financial statements, as of and for the year ended December 31, 2022 in the Company's Annual Report to the stockholders and report to the Philippine SEC via SEC Form 17-A; and
9. Based on the review of SGV & Co.'s performance and qualifications, with due consideration of management's recommendation, the Audit Committee recommended to the board the appointment of SGV & Co. as PMC Group's independent external auditor for the year 2022.

Respectfully submitted,

Signed

Board Risk Oversight Committee and Audit Risk Committee



Oscar J. Hilado
Committee Chair - Independent



Wilfredo A. Paras
Member



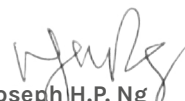
Michael G. Regino
Member



Marilyn A. Victorio-Aquino
Member



Anita B. Quitain
Member



Joseph H.P. Ng
Member

CORPORATE GOVERNANCE

The Company is committed to the highest standards of corporate governance and continues to benchmark its procedures against internationally recognized best practices.



CORPORATE GOVERNANCE CONFIRMATION STATEMENT

As a publicly listed Philippine company, Philex Mining Corporation (PMC) conforms with the corporate governance rules, requirements, and regulations of the Philippine Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE2). The Company is committed to the highest standards of corporate governance and continues to benchmark its procedures against internationally recognized best practices. To ensure constant improvement, PMC monitors developments in corporate governance to uphold the Company's corporate governance framework, processes, and practices in accordance to global standards.

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

A. RIGHTS OF SHAREHOLDERS

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

A.1. Basic Shareholders Right

Dividend Policy

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

On March 4, 2022, the Board approved the declaration of cash dividend as follows:

| | |
|--------------|-------------------------------------|
| Amount | : Five centavos (Php0.05) per share |
| Record Date | : March 21, 2022 |
| Payment Date | : April 3, 2022 |

The Board also approved on February 23, 2023 this cash dividend:

Amount : Two centavos (Php0.02) per share
Record Date : March 13, 2023
Payment Date : March 24, 2023

A.2. Right to Participate in Decisions

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

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

During the Annual General Stockholders' Meeting (AGSM) held on 30 June 2022, shareholders exercised these rights via personal casting of votes or online voting, the results of which were disclosed immediately after the Stockholders' Meeting in the Company's website under: <http://www.philexmining.com.ph/wp-content/uploads/2022/07/2022-Results-of-theAnnual-Stockholders-Meeting-June-30-2022.pdf>.

A.3. Right to Participate Effectively and Vote

PMC shareholders have the right to participate and vote in the general shareholders' meetings. The Company ensures that shareholders are informed of the rules, including the voting procedures that govern the general shareholders' meetings.

Shareholders have the opportunity to approve remuneration, in terms of profit sharing, which is contained in the Company's By-Laws. Any amendment to the By-Laws will require a vote of a majority of the total outstanding capital stock.

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

For 2022, the deadline for nominations was on April 25, 2022, which was announced by the Company last March 4, 2022. All shareholders have the right to vote each year for the following:

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

Voting Procedures

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

An independent party, SGV & Co., assisted in the tabulation of the proxies and the ballots. The voting and tabulation procedures are further explained in the Company's Notice of Annual General Shareholders' Meeting. The Corporate Secretary will likewise explain the voting procedures at the

CORPORATE GOVERNANCE

start of the meeting that will form part of the minutes of the AGSM which will be posted in the Company's website. The Company has also initiated an online voting mechanism for certificated shareholders since 2016 to allow voting in absentia. The procedures for online voting are disclosed in the Notice to Annual General Stockholders' Meeting – Definitive Information Statement (DIS) sent to shareholders 30 days before the scheduled AGSM.

In 2022, online voting mechanism was made available from June 7 to 20, 2022.

Stockholders' Meeting

The Company recognizes the right of all shareholders to attend all scheduled shareholders' meetings. Regular shareholders' meetings are held annually in June in accordance with the Company's By-Laws. It also serves as a venue to ask questions and raise relevant issues or concerns. On the other hand, special meetings, as needed, shall be held at any time and for any purpose. The 2022 AGSM was held via remote communication due to strict implementation of the IATF Guidelines on 30 June 2022 and presided at TV 5 Media Center, Reliance St., Mandaluyong City.

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

They shall have the opportunity to make a statement, should they desire to do so, and will be available to respond to appropriate questions. Minutes of the 2022 AGSM were posted in the Company website: <http://www.philexmining.com.ph/minutes-of-all-general-or-special-stockholders-meetings/>

Disclosure and Release of Notice of AGSM to Shareholders

The Company disclosed to the PSE the Company's SEC Form 2022 Definitive Information Statement (DIS) on 07 June 2022.

The AGSM was announced 4 March 2022, months before the actual date of the meeting and was published in at least two major newspapers of general circulation. For 2022, the Notice of AGSM was published both on print and online in BusinessWorld and The Philippine Star from 08 to 09 June 2022.

A.4. Markets for Corporate Control

In cases of mergers, acquisitions, and/or takeovers requiring shareholders' approval, the Board, as a matter of practice, appoints an independent party to evaluate the fairness of the terms and conditions of such transactions. Furthermore, in cases of mergers and acquisitions, the CEO and the Chief Finance Officer (CFO), together with external financial and technical consultants, prepare a detailed recommendation for consideration by the Board. An independent consultant or independent financial advisor and legal counsel is retained to review the terms and conditions of contracts and to evaluate the merits of each specific transaction. In 2022, there were no cases of mergers, acquisitions, and/or takeovers that required shareholders' approval.

A.5. Institutional Investors

The exercise of ownership rights by all shareholders, including institutional investors, is recognized by PMC. The Philippine Social Security System (SSS with 19.74% shareholdings) is the only institutional investor with a share ownership greater than 5% as of December 31, 2022. The Company does not have any shareholders owning more than 50%.

B. EQUITABLE TREATMENT OF SHAREHOLDERS

B.1. Shares and Voting Rights

PMC has only one class of common shares, each entitled to one vote. Cumulative voting, which enhances the

ability of minority shareholders in voting for the election of directors, is allowed.

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

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

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

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

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

Trading Blackouts

1. The Company strictly enforces and monitors compliance with its policy on insider trading, which prohibits the trading of Company securities during prescribed periods by the following covered persons:
2. Members of the Board;
3. Members of the Management Teams; and
4. Employees who have been made aware of undisclosed material information with respect to the Company and its operations.

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

In 2022, there were no cases of Insider Trading and Abusive Dealing during Trading Blackouts that were reported nor received by the Company.

Policy on Dealings in Company Shares of Stocks

The Company's revised Policy on Dealings in Company Shares of Stocks is available in the following link in the Company website: <https://bit.ly/2J9HDTT>. This prohibits directors and employees from benefiting from any knowledge which is not generally available to the market.

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

In 2022, there were no reported violations of the Company's Policy on Dealings in Company Shares of Stocks.

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

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

CORPORATE GOVERNANCE

On 26 April 2017, the Board approved the creation of a Related Party Transaction (RPT) Committee and its Charter. The RPT Committee is chaired by Mr. Wilfredo A. Paras, an Independent Director.

The Board likewise approved the amendment in the RPT policy, which requires the RPT Committee to review RPT transactions, instead of the CG Committee, and to revise the RPT definition.

For purposes of this Policy, a Material and/or Significant RPT is defined as those transactions with a Related Party which involve an aggregate amount or value equal to or greater than Php50.00 million) over a 12-month calendar year period (Material and/or Significant RPT).

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

Conflict of Interest Policy

Adopted on February 26, 2014, the Conflict of Interest Policy is available in the following link in the Company website: <https://bit.ly/2sFQjer>.

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

In 2022, there was no case of violation of the Conflict of Interest Policy reported by Company directors, employees, and consultants.

B.5. Protecting Minority Shareholders from Abusive Actions

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

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

In 2022, the Company complied with all the key guidelines discussed above.

C. ROLE OF STAKEHOLDERS

C.1. Respecting Rights of Stakeholders

Customers

Customer health and safety are important for all businesses and remain the utmost priority of PMC. In line with PMC's Code of Business Conduct and Ethics issued on February 26, 2014, the Company upholds fair and

transparent dealings with its customers. All transactions and business relationships with customers are covered by contracts and comply with existing laws and regulations in the country.

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

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

1. Product Safety

Prior to shipment, concentrates (product) undergo a thorough chemical analysis required by the customers (Pan Pacific Copper Co., Ltd.; IXM S.A., formerly Louis Dreyfus Commodities Metals Suisse SA; and Trafigura Pte. Ltd.) and to ensure that these are free from foreign materials and impurities that may be deleterious to customers' health and operations.

The Company insures the product at 110.00% of its value with an internationally recognized insurance company, in favor of the customers, and shall provide the customers with a certificate signed by the insurance company indicating the details of the coverage.

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

In 2022, the Company satisfied the conditions for the 12 shipments of copper concentrates to Pan Pacific Copper Co., Ltd.; IXM S.A.; and Trafigura Pte. Ltd..

2. Shipment Safety

PMC assumes the obligation of providing the vessels suitable for the shipment of the concentrates, with the following specifications and conditions:

- Single deck bulk carrier, seaworthy in all respects;
- With clear holds and hatchway suitable for normal grab discharge;
- Classified as 100A at Lloyd's of London or equivalent;
- Compliant with the ISM code;
- No more than 20 years of age; and
- Able to meet berth accommodation restrictions.

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

In 2022, all of the Company's 12 shipments of concentrates followed and complied with the guidelines cited above.

3. Customer Safety

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

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

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

Vendor Relations

PMC's Policy on Vendor Relations, released on February 26, 2014, is available in the following link in the Company website: <https://bit.ly/2stCW1K>

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Under this policy, the Company shall promote and implement standards of relationships with suppliers that embody the principles and core values as defined in the code. Directors, employees, and consultants shall maintain the Company's reputation for equal opportunity and honest treatment of suppliers in all business transactions through the following guidelines:

1. Seek and maintain mutually beneficial relationships with suppliers that uphold the Company's principles and core values;
2. Give qualified suppliers adequate, fair, and equal opportunity to bid on goods and services;
3. Accredited suppliers based on established criteria; and
4. Generally, implement competitive bidding.

In the event that it will be for the best interest of the Company to enter into strategic partnerships with suppliers, the Company may apply the Negotiated Contract (NC) option. Transparency in all these transactions shall be maintained at all times. The following are the Company's activities and programs aimed at Implementing the Vendor Relations Policy:

1. For vendor accreditation:

- Prospective vendors must accomplish detailed forms that require information regarding their financial condition, ownership, product lines, agreements with respective principals/OEM, experience, and expertise.
- For new vendors seeking accreditation, a New Vendor Accreditation Application Form (NVAAF) must be filled up. Existing vendors, on the other hand, must update their information periodically through the submission of a duly accomplished Existing Vendor Information Update Form (EVIUF).
- A review of each vendor's selected financial ratios is undertaken as part of the accreditation process.

- Vendors must submit a written statement confirming that all information provided are true and correct, that they will comply with terms of contract and that they will avoid conflict of interest and observe ethical and fair practices.

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

In 2022, the Company did not received any report of violation of the Company's Vendor Relations Policy related to Conflict Interest and Gift Policy violation.

Environment

DAO No. 2010-21 mandates the implementation of the Annual Environmental Protection and Enhancement Program (EPEP) which provides the link between mineral resource utilization and environmental protection and enhancement commitments. Pursuant to the R.A. 7942, the minimum required budget for the Annual EPEP ranges from 3-5% of the Direct Mining and Milling Costs of the company. In 2022, the Company spent 7.43% of the direct mining and milling costs as follows:

| 2022 Annual Environmental Protection and Enhancement Program (EPEP) | |
|---|-----------------------------|
| | Amount (in Php millions) |
| Land Resource Management | 84 |
| Water Resources Management | 185 |
| Hazardous and Toxic Waste Management | 2 |
| Air Quality Management | 1 |
| Conservation Values | 0.1 |
| Environmental Research | 5 |
| MRFC Meetings and MMT Monitoring Activities | 1 |
| Total | 278 |

The Company also invests heavily on the ongoing environmental management programs at the Silangan, Bulawan, and Sibutad project sites. These investments cover the costs for ambient air and water monitoring, soil erosion control and prevention, the establishment of new tree plantations, as well as the maintenance and protection of established reforestation areas within the project sites. The approved Annual Environmental Protection and Enhancement Program (AEPEP) of SMMCI and the implementation of the approved Final Mine Rehabilitation and/or Decommissioning Program (FMRDP) of PGPI are submitted, approved, and monitored by the Mines and Geosciences Bureau (MGB) of the DENR.

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

Pursuant to Republic Act 7942 Implementing Rules and Regulations (IRR), DAO 2010-21 Sec.134:

- The amount of SDMP should be equivalent to at least 1.50% of a mining company's total operating costs, with allocation on Development of host and neighboring communities (DHNC) Information Education Communication (IEC) and Development of Mining Technology and Geo-Sciences (DMTG).
- The SDMP shall be, in consultation and in partnership with the host and neighboring communities, actively promoted and should cover and include all plans, projects, and activities of the Contractor/Permit Holder/Lessee towards enhancing the development of the host and neighboring communities.

In 2022, the Company spent Php109 million for its mandated SDMP as shown in the table below:

| 2022 Social and Development Management Program (SDMP) | |
|--|-----------------------------|
| | Amount (in Php millions) |
| Human Resources and Capacity Development | 0.3 |
| Health | 9 |
| Education | 32 |
| Livelihood | 7 |
| Public Infrastructure | 24 |
| Socio-Cultural Development | 5 |
| Contingency Fund | 3 |
| Information, Education, Communication (IEC) | 17 |
| Development of Mining Technology & Geosciences (DMTG) | 13 |
| Total | 109* |

** Including carry-over project expenses from 2021*

Anti-Corruption Programs and Procedures

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

a. Policy on Gifts, Entertainment and Sponsored Travel

Issued on February 26, 2014, the Company's Policy on Gifts, Entertainment, and Sponsored Travel is available on the Company's website through the following link: <https://bit.ly/2xC3lzk>.

Under this Policy, directors, employees, and consultants shall refrain from putting themselves in situations or acting in a manner that could significantly affect the objective, independent, or effective performance of their duties and responsibilities in the Company. Directors, employees, and consultants who have received gifts,

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entertainment, and sponsored travel from any third party, with whom the Company does business or proposes to do business, whether directly or indirectly, shall inform their donor that these were received in behalf of the Company and shall be handled in accordance with Company policy (Php4,000.00 limit). Sponsored travel from third parties requires disclosure and prior approval from the superior, and this approval shall conform to the terms of this policy.

In 2022, the Company did not receive any report of violations of the Company's Policy on Gifts, Entertainment, and Sponsored Travel.

a. Supply Chain Management Conduct

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

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

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

In 2022, there was no report of violations of the Company's Supply Chain Management Conduct Policy.

Creditors

As a matter of policy, the Company upholds the rights of its creditors by publicly disclosing all material information, such as earning results and risk exposures, related to but not limited to loan covenants. Corporate

disclosures, controls, and procedures include periodic reports to major lenders, such as the latest financial statements, among others.

The Company honors all of its legal and valid obligations. No known case has been filed before a court by any creditor for non-payment of loans or financial obligations.

The Company's good credit standing augurs well for the renegotiation of major contracts amidst unstable regulatory environment and declining ore grades.

Programs and Activities

The rights of major creditors are protected by publicly disclosing all material information, such as earnings results and risk exposures relating to loan covenants. PMC's disclosures, controls, and procedures also include periodic reports to creditors, such as the latest certified financial statements, among others.

The Company also conducts regular investors', analysts', and press briefings for updates on the Company's operations and current financial position. In 2019, the Company submitted 71 disclosures covering periodic reports to creditors, such as the latest certified financial statements, among others.

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

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

In 2022, there were no reports of violations of shareholders' rights received through different communication channels.

C.3. Performance-enhancing Mechanisms for Employees

Employee Development Programs

The Company respects the dignity and human rights of its employees, including the rights guaranteed by existing labor laws. PMC promotes safety, non-discrimination,

environmental awareness, and commitment in the workplace, and supports programs that champion the engagement and development of employees.

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

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

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

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

Please see our Sustainability section for further details.

Environment, Health, and Safety Programs

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

On a regular basis, the management implements a risks review of safety procedures and health programs at its operations and exploration sites. The review includes material

safety, occupational health, environmental, and community risks to assess whether adequate risk-based controls are in place, how effective they are, and what priority actions would be required to substantially improve the EHS performance of the sites.

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

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

Please see our Sustainability section for further details.

Site Safety Policy

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

Safety Performance

Personnel health and safety is of paramount concern and regarded with utmost priority. In 2022, the Company reported for its Padcal Mine two LTA-F incident, one incident in 2021 same as 2020 and five incidents in 2019. Meanwhile, in terms of Lost Time Accident Non-Fatal events, there were ten in 2022, eight in 2021, six recorded in 2020 and five in 2019.

The Company is targeting a zero-harm record through constant reviews of safety policies and procedures. Various initiatives are being 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.

CORPORATE GOVERNANCE

C.4. Means of Communication of Illegal or Unethical

Whistleblowing Policy

In accordance with the Company's adherence to the principles of good governance, the Whistleblowing Policy has been adopted since February 25, 2014 to provide a system and venue for the proper submission, handling, or resolution of employees' complaints or disclosures regarding violations of corporate governance rules, questionable accounting or auditing matters, and offenses covered by the Company's existing Code of Discipline or equivalent policy.

Confidentiality

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

Anonymous Reporting

Any whistleblower complaint must be coursed or filed through any of the various reporting channels and referred to the Appropriate Investigating Unit (AIU), which should determine through an investigation whether or not the whistleblower and/or witness has made baseless, untruthful, fabricated, malicious, or vexatious allegations, and particularly if they persist in making such. For the purposes of this Policy, the AIU is a committee which shall be composed of representatives from Internal Audit, Human Resources, Legal, Security or from relevant units as necessary.

To aid further investigation of the complaint, a whistleblower who makes or files a complaint anonymously may opt to provide means by which he or she can be contacted without compromising his or her anonymity.

Protection from Retaliation

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

Malicious Allegations

Disciplinary action may be taken against the whistleblower and witness in accordance with pertinent Company policies and rules and applicable laws to protect the good name of the persons that may have been unjustly accused or implicated.

In 2022, the appropriate Company official did not receive any whistleblowing report. The policy is available in the Company's website: <https://bit.ly/2JBuqZh>

D. DISCLOSURE AND TRANSPARENCY

D.1. Transparent Ownership Structure

The list of registered stockholders owning five (5%) percent or more of the Company's stock as of December 31, 2022 are shown on the table on the next page.

PCD Nominee Corporation (PCD) is a nominee of the Philippine Depository and Trust Corporation and the registered owner of the shares recorded in the books of the Company's stock transfer agent. A total of 1,043,290,232 shares as shown above as of December 31, 2019 are exclusive of the 25,646,960 shares owned by SSS which are included as part of the total shareholdings of SSS as indicated. PCD is private entity organized by major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions. Other than SSS whose shares lodged with PCD were excluded and presented separately, there are no participants under the PCD account owning more than 5% of the voting securities of the Company.

D.2. Quality of Annual Report

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

- Major Business Risks: pages 51
- Corporate Objectives: page 04
- Key Performance Indicators (Financial and Non-Financial): page 09

| Title of Class | Name and Address of Record Owner and Relationship to Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares | % |
|----------------|--|---|-----------------------|---------------|-------|
| Common | Asia Link B.V. Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands | Asia Link B.V. (See Note 1) | Non-Filipino | 1,023,275,990 | 17.70 |
| Common | Social Security System c/o Loans and Investment Office, 7/F SSS Building, Diliman, Quezon City | Social Security System (See Note 2) | Filipino | 1,376,053,232 | 19.74 |
| Common | PCD Nominee Corp. 37/F Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City | (See Note 3) | Filipino/Non-Filipino | 1,478,485,961 | 25.57 |
| Common | Two Rivers Pacific Holdings Corp. 10/F Net One Center, 26th Street corner 3rd Avenue, Bonifacio Global City, Taguig | Two Rivers Pacific Holdings Corp. | Filipino | 864,799,776 | 14.96 |
| Common | First Pacific Mining Limited | First Pacific Mining Limited (See Note 1) | Filipino | 312,908,501 | 5.41 |

¹ Asia Link B.V. and First Pacific Mining Limited are a wholly-owned subsidiaries of First Pacific Company Limited (FPC).

² Total shares held by the Social Security System (SSS) is inclusive of 174,362,583 shares lodged under PCD Nominee Corporation as of December 31, 2022.

³ PCD Nominee Corporation (PCD) is a nominee of the Philippine Depository & Trust Corporation and the registered owner of the shares recorded in the books of the Company's stock transfer agent. PCD is private entity organized by major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions.

- Dividend Policy: page 56
- Details of Whistle Blowing Policy: page 66
- Biographical Details of Directors: pages 14-19
- Training and/or Continuing Education Programs Attended by Directors: page 77
- Number of Board of Directors meetings held and attendance during the year: page 74
- Details of Remuneration of Each Director: page 75
- Corporate Governance Confirmation Statement: page 56
- Direct and Indirect Shareholding of Directors and Senior Management (Section D.4): page 68
- Corporate Structure: page 03

D.3. Disclosure of Related Party Transactions Related Party Transactions

In prior years, the Company had also made cash advances to Philex Petroleum Corporation for its additional working capital requirements, and for the acquisition of equity in FEP, PERC, and Pitkin. These advances are unguaranteed and payable on demand through cash.

The Company has extended loans and advances to some of its subsidiaries, which were presented under Notes 13 and 23 of the Notes to the Company's 2022 Consolidated Financial Statements on Related Party Transactions.

On April 26, 2017, the Board approved the creation of a Related Party Transaction (RPT) Committee and its Charter. The board likewise approved the amendment in the RPT Policy, which requires the RPT Committee to review RPT transactions, instead of the CG Committee, and to revise the RPT definition.

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D.4. Directors' and Officers' Dealings in Company Shares

Dealings and Shareholdings of the Company's Directors and Senior Management for 2022:

| Beneficial Owner | Nature of Ownership | No. of Shares As of Dec. 31, 2021 | Changes in 2022 | No. of Shares As of Dec. 31, 2022 |
|--|---------------------|--------------------------------------|-----------------|--------------------------------------|
| Directors | | | | |
| Manuel V. Pangilinan | Direct | 4,655,000 | - | 4,655,000 |
| Eulalio B. Austin Jr. | Direct | 1,360,937 | 1,184,329 | 2,545,266 |
| Barbara Anne C. Migallos | Direct | 203,875 | 37,747 | 241,622 |
| Michael G. Regino* | Direct | 1 | - | 1 |
| Richard Chan | Direct | 1 | - | 1 |
| Bai Norhata Alonto | Direct | 1 | - | 1 |
| Anita B. Quitain | Direct | 1 | - | 1 |
| Marilyn A. Victorino-Aquino | Direct | 500,100 | - | 500,100 |
| Oscar J. Hilado | Direct | 173 | - | 173 |
| Joseph Ng | Direct | 1 | - | 1 |
| Wilfredo A. Paras | Direct | 1 | - | 1 |
| Key Officers | | | | |
| Romeo B. Bachoco | Direct | - | 600,000 | 600,000 |
| Victor A. Francisco | Direct | 50,000 | 109,847 | 159,847 |
| Winston S. Cruz | Direct | - | - | - |
| Directors and Key Officers as a Group | | 6,770,091 | 1,931,923 | 8,702,014 |

D.5. Audit Fees

Audit and Audit-Related Fees

For the past three fiscal years, the Company's Independent Auditor was engaged primarily to express an opinion on the financial statements of the Company and its subsidiaries. The audit, however, included the auditors providing assistance to the Company in the review of its income tax return in as far as ensuring the agreement of the reported income and costs and expenses in the return with the recorded amounts in the books. The procedures conducted for this engagement included those that are necessary under auditing standards generally accepted in the Philippines but did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses. The audit fees for these services for the entire Philex Group (excluding PXP Energy group) Php4.90 million in 2022, Php4.73 million in 2021, Php4.73 million in 2020 and Php4.30 million for 2019.

Tax Fees

The Company has not engaged the Independent Auditor for any tax-related services for 2022 as well as in the three prior years.

All Other Fees

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

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

The engagement fee amounted to Php400 thousand. Other than such engagement, the Company has not engaged to do other engagements in 2021 and in the three prior years. All audit and non-audit engagements were approved by the Company's Audit Committee.

D.6. Medium of Communications

Quarterly Reports

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

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

In 2022, the Company submitted to the PSE and filed with the SEC the required quarterly reports on or before the prescribed deadline.

Company Website

<http://www.philexmining.com.ph/>

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

Analysts' Briefings

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

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

In 2022, the Company organized two analysts' briefings via teleconference, aiming to inform the investing public and shareholders about its performance. Notably, one of these briefings was conducted in collaboration with the PSE (Philippine Stock Exchange).

Media Briefings and Press Conferences

<http://www.philexmining.com.ph/category/press-releases/>

<http://www.philexmining.com.ph/category/PHOTO-releases/>

The Public and Regulatory Affairs Group handles the Company's public, media, and government relations functions.

Media briefings are conducted after the Annual Shareholders' Meeting. Copies of the media releases can be found in the above link in the Company's website.

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

The Company's audited annual results were disclosed on 03 March 2022.

The Company's SEC Form 17-A (Annual Report) was released on 12 April, 2022 to the PSE and the SEC. The true and fair representation of the AFS and the Annual Report has been affirmed by the Chairman of the Board of Directors, the President/CEO, and the CFO in the Statement of Management Responsibility.

Company Website

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

- Business operations: <http://www.philexmining.com.ph/padcal/>
- Financial Statements/Reports (Current and Prior Years) <http://www.philexmining.com.ph/financials/>
- Materials provided in briefings to analysts and the media: <http://www.philexmining.com.ph/company-presentations/>

CORPORATE GOVERNANCE

- Shareholding structure: <http://www.philexmining.com.ph/shareholding-structure/>
- Group corporate structure: <http://www.philexmining.com.ph/corporate-structure/>
- Downloadable Annual Report:

<http://www.philexmining.com.ph/sec-form-17-a/>

<http://www.philexmining.com.ph/annual-reports/>
- Notice of the Annual Stockholders' Meetings: <http://www.philexmining.com.ph/notice-of-stockholdersmeetings/>
- Minutes of the Annual Stockholders' Meetings: <http://www.philexmining.com.ph/minutes-of-all-general-or-special-stockholders-meetings/>
- Company's By-Laws and Articles of Incorporation: <http://www.philexmining.com.ph/by-laws-and-articles-ofincorporation/> Minutes of the Annual Stockholders' Meetings

D.8. Investor Relations

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

Mr. Romeo B. Bachoco
Chief Finance Officer
Telephone No.: (632) 8631-1381 to 88
Email: philex@philexmining.com.ph

E. RESPONSIBILITIES OF THE BOARD

E.1. Board Duties and Responsibilities

Corporate Governance Manual

The Board approved and adopted the Company's Manual on Corporate Governance on April 27, 2010 and revised the said Manual on February 23, 2011. On June 25, 2014, the Board approved the further revision of the Manual on Corporate Governance in compliance with the Securities and Exchange Commission (SEC) Memorandum Circular No. 9, Series of 2014, also known

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

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

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

Types of Decisions that Require Board Approval

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

Roles and Responsibilities of the Board

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

1. Act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-Laws, and under existing laws, rules, and regulations;

2. Exercise his best care, skill, and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Company; and

3. Act in the best interest of the Company and for the common benefit of the Company's shareholders and other stakeholders.

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

On May 30, 2017, the Board approved the Company's Board Charter which sets forth the Board's purposes, authority, duties and responsibilities, structures, and procedures in accordance with the SEC-issued Code of Corporate Governance. The Company's Board Charter is available in the following link in the Company's website: <https://bit.ly/2kOvhqG>.

Vision and Mission

The Company's vision is to be a highly respected, world-class natural resource company, committed to deliver excellent value to its investors, employees, and other stakeholders. Its mission is to become a responsible mining corporation that discovers and processes minerals and energy resources for the use of society.

On November 13, 2019, the Company's management and the Board reviewed, revised and approved its vision, mission, core business principles of integrity, teamwork, work excellence, respect for individuals, corporate responsibility, and social and environmental responsibility, and the updated corporate strategy for 2020.

E.2. Board Structure

Code of Business Conduct and Ethics

The details of the Company's Code of Business Conduct and Ethics, approved last February 26, 2014, are available in the following link in the Company website: <https://bit.ly/2JKh3Sn>.

Board Structure and Composition

Independent Directors

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

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

The Board Committee

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

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

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

CORPORATE GOVERNANCE

Membership in Board Committees in 2022

| Directors | Committees | | | | | | | |
|-----------------------------|------------|----------------------|-------------|---------|--------------|---------------------------|----------------------|--------------------|
| | Audit | Board Risk Oversight | Nominations | Finance | Compensation | Related Party Transaction | Corporate Governance | Silangan Oversight |
| Manuel V. Pangilinan | | | C | | | | | |
| Eulalio B. Austin Jr. | | | | | | | | C |
| Barbara Anne C. Migallos | | | | | | | | |
| Michael G. Regino | | | | | | | | |
| Joseph H.P. Ng | | | | C | | | | |
| Bai Norhata Alonto | | | | | | | | |
| Anita B. Quitain | | | | | | | | |
| Marilyn A. Victorino-Aquino | | | | | | | C | |
| Oscar J. Hilado (ID) | C | C | | | | | | |
| Richard Chan | | | | | | | | |
| Wilfredo A. Paras (ID) | | | | | | | | |

ID - Independent Director

C - Committee Chairman

Nomination Committee

Charter

The complete text of the Nomination Committee's Charter can be found on the following link in the Company's website: <https://bit.ly/2LZjtOG>.

Work Done and Issues Addressed

The Nominations Committee met on 28 April 2022 to screen the nominees for election to the Board of Directors in accordance with the Company's Revised Manual on Corporate Governance. At said meeting, the Nominations Committee assessed the candidates' background, educational qualifications, work experience, expertise and stature as would enable them to effectively participate in the deliberations of the Board. In the case of the independent directors, the Committee reviewed their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for independent

directors as set forth in the Company's Revised Manual of Corporate Governance. The Committee then endorsed the final list of candidates for election at the 2022 Annual Stockholders' Meeting.

Compensation Committee

Charter

The following link provides the details of the Compensation Committee Charter: <https://bit.ly/2JrPVL2>

Work Done and Issues Addressed

The Compensation Committee did not meet in 2022.

Audit Committee

Charter

The full transcript of the Audit Committee Charter is available in the Company's website through the following link: <https://bit.ly/2svp6f8>

Work Done and Issues Addressed

In 2022, the Audit Committee conducted a total of five meetings. On 02 March 2022, during the first meeting, the Committee reviewed the 2021 Annual Financial Statements (AFS), engaged in discussions regarding Key Audit Matters with the external auditors, and recommended the financial reports and corresponding disclosures for approval by the Board. Additionally, they reviewed and approved the scope of work for the external auditors, along with all audit fees.

Subsequently, on 25 April, 25 July, and 24 October 2022, the Chief Audit Executive, Ms. Geraldine B. Ateo-an, presented the Internal Audit Plan, Quarterly Accomplishment Reports of the Internal Audit, and various Internal Audit findings. The Chief Financial Officer, Mr. Romeo B. Bachoco, also provided presentations on the Quarterly Financial Performance in comparison to previous years and budgetary targets. During these meetings, the Committee conducted a review of the Company's internal control and risk management system. They also discussed the compliance questionnaire for First Pacific Code of Corporate Governance practices and its subsequent submission to First Pacific Company, Limited.

Lastly, during the meeting held on 02 December 2022, the Committee approved the audit plan for the year 2023, thereby concluding the series of meetings conducted in 2022.

Corporate Governance Committee

Charter

The complete details of the Company's Corporate Governance Committee Charter can be accessed through the following link in the Company's website: <https://bit.ly/2HiZ3N1>

Work Done and Issues Addressed

The Corporate Governance Committee did not meet in 2021.

Finance Committee

Charter

The following link provides the details of the Finance Committee Charter: <https://bit.ly/2M4eaNJ>

Work Done and Issues Addressed

The Finance Committee held two meetings in 2022 to discuss and evaluate the management's recommendations for a possible hedging position.

Board Risk Oversight Committee

Charter

The complete details of the Company's Board Risk Oversight Committee Charter can be accessed through the following link in the Company's website: <https://bit.ly/2sHx6sU>

Work Done and Issues Addressed

The Board Risk Oversight Committee had three meetings.

On 25 March 2022, the Committee reviewed the Top 5 Enterprise Risks (Regulatory, Financial, Strategic, and Operational) of the Philex Group for the first half of 2021, and recommended the action plans and corresponding mitigating measures to address the said risks. On 25 July 2022, the Committee reviewed the Top 5 Enterprise Risks (Regulatory, Financial, Strategic, and Operational) of the Philex Group for the second half of 2022, and recommended the action plans and corresponding mitigating measures to address the said risks. On 02 December 2022, the Committee also evaluated and approved the proposed Padcal Industrial Property Insurance Coverage and Rates for 2023.

E.3. Board Processes

Attendance

The Board has a predetermined schedule of meetings at the beginning of the calendar year. Discussions during these meetings are open, and independent views are given due consideration. As necessary, the Board likewise holds meetings through telecommunications or other electronic media.

A separate meeting of non-executive directors without the presence of the CEO or any of the executive officers is held at least once a year.

CORPORATE GOVERNANCE

Director's Attendance in Board and Board Committee Meetings for 2022

| Directors | Board Attendance | Committees | | | |
|-----------------------------|------------------|-------------|-------|------|---------|
| | | Nominations | Audit | BROC | Finance |
| Manuel V. Pangilinan | 11/13 | 2/2 | | | |
| Eulalio B. Austin Jr. | 13/13 | | | | 2/2 |
| Barbara Anne C. Migallos | 13/13 | | | | |
| Michael G. Regino | 13/13 | | | 3/3 | |
| Joseph H.P. Ng | 13/13 | | | | |
| Bai Norhata Alonto | 13/13 | 2/2 | | | 2/2 |
| Anita B. Quitain | 13/13 | | 5/5 | | |
| Marilyn A. Victorino-Aquino | 9/13 | 2/2 | 5/5 | 1/3 | 2/2 |
| Oscar J. Hilado | 13/13 | | 5/5 | 3/3 | 2/2 |
| Richard Chan | 13/13 | 2/2 | 5/5 | 3/3 | 2/2 |
| Wilfredo A. Paras | 13/13 | 2/2 | 5/5 | 3/3 | |

Access to Information

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

Corporate Secretary

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

Board Appointments and Reelection

The directors are elected by the shareholders at the ASM. Each director shall serve a one-year term and until their successors are elected and qualified. Any vacancy in the Board before the end of the term shall be filled in accordance with applicable law and rules. As needed, the Board may use professional search firms to fill in the vacancies of the Board. The guidelines are set forth in the link provided below: <https://bit.ly/2xNuOy3>.

Remuneration Matters

Remuneration Policy

There are no arrangements for additional compensation of directors other than that provided in the Company's By-Laws, which provides compensation to the directors at the Board's discretion to determine and apportion, as it may deem proper, an amount of up to 1.50% of the Company's net income before tax of the preceding year. Payments made in 2022 represented only 1% of the Company's net income before tax.

Total Remuneration of Directors

In 2022, a total of Php28.115 million was paid to all executive and non-executive directors, details of which are as follows:

Individual Directors' Remuneration

| Name | Position | Amount Php Millions |
|----------------------------|------------------------|------------------------|
| Manuel V. Pangilinan | Chairman | 2.329 |
| Eulalio B. Austin Jr.* | President & CEO | 2.509 |
| Marilyn A. Victorio-Aquino | Non-Executive Director | 2.609 |
| Pin Cheung Chan | Non-Executive Director | 2.479 |
| Oscar J. Hilado | Independent Director | 2.719 |
| Barbara Anne C. Migallos | Executive Director | 2.449 |
| Joseph Ng | Non-Executive Director | 2.749 |
| Wilfredo A. Paras | Independent Director | 2.689 |
| Bai Norhata M. Alonto | Non-Executive Director | 2.114 |
| Michael G. Regino | Non-Executive Director | 2.539 |
| Anita B. Quitain | Non-Executive Director | 2.599 |
| Total | | 28.115 |

President and CEO

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

Key Officers

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

Compliance Officer

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

Internal Audit

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

The role of the Internal Auditor is to provide independent, objective assurance and consulting services to the management designed to add value and improve the Company's operations. The role also includes ensuring the adequacy of the network of risk management, control, and governance processes.

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

CORPORATE GOVERNANCE

E.4. People on the Board

Chairman

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

President and Chief Executive Officer (CEO)

The President and CEO attended all 13 meetings held in 2022 and has been responsible for the general care, management, and administration of the Company's business. He likewise reported on the results of the Company's operations, ensuring that financial and other business risks.

Board Diversity Policy

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

Currently, the Board is composed of the following individuals with ages ranging from 57-83 years old:

- Four females to promote gender equality;
- Two lawyers with experience and exposure on highly regulated mining industry;

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

E.5. Board Performance

The objective of the Board assessment policy, which was approved on February 25, 2015, is to enable the Board to periodically identify overall strengths and specific areas for improvements. The results of the assessment will provide important feedback and views from the members of the Board, which will collectively form part of the Company's overall strategy, future directions, or endeavors.

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

The Board shall include in the Performance Appraisal the assessment of the Chief Audit Executive, Chief Risk Officer and Chief Compliance Officer.

Directors will be requested to complete a standard self-assessment, which will be evaluated as follows:

| Performance Evaluation | Self-Assessment | Evaluated By |
|--------------------------|-----------------|-------------------------|
| Board of Directors | / | Individual Director |
| Individual Director | / | Individual Director |
| Board Committees | / | Member of the Committee |
| President & CEO | n/a | Individual Director |
| Chief Audit Executive | n/a | Audit Committee Members |
| Chief Compliance Officer | n/a | CG Committee Members |
| Chief Risk Officer | n/a | BROC |

The different forms and criteria can be viewed in the following link in the Company's website: <https://bit.ly/2LrC4So>

Directors' and Officers' Orientation and Training Policy

On April 26, 2017, the Board approved the amendment to the Directors' and Officers' Orientation and Training Policy to include the required number of eight hours of orientation for new directors and four hours of continuing education for all directors. The said policy may be accessed through the following link in the Company's website: <https://bit.ly/2sAcRxY>

Trainings and Seminars Attended in 2022

On September 22, 2022, the Company, along with other companies under the leadership of Mr. Manuel V. Pangilinan, conducted its Annual Corporate Governance Enhancement Session. The event brought together directors, advisory board members, and key officers from PLDT, Meralco, MPIC, Philex, PXP, RHI, DTPI, AHI, MDI, DDHI, and NLEX Corp.

The session focused on the theme, "The Metaverse and How it will Transform Business & Human Interaction."

The session featured two distinguished speakers who shared their insights and perspectives on the subject. Mr. Matthew Ball delivered a presentation titled "The Metaverse and How it will Transform Business & Human Interaction." His talk provided valuable insights into the potential of the metaverse and its implications for businesses and human interactions. Following Mr. Ball's presentation, Sheila Lirio Marcelo presented "Proof of Learn: A Philippine Perspective to the Metaverse," offering a local perspective on the concept.

The session commenced at 8:45 am and concluded at 12:00 pm, providing attendees with a comprehensive understanding of the metaverse and its potential impact on various industries. The participants included directors, officers, and employees from the attending companies. Notable attendees among the directors were Mr. Manuel V. Pangilinan, Atty. Marilyn A. Victorio-Aquino, Mr. Eulalio B. Austin, Jr., Atty. Barbara Anne C. Migallos, Mr. Oscar J. Hilado, Mr. Wilfredo A. Paras, Mr. Richard Chan, Mr. Joseph Ng, Ms. Bai Norhata M. Alonto, Mr. Michael G. Regino, and Ms. Anita B. Quitain.

Key officers who participated in the session were Mr. Romeo B. Bachoco, Mr. Victor A. Francisco, Mr. Winston S. Cruz, and Ms. Paraluman M. Navarro. In addition, Ms. Kristine N. Romano, an employee of the Company, was also present during the session.

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

SUSTAINABILITY AT PHILEX

The pursuit of sustainable practices is at the heart of Philex's purpose to be a responsible miner.

In the past 68 years, we continued to focus on the economic, social, and environmental impacts and contributions of its mining operations in the Philippines, considered one of the world's richest in mineral resources, but also among the most vulnerable to climate change.

As part of our unwavering commitment to right and principled mining, we have been enhancing our sustainability approach and practices, not only to create meaningful and lasting impact, but also to minimize the adverse effects of our operations on the environment and on our host and neighboring communities. We demonstrate our adherence to the highest principles of transparency and accountability by reporting on issues material to our business and operations with respect to sustainable development.

At the core of our business strategy is right and principled mining – a commitment that evolved from the principles under Republic Act (RA) No. 7942, also known as the Philippine Mining Act of 1995 and its Revised Implementing Rules and Regulations (IRR).

OUR SUSTAINABILITY FRAMEWORK

Driven by our commitment to right and principled mining, we have developed a sustainability framework hinged on five unified pillars.



SUSTAINABILITY AT PHILEX

SUSTAINABILITY FRAMEWORK

These pillars are what makes right and principled mining real and tangible for our various stakeholders.

Adherence to Good Governance



As a responsible corporate citizen, we conduct our activities in accordance with the highest ethical standards. We comply with our Code of Conduct, as well as all applicable laws, rules, and regulations for the mining industry.

Beyond our own operations, we also lend our expertise to our partners in the mining industry and initiate constructive and informed conversations on issues that are relevant to the industry and society.

Promotion of Employee Wellness



Our employees power our day-to-day operations. We aim to hone our employees to their fullest potential. Our Core Values include to respect and value our employees, and uphold the principles of human rights, health and safety, and nondiscrimination in

the workplace. Part of promoting employee wellness is providing our employees fair compensation for their hard work, constructive feedback on their performance, and meaningful opportunities for further professional growth and development. We also engage our employees on issues that affect them in the workplace, in a bid to improve our overall workplace safety and operational efficiency.

Community Empowerment



We strive to address the social, cultural, environmental, and economic impacts of our operations. We constantly engage with local government units (LGUs), non-government organizations (NGOs), and civil society to achieve long-term and mutually beneficial resource development for our host and neighboring communities. We prioritize partnerships that help promote local enterprises and build a more inclusive local economy. As such, we also prioritize hiring local workers, particularly indigenous peoples (IPs), for our various exploration projects.

Environmental Protection



Due to the highly extractive nature of mining operations, we recognize our responsibility to preserve, conserve, and rehabilitate the environment where we operate. As a right and principled environmental steward, we promote the wise use of natural resources through proven management controls. We strive to monitor and manage the environmental impacts of our operations and implement controls to ensure compliance with relevant environmental policies and standards. We also invested in environmental management systems that can help protect our immediate environment for future generations and safeguard the sustainability of our host and neighboring communities.

Workplace Safety



Recognizing the inherent risks that come with large-scale mining operations, we strive to manage operational risks to ensure the health and safety of our employees. We have established occupational health and safety management protocols for our employees and their families, host and neighboring communities, and our business partners. We expect all our employees and contractors to observe strict compliance with these protocols.

Our health and safety systems also provide for the necessary equipment, training, and resources that will promote safe work conditions. In addition, we also enforce effective security controls, standards, policies, and procedures that help protect our employees, assets, reputation, and host and neighboring communities without sacrificing their inherent human rights and dignity. We strive to uphold human rights for all individuals who may be affected by our operations.

Guided by these unified pillars, we will continue to strengthen our approach to sustainability and uphold our advocacy of right and principled mining.

MATERIALITY PROCESS



The Global Reporting Initiative (GRI) defines "materiality" as "topics and indicators that reflect the organization's significant economic, environmental, and social impacts or that would substantively influence the assessments and decisions of stakeholders."

Since 2015, we have been identifying the most material topics to our business operations and to our stakeholders. We continue to assess these topics every year along with tracking our performance. To determine the risks, opportunities, and other factors that materially impact our ability to create long-term sustainable value, we undergo a materiality process.

1. Identification

We perform risk assessments to ensure that we can address them expeditiously and in the most efficient way. We undergo risk management processes, review of internal performance and our impacts on the external environment, and robust engagement with both internal and external stakeholders.

2. Analysis

Material matters are evaluated according to the significance of their potential effects to our business and our key stakeholders.

3. Prioritization

The material topics are built into our corporate strategy, governance frameworks, risk management systems, and operational management processes.

4. Reporting

We report the information to our stakeholders through the annual publication of our Sustainability Report that expands on our financial reporting.

5. Engagement

Most material matters relating to sustainability are determined through continuous engagement with internal and external stakeholders, such as employees, contractors, affected people in our host communities and government representatives. The information obtained from these engagements is analyzed and collated into material topics most representative of the sentiments of all stakeholder groups.

SUSTAINABILITY AT PHILEX

MATERIAL TOPICS

| FOCUS AREAS | MATERIAL TOPICS | STAKEHOLDERS AFFECTED | RELEVANCE |
|-----------------------------------|---|--|--|
| Financial Returns | Revenue Payments Local employment Share value (stocks) Fluctuation in metal prices (world market) Mining exploration | Company Shareholders Business partners, lenders Employees Contractors, suppliers | Consistent earning power and steady financial growth help ensure our sustainability as an enterprise. |
| Corporate Governance | Leadership in corporate governance Internal process management | Company Shareholders Business partners, lenders, suppliers | Good governance in the form of obeying company codes of conduct, avoiding bribes, adhering to procurement rules, among other things helps us realize long-term benefits, including reducing risks, attracting new investors and shareholders, and increasing our equity. |
| Legal Compliance | Compliance with regulatory requirements | Regulators Lenders | Adhering to strict regulatory guidelines and policies enables us to protect our reputation as well as our relationships with our stakeholders. |
| Labor Practices | Strikes, lockouts Freedom of association Recruitment and employment Employee relations | Company Employees | We consider our workforce as our most valuable asset and believe that sound labor practices and relationships are key to the long-term sustainability of our enterprise. |
| Environmental Conservation | Energy Management • Electricity generation and consumption • Energy efficiency in operations • Fuel consumption Water Management • Impact on water sources and of water pollution • Water quality and discharge • Tailings pond management • Efficiency in water consumption • Water recycling | Company Regulators Local communities Civil society | Reducing or minimizing the environmental impact of our operations is paramount to the creation of our sustainable value and reputation. |

| FOCUS AREAS | MATERIAL TOPICS | STAKEHOLDERS AFFECTED | RELEVANCE |
|------------------------------|--|--|--|
| | <p>Waste/Chemicals Management</p> <ul style="list-style-type: none"> • Oil spill management • Reagents management • Solid waste management <p>Land Resource Management</p> <ul style="list-style-type: none"> • Land rehabilitation and reforestation • Biodiversity and Ecosystem Management • Geologic risk assessments <p>Air Quality Management</p> <ul style="list-style-type: none"> • Ambient air quality monitoring • Dust and noise pollution <p>Climate Change Adaptation and Mitigation</p> | | |
| Community Development | <p>Diseases and illnesses</p> <p>Risks and conflicts with local communities and indigenous peoples Information, consultation, and participation mechanisms</p> | Stakeholders in the communities where we operate | PMC provides Social Development and Management Programs to demonstrate its corporate social responsibility and long-term commitment to the sustainability of its host communities. |
| Health and Safety | <p>Education and training</p> <p>Safety procedures in the facility</p> <p>Safety performance monitoring</p> | Employees, workers Contractors | Strict enforcement of safety standards and protocols and safeguarding the health and well-being of its employees and workers are essential to the Company's sustainable practices. |
| Facility Protection | <p>Emergency preparedness</p> <p>License to operate</p> <p>Supplier screening</p> <p>Security of site</p> | Company Employees, workers Contractors | Ensuring the protection of its facility is critical to PMC's local operations and the creation of long-term value. |

SUSTAINABILITY AT PHILEX

Philippine Mining Industry Regulations

The exploration, development and utilization of the country's natural resources is governed principally by the 1987 Philippine Constitution, which provides that the State may directly explore, develop, and utilize the country's natural resources, or it may enter into co-production, joint venture or production-sharing agreements with Filipino citizens or corporations or associations, at least 60% of whose capital is owned by such citizens.

The Constitution also authorizes the President of the Republic of the Philippines to enter into technical or financial assistance agreements with foreign-owned corporations for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils in accordance with the general terms and conditions of applicable laws, based on real contributions to the economic growth and general welfare of the country.

Several laws have since been enacted to implement these Constitutional principles and directives. These include the following which affect mining operations, particularly on the costs of compliance reflected either as expense or as capital asset under generally accepted accounting principles:

Republic Act (RA) 7942 or the Philippine Mining Act of 1995: This sets out the provisions governing mining and mining-related activities in the country. It declares the areas open for mining operations and enumerates those closed for mining applications. More importantly, this law sets forth the mining cycle and the corresponding permits needed for each phase: from exploration to the declaration of mining project feasibility, to the positive determination of commercial viability of a project, to the execution of mineral agreements with the government prior to actual operations, until the required rehabilitation after operating a mine.

RA 8371 or the Indigenous Peoples' Rights Act of 1997 (IPRA Law): This law introduced the requirement of Free and Prior Informed Consent (FPIC) which means the consensus of members of the concerned Indigenous People (IP)/Indigenous Cultural Community (ICC). Under this law, all departments and governmental

agencies are strictly enjoined from issuing, renewing, or granting any concession, license or lease or entering into a production sharing agreement, without prior certification from the National Commission on Indigenous Peoples (NCIP), which certification can only be issued after the FPIC with the IPs/ ICCs concerned is secured and the process concluded.

Presidential Decree No. 1586, Environmental Impact Assessment System (EIA): This introduced the Environmental Impact Assessment System (EIA) which mandates that no person, partnership, or corporation shall undertake or operate any such declared environmentally critical project or area without first securing an Environmental Compliance Certificate issued by the President or his duly authorized representative. Hence, pursuant to PD No. 1586, the Mining Act of 1995 requires mining companies to secure an Environmental Compliance Certificate (ECC) on all phases of mining activities, except during the exploration stage.

RA 6969: Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990: This regulates the importation, manufacture, processing, distribution, use and disposal of chemical substances and mixtures.

RA 8749: Philippine Clean Air Act of 1999: This outlines the measures to reduce air pollution.

RA 9003: Ecological Solid Waste Management Act of 2000: This provides a systematic ecological solid waste management program.

Executive Order 79: This law created the Mining Industry Coordinating Council (MICC) and instituted changes to ensure the practice of responsible mining in the country. It also provides that no new mineral agreements shall be entered into until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect. The DENR may nevertheless, continue to grant and issue Exploration Permits under existing laws, rules, and guidelines.

Department Administrative Order (DAO) No. 2015-07:

This institutionalizes an environmental management system that ensures the adherence of local mining operations to international standards, particularly the ISO 14001 Certification, as a measure of responsible mining in the country. It ensures that appropriate measures are put in place to achieve minimal negative impacts of mining on the environment. As mandated under EO 79, it will also guarantee the compliance of mining contractors with applicable mining and environmental laws, regulations, and requirements in mining operations while gearing towards growth.

DAO No. 2017-7: Issued by the DENR, this mandates mining contractors to participate in the Philippine Extractive Industries Transparency Initiative (PH-EITI). All mining contractors shall comply with the disclosure requirements of PH-EITI, as set by the Philippine Multi-stakeholders Group where the government, the industry, and civil society are represented. Failure of the mining contractor to comply with the disclosure requirements shall cause the suspension of the pertinent ECC and non-issuance of Ore-Transport and/or Mineral Export Permit until such time that said contractor has complied.

DAO No. 2017-10: Issued by the DENR, this prohibited the use of the open pit mining method in the extraction of copper, gold, silver and/or complex ores. Open pits allegedly bring adverse impacts to the environment due to the generation of acidic and/or heavy metal-laden water, erosion of mine waste dumps and/or vulnerability of tailings dams to geological hazards.

RA 10963: Tax Reform for Acceleration and Inclusion (TRAIN): This law increased the excise tax on gold, copper and other metallic minerals to 4% based on the actual market value of the minerals gross output from 2% (under the National Internal Revenue Code).

RA 11534 or The Corporate Recovery and Tax Incentives for Enterprises (CREATE Act): This law introduced reforms to the corporate income tax and incentives systems based on industry and location tiers that aims to attract more investments and maintain fiscal prudence and stability. Among others, it will reduce corporate income tax to 25% from 30% for large corporations and to 20% for small businesses. This is retroactive from July 1, 2020.

EO 130: This amends Section 4 of EO No. 79, thereby lifting the moratorium on new mineral agreements.

DAO No. 2021-25: Issued by the DENR, provides for the Implementing Rules and Regulations (IRR) of EO No. 130 through DAO No. 2021-25, Institutionalizing and Implementing Reforms in the Philippine Mining Sector, Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mineral Resources.

DAO No. 2021-40: Issued by the DENR, this lifts the ban on the open pit method of mining for copper, gold, silver and complex ores in the country that had been imposed under DAO No. 2017-10. This DAO aims 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.

DAO No. 2022-04 issued on March 4, 2022: Issued by the DENR, this DAO (Enhancing Biodiversity Conservation and Protection in Operations) aims to provide adequate measures for responsible mining towards ensuring the biodiversity conservation and protection including progressive and final rehabilitation of mined-out areas. It also aims to minimize negative impacts on biodiversity and ensure its conservation of biodiversity, thereby promoting sustainable development and utilization of the country's natural and mineral resources for the benefit of present and future generations.

DAO No. 2023-01 issued on January 13, 2023: This imposes additional guidelines for projects applying for Environmental Compliance Certificate (ECC) which are within or with close proximity to Protected Areas (Pas) and/or Ramsar Sites. ECCs of Non-Environmentally Critical projects located within the PA and/or Ramsar sites including their duly approved buffer zones shall require the approval of the Office of the Secretary (OSEC). Environment Management Bureau (EMB) Central and Regional Offices that are handling the ECC applications are required to secure a Clearance from the OSEC prior to the final approval of the technical scoping checklist. The OSEC will review the scoping checklist to add, if necessary, other issues/impacts to be included in the Environmental Impact Assessment Study.

SUSTAINABILITY AT PHILEX



STAKEHOLDER ENGAGEMENT

Engaging our stakeholders is important to building trust and earning a good reputation, particularly in the host and neighboring communities which are impacted by our operations' use of resources such as water, energy, and land.

Engaging with the right groups of stakeholders is critical, given the highly regulated industry and the dynamic social, economic, and environmental landscape in which we operate. As such, we develop policies and guidelines that will enable us to develop a comprehensive business approach and fulfill our obligations to our shareholders and investors.

We engage our stakeholders by sharing timely and relevant information, gathering feedback, and working together on important initiatives that guide our sustainability approach. We hold regular stockholders' meetings to keep our stockholders informed of the current condition of the Company, as well as of its future plans and outlook. These practices are aligned with our adherence to principles of transparency and accountability in all our stakeholder engagements.

Given the significant scale of our operations, we also work closely with our host and neighboring communities, including indigenous peoples' (IPs) communities. We provide various forms of assistance and support through our Social Development and

Management Program (SDMP) and ensure that we maintain strong and productive relationships with our host and neighboring communities. We also have a duty to the local government units (LGUs) in the areas where we operate, particularly in terms of managing our environmental impact and addressing their social development concerns.

We comply with our own Code of Conduct, as well as all applicable laws, rules, and regulations for the mining industry. We lend our expertise to our partners in the mining industry and initiate constructive and informed conversations on issues that are relevant to the industry and society.

Our employees are at the forefront of our operations. To maintain high standards of performance and productivity, our Human Resources Division (HRD) implements programs to help ensure that we address our employees' concerns through regular consultations and labor-management meetings.

We accredit suppliers and contractors who meet our standards of safety and efficiency. This also helps ensure that we maintain close communication and coordination with our suppliers and contractors, which is necessary to meet requirements and guarantee timely and smooth operations.

OUR STAKEHOLDERS MATTER

Shareholders and Investors

Issues & Concerns

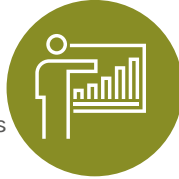
- Production
- Financial returns
- Minimum risks related to business and expansion

Company Response

- Continuous process improvements
- Financial disclosures
- Dividends

Modes of Engagement

- Annual Stockholders' Meeting
- Direct communications through our Investor Relations Group
- One-on-one investor meet



Local Government Units

Issues & Concerns

- Environmental management
- Socioeconomic development

Company Response

- Rehabilitation of disturbed areas and implementation of reforestation projects
- Briefings and meetings
- Partnerships

Modes of Engagement

- Social Development and Management Program (SDMP)
- Community Development Program (CDP)
- Community meetings and consultations
- Focus group discussions
- One-on-one visits
- Annual, quarterly, and monthly monitoring reports



Regulators

Issues & Concerns

- Adoption of best practices
- Accurate disclosures
- Legal and regulatory compliance

Company Response

- Development of corporate social responsibility (CSR) manuals
- Adoption of ISO standards
- Implementation audits

Modes of Engagement

- Annual, quarterly, and monthly reports
- Audits
- Taxes and certification processes



Suppliers and Contractors

Issues & Concerns

- Labor Code practice by contractors
- Availability of supplies
- Supplier accreditation
- On-time payments
- Product specification
- Integrity of bids

Company Response

- Proper sourcing of suppliers
- Proper communication and coordination with suppliers

Modes of Engagement

- Accreditation process
- Contractual agreements



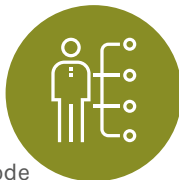
SUSTAINABILITY AT PHILEX

OUR STAKEHOLDERS MATTER

Employees

Issues & Concerns

- Attendance
- Productivity and work performance
- Proper interpretation of Collective Bargaining Agreement (CBA) and Code of Conduct
- Workplace safety
- Work-life balance



Company Response

- Manpower attendance audit
- Changes in attendance monitoring procedures
- Values formation seminars
- Rationalization of sections, departments, and divisions to enable efficiency
- Proper communication with employees and promotion of teamwork
- Career advancement
- Labor-management meetings
- Employee advisories
- Improvement and enhancement of standard operating procedures (SOP) and safe job procedures (SJP)
- Strict implementation of SOP and SJP training
- Representation of employees to the Human Resources Department (HRD)

Modes of Engagement

- Consultations
- Issuance of employee advisories
- Employee engagement program

Customers

Issues & Concerns

- Quality products
- Accessibility and convenience
- Account security
- Improved benefits
- Financial advice
- Timely service



Modes of Engagement

- Website
- Relationship teams

Media

Issues & Concerns

- Product briefing and details
- Transparency
- Timeliness of announcements



Modes of Engagement

- Press releases and press conferences
- Interviews
- Official statements
- Public advisories

Host and Neighboring Communities (including indigenous peoples)

Issues & Concerns

- Sustainable livelihood and income
 - Education for youth
 - Land claims
 - Environmental rehabilitation during post-exploration activity



Company Response

- Technical assistance, infrastructure support, and financial assistance to qualified community organizations
- Improvements and enhancements to education programs
- Continuous negotiation and coordination
- Community immersion

Modes of Engagement

- Social Development and Management Program (SDMP)
- Community meetings and consultations

Industry Associations

Issues & Concerns

- Sharing of industry standards and best practices



Modes of Engagement

- Industry meetings and fora

Partners

Issues & Concerns

- Transparency in disclosures
- Alignment of advocacies



Modes of Engagement

- Corporate events and fora

ENVIRONMENT

Environmental sustainability is an essential aspect of our sustainability approach due to the highly extractive nature of mining activities. We carry out best practices and effective environmental management – from our day-to-day activities onsite, to corporate strategic planning. We are committed to complying with applicable laws and regulations, and adopting relevant environmental standards, aligned with being a right and principled miner.

We ensure that mitigating measures are in place to address any environmental impact that may be brought by our operations. We continuously conduct the following activities:

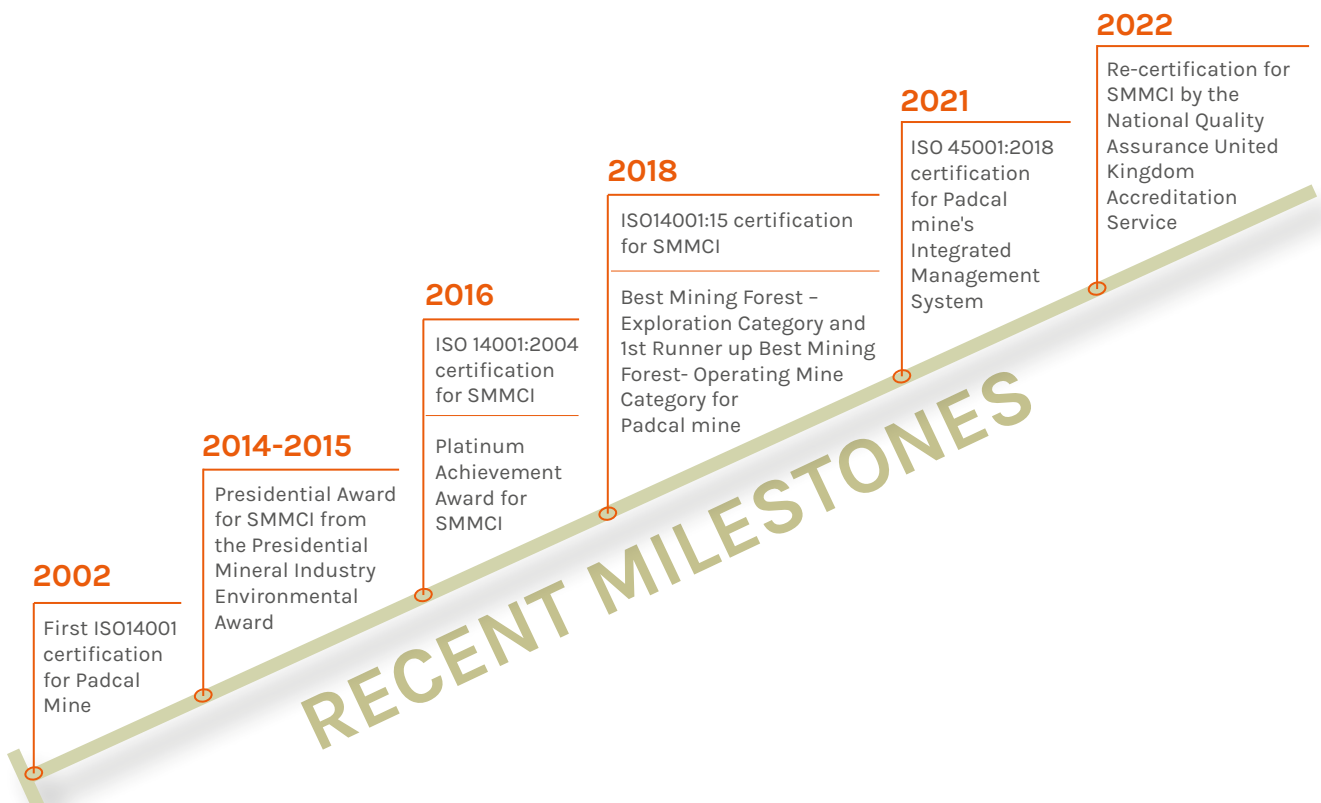
- Air Quality Monitoring
- Water Resource Management
- Ecological Solid Waste Management
- Energy Management
- Biodiversity Conservation
- Reforestation
- Rehabilitation

Environmental Compliance

The mining industry in the Philippines is highly regulated. Our operations are subject to the pertinent and applicable environmental regulations set forth by the Department of Environment and Natural Resources (DENR). We regularly report the results of our environmental inspection and monitoring to the DENR's Environmental Management Bureau (EMB).

We adhere with the following pertinent and applicable local environmental laws:

- Presidential Decree (P.D.) No. 1586: Establishing an Environmental Impact Statement System
- Republic Act (R.A.) No. 6969: Toxic, Hazardous, and Nuclear Waste Act
- R.A. No. 8749: Philippine Clean Air Act
- R.A. No. 9275: Philippine Clean Water Act
- R.A. No. 9003: Ecological Solid Waste Management Act



SUSTAINABILITY AT PHILEX

Environmental Programs and Management

Republic Act No. 7942 or the Philippine Mining Act of 1995, and its Revised Implementing Rules and Regulations (IRR) require mining companies to submit an Environmental Protection and Enhancement Program (EPEP) prior to starting any mining development project. The EPEP must contain the mining company's plans on the rehabilitation, regeneration, revegetation, and reforestation of mineralized areas; the slope stabilization of mined-out or waste management covered areas; watershed development; and water conservation.

Department Administrative Order (DAO) No. 2010-21 also mandates the implementation of an EPEP, which provides the link between our responsible mineral resource utilization and our environmental protection and enhancement commitments. Under R.A. 7942, the minimum required budget for the Annual EPEP ranges from 3% to 5% of the direct mining and milling costs of the mining company.

In 2022, Philex spent Php278 million in its EPEP, equivalent to 7.43% of our direct mining and milling costs. This brings our expenditures from 1967 to date to Php6.592 billion.

The Company also invests heavily on the ongoing environmental management programs at the Silangan, Bulawan, and Sibutad project sites. These investments cover the costs for ambient air and water monitoring, soil erosion control and prevention, the establishment of new tree plantations, as well as the maintenance and protection of established reforestation areas within the project sites.

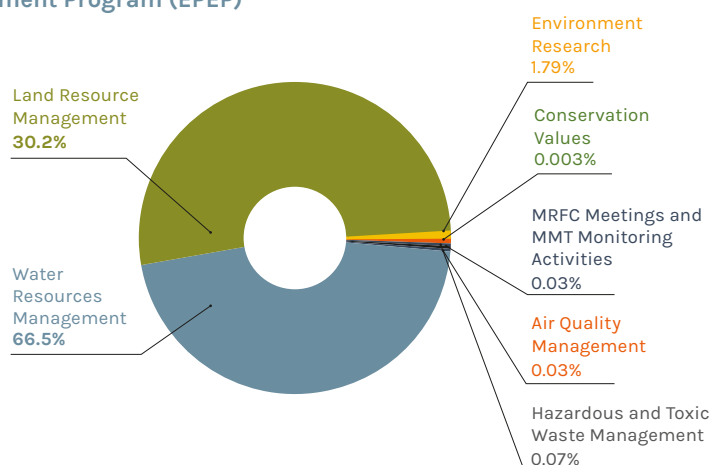
The approved Annual Environmental Protection and Enhancement Program (AEPEP) of SMMCI and the implementation of the approved Final Mine Rehabilitation and/or Decommissioning Program (FMRDP) of PGPI are submitted, approved, and monitored by the Mines and Geosciences Bureau (MGB) of the DENR.

Land Resource Management. We promote the progressive rehabilitation of land resources as part of our land resource management. Protecting habitats and biodiversity is also part of our commitment to our host and neighboring communities.

2022 Annual Environmental Protection and Enhancement Program (EPEP)

In Php millions

| | |
|---|--------------|
| Land Resource Management | 84 |
| Water Resources Management | 185 |
| Hazardous and Toxic Waste Management | 2 |
| Air Quality Management | 1 |
| Environmental Research | 5 |
| Conservation Values | 0.1 |
| MRFC Meetings and MMT Monitoring Activities | 1 |
| Total | 278.1 |



A vertical bamboo stalk is on the left, and several green bamboo leaves are at the top right, set against a light green background.

From Bamboo and Beyond

When Philex Mining Corporation started to plant bamboo trees in 1999, it was addressing potential problems of soil erosion, landslides, and flooding in its Padcal mining operations in Itogon, Benguet.

The Company embarked on bamboo plantation initiatives way ahead of the memorandum issued by the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR) in 2020, calling for the establishment of bamboo plantations in mining areas.

More than two decades since it started its bamboo plantation initiatives, the Company was able to cover 8.3 hectares inside Padcal Mine's Tailings Storage Facility (TSF) 1 in Sal-angan, Ampucao, Itogon, Benguet (5.3 has.) and in its subsidence area in Camp 3, Tuba, Benguet (3 has.). The company supports a bamboo nursery at the rehabilitated TSF1 where it grows various species of bamboo such as Kawayang Tinik, Chinese Bamboo, Giant Bamboo, and Bayog. The bamboo nursery is also dedicated to providing propagules to support tree-planting activities.

In September 19, 2022, the Watershed and Water Resources Research Center (WWRDEC) of the DENR donated various bamboo species in support to the nationwide bamboo planting. A combined team of Philex and DENR employees planted 130 propagules at the TSF3. The species donated are String Bamboo, Oldham, Malay Dwarf, Weavers, Yellow Bamboo, Golden, Chinese, Bolo Green, Iron Bamboo, and Multiplex Bamboo. Many species were also brought to the TSF1 for propagation.

Matured bamboo culms harvested from the plantation area are used in the construction of forestry facilities such as tree guards and fences of seedlings planted in plantation areas where cows, goats, and other cattle graze. About 4,650 bamboo culms were already harvested from the established bamboo plantation area. Of this, 1,150 were used in the construction of tree guards for the fruit seedlings planted inside the mine camp during the celebration of the Philippine Environment Month. Members of nearby communities also harvested bamboo poles for the construction of tunnel greenhouses for their vegetable farms.

Going beyond bamboo, the Company also planted coffee, herbs such as lemongrass, fruit trees, and cuttings in the vegetation. Animals such as native pigs, cows, chickens, ducks, rabbits, and catfish were introduced as part of the bigger plan to transform the area for agroforestry.

Philex also recently expanded its animal-raising initiative at its forest nursery to include raising rabbits. The resulting rabbit manure and urine serve as organic fertilizer for the seedlings propagated in the area. The improved growth of seedlings prompted the application of the same at the bamboo plantation.

The long-term plan for the bamboo plantation and the forest nursery includes the establishment of a camping ground, a fishpond, a fire pit for bonfires, a coffee station, a view deck, and generally a place for people to come together.

When Padcal mine finally closes, Philex hopes the area will serve as an eco-tourism site to continue to be a source of economic benefits, leaving a lasting legacy for the community.

SUSTAINABILITY AT PHILEX

Reforestation. We maintain a forest nursery to supply our reforestation activities and to donate to individuals/groups in support of tree planting and livelihood activities.

We also have a bamboo plantation with a target of producing 3,000 bamboo propagules to support the government's initiative of promoting the planting and use of bamboo.

Rehabilitation. We promote the progressive rehabilitation of land resources in our decommissioned mine sites in Sibutad, Zamboanga del Norte and Bulawan, Negros Occidental by planting seedlings in plantations within and outside our tenements, which is also part of our National Greening Program (NGP). We are also continuing progressive rehabilitation initiatives in Padcal mine site while it is still operational.

Biodiversity Conservation. In 2019, we commissioned an independent Biodiversity Assessment Study which

will serve as the baseline for its Biodiversity Conservation Plan. The study was conducted by the researchers at the University of the Philippines in Los Baños, Laguna.

The results of the Biodiversity Assessment Study conducted by the researchers of the University of the Philippines Los Baños has been shared with respective local government units and appropriate government agencies through an Information, Education, Communication (IEC) activity in January 2020. Most of the recommendations in the study were considered in the planning and budgeting activity for 2022. The study also served as the baseline and basis for the Biodiversity Management and Conservation Plan of the company.

Other Biodiversity programs have been included in current operational practices through the following:

- Setting up biodiversity monitoring transect walks in three biodiversity conservation areas
- Improving existing nurseries
- Starting the Comprehensive Development and Management Program for 5 of 25 hectares near TSF 3 operations



Philex's forest nursery and TSF1 Bamboo Plantation have expanded to include animal-raising activities.

HABITATS PROTECTED OR RESTORED

| Project | Area disturbed (hectares) | Project Status | Area reforested (hectares) | Type of reforestation | Species planted |
|--------------------|---------------------------|-------------------------------|----------------------------|---------------------------------|---|
| Padcal Mine (PMC) | 580 | MPSA-276 Operation | 3,345 | Forest Plantation/ Agroforestry | <p>Fruit trees: coffee, mango, pomelo, guyabano, papaya, tamarind, guava, calamansi, chesa, santol, star apple, atis, rambutan, jackfruit, marang, avocado, cacao, duhat, blackberry, orange</p> <p>Forest trees: anstoan dilau, Benguet pine, tibig, oak tree/palayan, Ceylon tea, cotton tree, madre de agua, ice cream beans, banaba, acacia/ raintree, butterfly tree, tuel, narra, sagat/molave, alnus, caliandra, acapulco, acacia mangiums, tikem</p> <p>Cuttings: bamboo, balete, dapdap, tricanthera</p> <p>Grass/Vines: vetiver grass</p> |
| Bulawan (PGPI) | 146 | MLC-MRD510 Care & Maintenance | 842.66* | Forest Plantation | mangium, auri, mahogany, gmelina, raintree, coffee, native trees |
| Sibutad (PGPI) | 38 | MPSA-063 Care & Maintenance | 192.63 | Forest Plantation | mangium, auri, falcata, coffee, cacao, bamboo, narra, lombayao |
| | | | 39.16 | Mangrove Plantation | bakauan (Rhizophora Mucrunata) |
| Lascogon (PMC-LMC) | 37 | MPSA-148 Exploration | 10 | Forest and Agroforestry | falcata, narra, mangium, coffee, mahogany, fruit trees |
| Silangan (SMMCI) | 33.696 | MPSA-149 | 197.8 | Agroforestry | mahogany, mangium, falcata, narra, cacao, coffee, Palawan cherry, lanzones, marang, rambutan, etc. |
| Kalayaan (PMC) | 14 | | 9 | Agroforestry | falcata, coffee |
| Total | 848.69 | | 4,636.25 | | |

* Areas on Assisted Natural Regeneration (ANR) are included

ECOSYSTEMS AND BIODIVERSITY (UPLAND/WATERSHED OR COASTAL/MARINE)

| Disclosure | Quantity |
|---|--|
| Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | None |
| Habitats protected or restored | 4,636.25 hectares |
| IUCN ¹ Red List species and national conservation list species with habitats in areas affected by operations | 44 plant species 38 animal species* |

* International Union for Conservation of Nature

SUSTAINABILITY AT PHILEX

Water Resource Management. Water is an increasingly valuable but scarce resource globally. In our mill plant operations, raw water is drawn from three sources: the Sal-angan river, CYM tunnel, and Smith Tunnel water reservoir overflow. Sal-angan river is the main source of raw water for the mill year-round while CYM and Smith tunnels provide water during rainy seasons.

Water is a shared resource between Philex and our host and neighboring communities. Thus, we recognize our responsibility to prudently manage our water consumption and monitor the water quality in our areas of operation, both for surface water and drinking water sources.

During the dry season in the Philippines, which runs from February to May, water supply poses a major challenge for the processing plant so we promote efficient water management to ensure continuous operations. In 2022, total volume of raw water pumped from Sal-angan river amounted to 9,660,661 cubic meters.

The Company is compliant with the Philippine Clean Water Act RA 9275 (2004) by following the standards set for management of water quality and effluent/discharge standards through a multi-sectoral and participatory approach.

A Water Management Plan is integrated in the IMS Manual Vol. 2 (ENV-STD-006 Water Management) ensuring that processes are developed, implemented, and maintained by the company to comply with the applicable regulations of RA 9275.

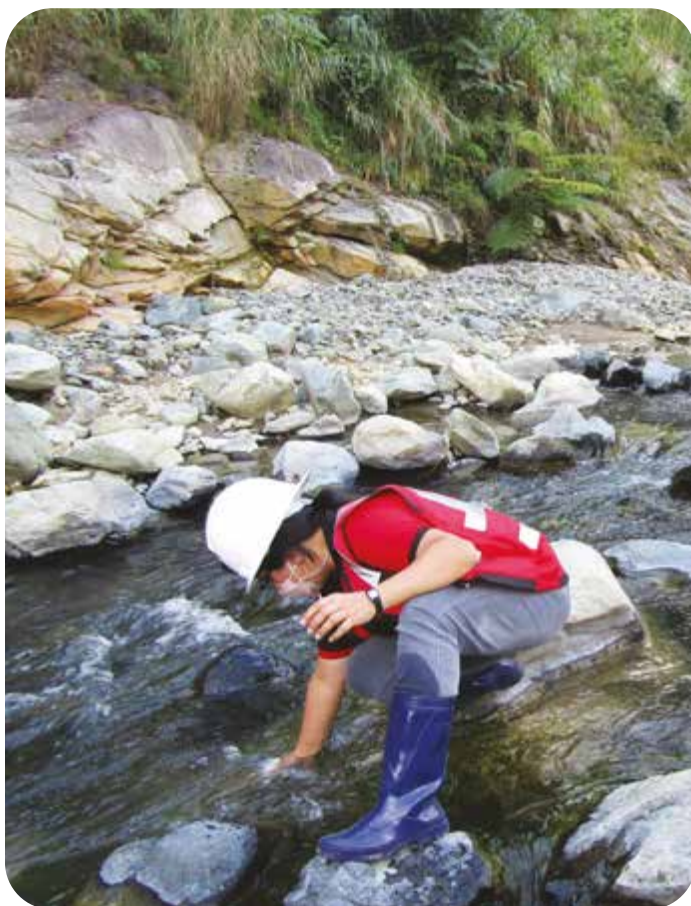
To prudently manage our water consumption and monitor the water quality in our areas of operation, both for surface water and drinking water sources, we limit the amount of water we extract at source based on the allowed withdrawal stipulated in our regulatory permit, which has been set at 1,700 cubic meters per day.

There are four different groups that monitor and manage our water quality:

1. Tailings Storage Facility (TSF) Team (daily)
2. Mine Environmental Protection and Enhancement Office (MEPEO) (weekly)
3. Government-led Multi-Partite Monitoring Team (quarterly for operating mine)
4. Community Technical Working Group (every three months for exploration projects)

Philex Mill reclaims process water by operating two units of 250-feet diameter thickeners. The overflow from the tailings thickeners is re-circulated back to the plant as process water while the underflow (remaining dense slurry) is fed into the tailings storage pond (Tailings Storage Facility or TSF) through a 2.7-kilometer long pipeline. A system for flocculant addition is provided to promote faster solid settling in the thickeners and to increase water recovery. A tailings cyclone was also installed to increase the percentage of water recovery. Rehabilitation of the 250-feet thickeners is done annually wherein major structure, rake and cables are replaced to restore reliability. These mega structure thickeners were commissioned in 1972 and play an important role in the milling process which reduced Philex's dependence on fresh/raw water source. For 2022, a total volume of 8,903,399 cu.m. of water were reclaimed.

A detailed Tailings Management Framework (ENV-STD-001 Tailings Management) is included in our IMS Manual, containing policy and commitment, planning, good practices, implementation, and management review for continuous improvement.



Water sampling in Padcal mine

Ecological Solid Waste Management. We practice ecological solid waste management as part of being a responsible miner and in accordance with the requirements under our Environmental Compliance Certificate issued by the Environmental Management Bureau (EMB) of the DENR.

We operate a sanitary landfill at the Tailings Storage Facility (TSF) No. 2 for residual waste and segregation at source is strictly enforced. It also recycles materials, which are sorted and then sold to DENR-accredited recycling companies.

A Waste Management Plan is integrated in our IMS Manual Vol. 2 (ENV-STD-002 Waste Management), ensuring that processes are developed, implemented, and maintained in the proper identification, treatment, storage, and disposal of waste.

We ensure strict compliance with Republic Act 9003 (Ecological Solid Waste Management Act), RA 6969 (Hazardous Materials Management), as well as the Department of Health's and the DENR's Joint Order # 2, Series of 2005 on Policies and Guidelines on Effective and Proper Handling, Collection, Transport, Treatment, Storage and Disposal of Health Care Waste.

In 2022, PMC implemented the following:

- Solid Waste Management Program
- Hazardous waste disposal and treatment through accredited transporters and treaters
- Community re-greening activities using recycled materials
- Recycling of industrial water at the processing plant
- Regular Effluent Monitoring and analysis (continuous monitoring of effluent analysis from the established sampling points)
- All safety measures and maintenance works are undertaken to ensure smooth operations of tailings conveyance to TSF # 3 reservoir.
- Planting of vetiver grass at the Spillway and at the TSF3 Spanish Culvert

All About Water

| | 2022 | 2021 |
|---|---------------|---------------|
| Water withdrawal (in m ³) | 10,148,233 | 7,666,051 |
| Water consumption (in m ³)* | 19,052,327* | 15,190,730 |
| Water recycled and reused (in m ³)** | 8,903,399** | 7,524,680 |
| Total volume of water discharged (in m ³) | 57,514,933*** | 43,362,184.70 |
| Wastewater recycled (%) | 0 | 0 |

*Sum of total withdrawn, total recycled, domestic consumption, and Head Office consumption

** Pumped from Sal-angan River and water recycled and reused

*** Estimated Waste Water Discharged at the TSF 3

SUSTAINABILITY AT PHILEX

Hazardous and Toxic Waste Management. We collect and store oil and lubricants, and other oil-contaminated wastes in the Banget sludge pond and oil depository. Chemical and medical wastes are also properly stored. These wastes are collected for disposal by the DENR accredited transporter and treaters. To prevent oil from reaching our river systems and surrounding areas, we also installed oil-water separators in various areas, which are then monitored regularly.

An alternative spillway to an elevation of 615ML spilling level was completed in 2018 to the tune of Php55 million. This not only ensures the structural integrity of TSF No. 3, but also sustains a 1,000-year maximum probable flood. In addition, we also strengthened the maintenance of our 2.7-kilometer Tailings Tunnel and our 4-kilometer high-density polyethylene (HDPE) pipelines. Conveyance facilities were also developed to transport the tailings and impound at the TSF No. 3.

Hazardous Waste

In tonnes

| By Type | Quantity | Disposal Method |
|---|---------------------|---|
| Sulfuric Waste | 0.009 | Neutralized and disposed in Tailings Storage Facility (TSF) 3 |
| Hydrochloric Acid | 0.550 | |
| Nitric Acid | 1.030 | |
| Ammonium Hydroxide | 0.058 | |
| Lime Slurries | 2,280.49 | |
| Lead Compounds (Lead-contaminated Cupels/Slag) | 12.259 | Treated by DoloMatrix Philippines, Inc. For SMMCI: properly stored onsite and disposal will be through an accredited EMB TSD Facility |
| Lead Compounds (Used Lead-acid Batteries) | 2.976 | |
| Mercury and Mercury Compounds (Busted Fluorescent Lamps) | 0.340 | Treated by Joechem Environmental Corp. For SMMCI: .04 is properly stored onsite and disposal will be through an accredited EMB TSD Facility |
| Other Waste with Inorganic Chemicals (Mine Tailings) | 7,347,679.00 | Disposed in TSF3 |
| Explosive and Unstable Chemicals (Sodium Isobutyl Xanthate) | 259.860 | Disposed in TSF3 |
| Oil-Water Mixture | 1.47 | For SMMCI: properly stored onsite and disposal will be through an accredited EMB TSD Facility |
| Oil-contaminated Materials | 89.510 | Treated by Dolomatrix Philippines Inc. For SMMCI: properly stored on-site and disposal will be through an accredited EMB TSD Facility |
| Used Industrial Oil including Sludge | 52.898 | Treated by Joechem Environmental Corporation For SMMCI: 2.33 is properly stored onsite and disposal will be through an accredited EMB TSD Facility |
| Polychlorinated Biphenyl (PCB) Wastes | | |
| Used Industrial Grease | 1.91 | For SMMCI: properly stored onsite and disposal will be through an accredited EMB TSD Facility |
| WEEE (Waste Electrical and Electronic Equipment) | 0.30 | |
| Containers Previously Containing Toxic Chemical Substances | 1.514 | |
| Pathological or Infectious Wastes (Hospital Wastes, Expired Medicines) | 0.005 | For SMMCI: (expired medicines) properly stored onsite |
| | 7,350,384.18 | |

Materials Used

By Weight or Volume

| | 2022 | 2021 | 2020 |
|-----------------------------------|-----------|-----------|-----------|
| Renewable water (m ³) | 8,903,399 | 7,524,680 | 8,489,242 |
| Non-renewable (Reagents) tonnes | 2,585 | 2,396 | 3,307 |
| • Collectors | 260 | 292 | 271 |
| • Frother | 44 | 42 | 50 |
| • Lime | 2,281 | 2,162 | 2,796 |

Air Quality Management. We conduct regular Ambient Air Quality Monitoring quarterly, both in the industrial and administrative areas of the Padcal Mine, and around the vicinity of our host and neighboring communities. We strive to maintain the allowable concentration levels stipulated in the Occupational Health and Safety Standard regulations by initiating stringent gas measurement and monitoring in our areas of operation.

The Company is compliant with the Philippine Clean Air Act – Republic Act 8749 (1999) by following the set ambient air quality standards and pollutant limitation.

To ensure that we follow the set ambient air quality standards and pollutant limitation under the law, we undertake the following:

Underground Operations:

- Maintained and sustained the operations of the ventilation system in the underground to ensure the production/generation of good quality air in the working areas;
- Driving of ventilation drifts/raises and maintenance of all existing blowers were undertaken; and
- Use of respirators was also enforced among workers assigned in the different working areas.

Mill Plant:

- Maintained the dust collectors of the secondary crushing plant;
- Maintained the fume heads at the secondary heads at the secondary crushing plant;
- Provision of PPE (Dust masks/respirators) is continuously being enforced among workers assigned in the area;
- Monitoring of ambient air within the Mill Plant was conducted; air quality index is rated good to fair; and
- Emission test certificates of vehicles and equipment are submitted to the Land Transportation Office during annual license registrations.

An Emissions Management Strategy is integrated in the IMS Manual Vol. 2 (ENV-STD-004 Emissions Management), ensuring that processes are developed, implemented, and maintained by the Company to comply with the applicable regulations of RA 8749.

In addition, we implement a 5-minute warm-up on cold engines to minimize unburn gases (Fuel-Air Mixture). We also strictly follow a preventive maintenance schedule for all company surface equipment.



SUSTAINABILITY AT PHILEX

All About Air

| 2022 | |
|--|--|
| Greenhouse Gas (GHG) Emissions (Tonnes CO ₂ e)* | |
| Direct (Scope 1) GHG Emissions | 11,775.80 |
| Energy indirect (Scope 2) GHG Emissions | 151,507.90 |
| Emissions of ozone-depleting substances (ODS) | |
| Air Pollutants (kg) | |
| NO _x | We monitor air quality through the Air Quality Monitoring equipment (EBAM) PM 10. The results range from good to fair. |
| SO _x | |
| Persistent organic pollutants (POPs) | |
| Volatile organic compounds (VOCs) | |
| Hazardous air pollutants (HAPs) | |
| Particulate matter (PM) | |



Air Quality Monitoring

| Air Pollutants | Location | Daily Average** (µg/m3) | | | | | | | | | | | | Maximum Permissible Limit* (µg/m³) |
|----------------|--------------------|-------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------------------------------------|
| | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | |
| PM10 | Mill Plant | 158 | 110 | 173 | 161 | 180 | 230 | 181 | 123 | 205 | 145 | 105 | 146 | 200 |
| | Outside Mill Plant | 86 | 101 | 96 | 94 | 100 | 105 | - | 129 | 47 | 62 | 90 | - | 150 |

Energy Management. Energy is a critical input factor for our production and represents a significant cost. Reducing or minimizing the environmental impact of our operations is paramount to the creation of our sustainable value and reputation.

Our Mine and Mill Electrical Services Department continuously monitors our power consumption and the areas that can be subjected to power adjustment. To generate savings without sacrificing operational efficiency and productivity, we implement the following initiatives:

- An Energy Conservation Program integrated in the IMS Manual Vol. 2 (ENV-STD-007 Energy Conservation) that ensures that processes are developed, implemented, and maintained for the efficient use of natural
- resources, energy, and high-value materials in areas of our operation.
- A Power Load Shedding (PLS) Program that started in 2014 aims to reduce electricity supply in the residential areas in Padcal by up to five hours a day.
- Our Philex substations have a Certificate of Electrical Inspection from the Mines and Geosciences Bureau-Cordillera Administrative Region, which is renewed annually.
- A Power Optimization Program is also being observed in Padcal Operations, resulting in total energy savings of 12,054,523 kwh.

All About Energy

| Energy Consumption within the Organization | 2022 | 2021 | 2020 |
|--|------------|-----------|-----------|
| Electricity (including consumption of Head Office, SMMCI, for PGPI - Sibutad only) (MWh) | 251,547 | 263,282 | 267,559 |
| Gasoline (liters) | 61,684.91* | 10,841 | 7,681.4 |
| LPG (GJ) | N/A | N/A | N/A |
| Diesel (liters) | 4,979,939* | 3,849,011 | 3,473,543 |

* Increase in value is due to inclusion of Head Office, SMMCI, and PGPI consumptions for 2022

| Reduction of Energy Consumption | 2022 | 2021 | 2020 |
|--|---|---|-----------|
| Gasoline (GJ) | Increase of 1,821.58GJ due to inclusion of Head Office consumption | 108.05 | - |
| LPG (GJ) | N/A | N/A | N/A |
| Diesel (GJ) | Increase of 51,131.07 GJ due to inclusion of Head Office consumption and in the Silangan Project activities | Increase of 528.96 GJ due to inclusion of SMMCI and PGPI data in 2021 | 3,473,543 |
| Electricity (GJ) | 42,247 | 15,399 | 3,774 |
| Percentage of electricity reduction (vs. 2021) | 4.46% | 1.38%* | 11.997% |

| Load Center | 2022 | 2021 | 2020 |
|-------------------------------|--------------------|--------------------|--------------------|
| Mill | 170,650,816 | 171,169,460 | 172,273,337 |
| Mine | 57,993,935 | 61,601,476 | 61,289,338 |
| Banget Compressor | 9,417,396 | 7,107,843 | 19,445,087 |
| Residential, School Buildings | 6,871,073 | 2,497,896 | 7,689,709 |
| Padcal Compressor | 1,583,708 | 17,120,240 | 3,366,003 |
| Domestic Water | 2,200,172 | 447,385 | 1,924,178 |
| Assay | 989,617 | 2,011,046 | 625,272 |
| Surface Shops and Offices | 1,225,627 | 1,031,520 | 764,955 |
| Head Office | 228,245 | 203,113 | 181,337 |
| SMMCI | 385,267 | 91,651 | |
| PGPI | 778 | 162 | |
| Total | 251,546,634 | 263,281,793 | 267,559,217 |

SUSTAINABILITY AT PHILEX

OUR COMMUNITIES



Mining provides inputs for industries that are vital for sustaining the wellbeing of people and the functioning of economies. It also generates direct and indirect social benefits for host and neighboring communities.

For more than six decades now, our large-scale mining operations have been generating much-needed employment and livelihood opportunities, provide access to quality health services and education, and help local communities and local government units respond to the socioeconomic impact of disasters, calamities, and the COVID-19 global pandemic, among others.

Year after year, we strive to further strengthen our relationships with those touched by our operations; uphold fundamental human rights; invest in meaningful community projects and sustainable development; and respect human rights, indigenous cultures, customs and values, while engaging in open and inclusive dialogue.

We actively engage with local communities, national and local government units, non-government organizations (NGOs), people's organizations, civil society, and other interest groups within our areas of responsibility to achieve long-term resource development that benefits all our stakeholders.

In accordance with DENR Administrative Order (DAO) No. 2010-21, pursuant to the "Philippine Mining Act of 1995," we seek to operate in a manner that considers broader social and environmental concerns, as well as economic factors. DAO No. 2010-21 mandates that mining companies, and other contractors, permit holders, and lessees involved in mining shall assist in the development of their host and neighboring communities.

We primarily focus our local community engagement, impact assessments, and development programs to our host and neighboring communities in Padcal Mine, our base of operations and main source of revenue. As such, our social responsibility is anchored on our in-depth understanding of the social and cultural dynamics of our host and neighboring communities, as framed within the context of human and natural resource development. Our commitment to local capacity building also compels us to prioritize the employment of locals, particularly from various indigenous groups, as supported by community training that empowers them to plan, implement, monitor, and assess projects.

Through our active Information, Education, and Communication (IEC) programs, we are also able to provide accurate and timely information to all our stakeholders, and to listen and respond to their feedback and grievances appropriately. This helps ensure that local communities are enabled to make informed decisions regarding the activities, projects, and programs that might affect them. This reflects our desire to operate in a manner that respects the interests of all our stakeholders, while promoting open and constructive dialogue and engagement.

Aligned with right and principled mining, we work together with our host and neighboring communities to create social development programs that serve to empower them towards resilience and self-sufficiency.

Corporate Social Responsibility (CSR) Manual

Our commitment to CSR is articulated in an ISO 26000 Declaration: Corporate Social Responsibility Manual, which contains all our commitments, policies, and practices in adherence with the ISO 26000 Guidelines. The ISO 26000 Guidelines is an international standard developed to help organizations assess and address social responsibilities

Social Development and Management Program (SDMP) Methodology



SUSTAINABILITY AT PHILEX

relevant to their mission and vision, operations and processes, stakeholders, and environmental impact. It is anchored on the principles of accountability, transparency, ethical behavior, and respect for stakeholder interest, the rule of law, international norms of behavior, and human rights.

Our CSR Manual, drafted in 2018, was audited by the ECC International Corporation (ECCI), a leading process improvement solutions provider. It has been found to be comprehensive and aligned with the ISO 26000 Guidelines.

Social Development and Management Program (SDMP)

Pursuant to RA 7942's Implementing Rules and Regulations (IRR) and DAO No. 2010-21, Section 134, mining companies must set aside at least 1.5% of their total operating costs for their SDMP. The allocation must correspond with the Development of Host and Neighboring Communities; Information, Education, and Communication; and the Development of Mining Technology and Geo-Sciences. An additional 10% of our exploration cost is allocated for the Community Development Program of areas under exploration.

Under Department of Environment and Natural Resources (DENR) regulations, the SDMP must be done in consultation and in partnership with the host and neighboring communities, and should cover and include all plans, projects, and activities of the mining company aimed towards enhancing their social development.

To determine the most pressing social needs of our host and neighboring communities in the Padcal Mine, we conduct a socio-economic baseline survey, or a rapid situation analysis. This enables us to identify the various resources, funds, skills, potentials, weaknesses, threats, and opportunities already present within the communities.

Through annual planning and community forums, we provide community leaders and stakeholders a venue to express their opinions on issues that affect their communities. Together with the members of our Host and Neighboring Communities Technical Working Group (HNC-TWG), Barangay and Municipal Local Government

Units we regularly monitor the implementation of our social programs, and then evaluate them to assess and document their effects on the communities. Through this approach, we have determined the most pressing social needs of our host and neighboring communities in the Padcal Mine.

Four Pillars

Our SDMP serves as the primary platform for our social responsibility work. It is anchored on four pillars: Health, Education, Livelihood, Public Infrastructure, and Socio-cultural programs (HELPS).

Through this platform, we were able to bring quality health services closer to our host and neighboring communities. Our educational program significantly lessened expenditures in every household, and Philex scholars continue to be role models in their own communities. Livelihood projects and assistance led to better agroforestry production resulting to increased income. Infrastructure development and the provision of various equipment lowered farm inputs resulting to increased savings at the household levels. The development and improvement of water systems ensured availability of water for the community's household, and farm needs.

Pursuant to RA No. 7942's Implementing Rules and Regulations (IRR) and DAO No. In 2022, the Company spent Php108.79 million for its mandated SDMP in Padcal, and Php4.35 million in advance SDMP for the Silangan Project.



Php **109M**

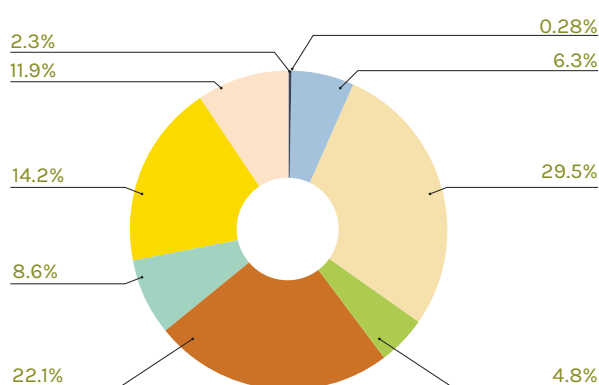
SDMP expenditures
of Philex for Padcal in
2022

2022 SDMP

| | Amount (in Php millions) |
|---|-----------------------------|
| Education | 32.1 |
| Public Infrastructure | 24.0 |
| Information, Education, Communication (IEC) | 15.5 |
| Development of Mining Technology & Geosciences (DMTG) | 12.9 |
| Health | 9.4 |
| Livelihood | 6.9 |
| Socio-Cultural Development | 5.2 |
| Contingency Fund | 2.5 |
| Human Resources and Capacity Development | 0.3 |
| Total | 108.8* |

* Including carry-over project expenses from 2021

SMDP Allocations



Note: Figures may not tally due to rounding off

Philex (Padcal Mine)

Health and Sanitation Programs

We help uplift the quality of life of the people touched by our business by improving access to basic health services. Our health and sanitation programs proved particularly vital during the COVID-19 pandemic in curbing the spread of the coronavirus among our workers and in our host and neighboring communities.

As part of these programs, we extend health insurance (PhilHealth), medical assistance, medical and dental missions, health facilities, and health center improvements, among others. We also engage the affected communities during annual planning sessions to identify the target number of beneficiaries per year, as PhilHealth premiums are paid yearly.

To manage the health needs of our partner-communities, we actively coordinate with the Department of Health (DOH), the Municipal Health Offices, barangay (village) health workers (BHWs), and the community elders and leaders of Tuba and Itogo municipalities. The Municipal Health Officer leads in the implementation of medical missions, and BHWs provide inputs on the prevailing health conditions of their respective areas of responsibility. In response, we provide medicines and other medical supplies, facilitate the transportation and food of the medical teams, and oversee the medical missions.



Philex employees and residents in host and neighboring communities have access to healthcare and medical services at the Philex Sto. Niño Prime Hospital in Padcal.

SUSTAINABILITY AT PHILEX

Philex Sto. Niño Prime Hospital in Padcal



Health and Sanitation Programs in 2022



904 beneficiaries of Maintenance Medicine Distribution

23 beneficiaries of Social Health Care Program

278 beneficiaries of Medical Assistance

907 beneficiaries of Health Care Services at the Sto. Nino Hospital

4 Health centers improved

308 individuals provided health training

1 brand-new emergency vehicle provided

Medical and dental services are also offered to our employees and the residents of our host and neighboring communities at the Philex Sto. Niño Primary Hospital. In addition, we provide support in terms of provisions such as medical kits, medical tools, and hospital equipment.

While the threat of COVID-19 has dissipated in 2022, we continue to safeguard the health of our employees through our vaccination program and comply with government safety and health protocols. In 2022, we provided COVID-19 booster shots to our employees. In the Head Office, all employees were also given free pneumococcal and flu vaccines.

Education

Our educational programs aim to upgrade the quality of education through scholarships and financial assistance, as well as through teaching and learning enhancement projects. Specific education needs identified by our host and neighboring communities are the following: scholarships in college, financial assistance through allowances for senior and junior high school students, as well as subsidized education for elementary and junior high school students.

We provide free primary education at the Philex Mines Elementary School, and heavily subsidized secondary schooling at the St. Louis High School. Technical-vocational training is also provided through the Technical Education and Skills Development Authority (TESDA) and the Special Program for the Employment of Students (PSES). Families of our scholars have potentially increased their economic capacity due to employability of the graduates.



Education Programs in 2022



1,471

Total number of scholarships given, as follows:

- 537 college students (with 26 graduates)
- 385 Senior High students
- 434 Junior High School students
- 89 Technical/Vocational students

812

Pupils with subsidized education

487

Students with subsidized high school education

49

Total number of schools supported (23 elementary schools, 8 high schools, and 18 Child Development Centers)

We also provided support and various assistance to other schools within our host and neighboring communities. Philex shares the firm belief with our host and neighbouring communities that education can help them transform their lives.



SUSTAINABILITY AT PHILEX



Livelihood and Skills Development

Our livelihood and skills development programs enable beneficiaries to gain entrepreneurial skills, access cheaper farm inputs, and generate income for their households.

We offer equal opportunities for employment to members of our host and neighboring communities, including indigenous peoples (IPs) present in our areas of operation. We also build capacity and foster self-reliance among community members so they can pursue sustainable livelihood opportunities beyond Padcal Mine's operating life.

We provide seed capital and technical assistance for various livelihood projects that the communities determine as well as to qualified community organizations. Livelihood and skills development training and seminars, cooperative development

training, and infrastructure support such as farm-to-market roads, are also extended.

We strive to further strengthen our relationship and partnerships with the Department of Trade and Industry, Department of Health, Department of Agriculture, Bureau of Fisheries and Aquatic Resources, Cooperative Development Authority, and the Bureau of Internal Revenue, and other line agencies involved in livelihood development.

Livelihood development programs are managed in our partnercommunities by actively coordinating with the Barangay Livelihood Committee (BLC), the community elders and leaders, and the officers and members of active livelihood associations and cooperatives. This enables succession planning in program implementation.



Livelihood and Skills Development Programs in 2022



13

Livelihood associations (12) and 1 cooperative assisted

2

Barangays (Camp 3 and Dalupirip) that received support for their tourism programs



Public infrastructure support

We promote safe and convenient access to basic services for our host and neighboring communities through meaningful public infrastructure projects. By providing power line connections, households are able to enjoy social activities and engage in economic endeavors. Road pavements give residents safer access and enable farmers to transport their produce faster and cheaper.

Socio-Cultural Preservation Program

We provided support and assistance to various socio-cultural activities, religious activities, bereaved families, as well as in the construction and improvement of multipurpose halls within our host and neighboring communities.

Public Infrastructure Programs in 2022



| | |
|-------------|--|
| 1.36 | Kilometers of roads paved |
| 18 | Retaining wall/flood control structures/pathway railings constructed |
| 14 | Water systems constructed and improved |
| 8 | Multipurpose buildings constructed/improved |
| 152 | Households that benefited from electrification projects |

Socio-Cultural Preservation Programs in 2022



| | |
|-----------|---|
| 93 | Families given bereavement assistance |
| 13 | Religious groups assisted |
| 5 | Barangays given support for promoting the practice and preservation of cultural and social values |

SUSTAINABILITY AT PHILEX



Silangan Project

Silangan Mindanao Mining Co., Inc. (SMMCI) commits itself to develop the host and neighboring communities through the implementation of its Advance Social Development and Management Program (ASDMP).

Notwithstanding the limited resources under its current mine development status, the company implemented its ASDMP in 2022. Out of its approved ASDMP budget of Php4.35million for 2022, SMMCI realigned Php4 million for the victims of Typhoon Odette in December 2021. The remaining budget of Php350,000 was spent for its regular projects, programs, and activities.

SMMCI continuously implemented projects on Education, Livelihood, Health, Public Infrastructure, Promotion of Socio-Cultural Activities, and Information Education Communication Program within its host communities of 11 barangays and four municipalities in the province of Surigao del Norte.

Information, Education, Communication

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

Education

In 2022, the company provided more than 100 sacks of cement to nine partner schools within its host barangays for minor repairs and improvements in preparation for their return to school under the Department of Education's Brigada Eskwela program.

Promotion of Socio-cultural Awareness

SMMCI sustained its limited but significant support to various socio-cultural activities such as Charter Day celebrations of its host communities, Christmas gift giving, and other religious activities.



Land Resource Management

SMMCI sustained its partnership with the LGU of Barangay San Pedro, Sison (host community) and the Department of Social Welfare and Development (DSWD) in the establishment of a communal agricultural complex within its two-hectare property. This serves as a modality of the cash-for-work program which aims to ensure food security by planting cash crops such as vegetables as part of the local government unit's COVID-19 pandemic response.

Under the Silangan Rice Initiative thru Community Engagements (RICE) Project, the religious group Seventh Day Adventist sustained its rice production within the property in Brgy. San Pedro. In 2022, the partner organization expanded into vegetable gardening to maximize the areas and potentially increase their income.



Php **4.35M**
2022 ASMDP of SMMCI



Women Power in Tapsan

Women are key agents in rural development. They play an integral role in their households' and communities' food security, income generation, and overall well-being. However, women and young girls face hurdles that dampen their efforts to improve their lives as well as those of others around them, especially in the rural areas.

Knowing this, Philex Mining Corporation strives to support organizations and causes advocating women empowerment. One of these is the Saes Community Consumers Cooperative (SaCCCo).

Formerly known as the Tapsan Women's Association, SaCCCo is a cooperative focused on economic empowerment and development. When the organization started in 2014, it mostly tackled women's issues, promoting sustainable livelihood by selling dry goods for the members' benefit. It also conducted sports leagues and other social activities that strengthened the women in Tapsan in Ampucao, Itogon, Benguet.



Through its Social Development and Management Program (SDMP), Philex extended a helping hand through trainings and a seed capital of Php150,000 to the former Tapsan Women's Association. This assistance enabled the association to transform into a cooperative. With the need for a bigger establishment, Philex awarded a Php1.4-million cooperative building and facilities to SaCCCo. Since then, SaCCCo has successfully launched another branch at Benguet Village in Barangay Ampucao, Itogon, and now has over 132 members.

The SDMP continues to support the cooperative to strive for greater heights. Sharing their experience-driven guidance and assistance, SaCCCo serves as one of the Company's partners in developing other livelihood associations.

As part of Philex's Community Technical Working Group (TWG), SaCCCo contributes in leading and facilitating the SDMP community planning activities; reviewing and finalizing policies and guidelines per program; screening, assessing, and validating beneficiaries and projects; and coordinating with the barangay local government unit (BLGU) and community members.

Philex takes great pride in supporting SaCCCo in its efforts to promote rural development in these Benguet communities. It strives to extend assistance in far-flung areas to provide communities, especially women, with the tools and resources they need to uplift the quality of their lives.



Sustaining Communities through Mining

As one of the oldest and biggest mining companies in the Philippines, Philex recognizes its responsibility to communities and the environment. Its goal is to ensure its business contributes to those that benefit from its presence.

From 2018 to 2022, Philex launched several programs, projects, and activities (PPAs) under its Social Development and Management Program (SDMP), a comprehensive five-year plan to improve the living standards of the host and neighboring communities of its Padcal mine in Benguet.

To evaluate the impact of its SDMP, the Company tapped the Institute of Social Research and Development of the Benguet State University to conduct a Social and Economic Impact Assessment (SEIA). The study covers the PPAs of Philex in these areas: Human Resource and Capability Building, Public Infrastructure Development, Education, Livelihood and Enterprise Development, Health, and Sociocultural and other Community Development.

Within the five-year period, Philex was able to conduct capability-building training sessions that enabled residents in barangays Ampucao, Camp 3, Ansagan, and Camp One to gain key knowledge and practical skills they can apply in their respective businesses and organizations. The activities also boosted their confidence and capabilities, allowing them to become

more productive members of their communities.

In the infrastructure sector, its projects greatly improved the mobility and quality of life of the residents in the host barangays. The beneficiaries especially welcomed the farm-to-market roads, water system, building construction, and electrification projects, saying these initiatives opened livelihood and job opportunities and provided the resources they need for their day-to-day household needs.

Roads, walkways, and pathway railings that the Company constructed made daily transportation easier, quicker, and more affordable for the residents. The recorded number of road accidents also decreased, thanks to vastly improved infrastructure.

Health PPAs yielded positive results as well. Families in the targeted communities benefited from the reduced costs of medicines and medical services. They are now more motivated to undergo medication and treatment and actively care for their well-being since healthcare has become more accessible.

On education, the Company's SDMP focused on individuals eager to study but are economically limited to do so. Philex awarded scholarship grants that not only enabled students to finish their schooling, but also lessened their families' expenses so they can allocate more money for food and other essentials.



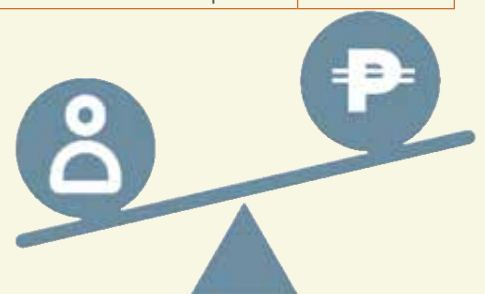
On the other hand, the SEIA cannot quantify the impacts of the sociocultural PPAs although they enriched the residents' lives and heritage, especially the indigenous communities living in the barangays.

Ultimately, most of the PPAs that Philex implemented benefited many families in its host and neighboring communities, as proven by the positive social and economic impacts on the beneficiaries' lives.

Cost-Benefit Analysis of SMDP Projects

The benefit-cost ratio of the 10 most impactful programs, projects, and activities (PPAs) of Philex under its Social Development and Management Program (SDMP), showing the return for every peso spent, are as follows:

| Programs, Projects, Activities | Benefit Cost Ratio (in Php) |
|---|-----------------------------|
| Farm-to-Market Road Improvement | 30.29 |
| Electrification | 14.27 |
| Senior and Junior High School Scholarships | 10.53 |
| College Scholarships | 10.31 |
| Foot Path and Bridge Development | 9.22 |
| Subsidized Elementary and Secondary Education | 6.41 |
| Water System Development | 6.02 |
| Philhealth Insurance | 6.02 |
| Goat Raising | 6.00 |
| Health Care Services at Sto. Niño Hospital | 5.41 |



SUSTAINABILITY AT PHILEX

OUR PEOPLE



At Philex, people are regarded as the most precious among our assets. Their health, safety, and wellbeing lie at the heart of our responsible business.

In 2022, even as the threat of COVID-19 has waned, we continued to make the health and safety of our employees our utmost priority. The challenging operating environment during the global pandemic has prompted us to draw on our more than six decades of expertise and experience in managing crisis situations to efficiently and effectively implement the vital protocols and measures needed to continue to operate safely.

As of end-2022, our total manpower headcount, including those of our subsidiaries, stood at 1,940, slightly higher than our headcount of 1,910 in 2021. Of the total, Philex (Parent Company) accounted for 1,897 versus 1,894 in 2021.

As of end-2022, there are 71 Head Office-based employees and 1,879 operations and support personnel assigned in Padcal, Silangan, Sibutad, and Bulawan, compared to a headcount of 74 and 1,836, respectively, in 2021.

The average tenure of employees is 12 years, with an average age of 41 years old.

In terms of gender distribution, due to the nature of our business which requires working in an underground mine site, 93% of our employees are male and 7% are female.

We expect to increase the number of probationary and regular employees under our subsidiary, SMMCI, as we continue the in-phase mine development work of the Silangan Project in the ensuing months.

Employee Hiring

| | | Total | % |
|---|--|-------|------|
| No. of Employees | Regular and probationary | 1,940 | |
| Employment by Age | Under 16 years old | | |
| | 16-30 years old | 311 | |
| | Over 30-50 years old | 1,225 | |
| | Over 50 years old | 404 | |
| Employment by Rank | Junior Level (Below Manager) | 1,839 | 94.7 |
| | Middle Level (Manager to Senior Manager) | 97 | 5 |
| | Top Level (Above Senior Manager) | 4 | 0.2 |
| Employment by Type | Full Time | 1,940 | |
| | Part Time | 0 | 0 |
| Attrition rate | | | -7 |
| Ratio of lowest paid employee against minimum wage (in Padcal Mine) | | 1.8:1 | |
| | | | |

| | | Total | Turnover Rate |
|-----------------------------|----------------------|-------|---------------|
| Employee Turnover by Gender | Male | 184 | 10.3% |
| | Female | 36 | 25% |
| Employee Turnover by Age | Under 16 years old | | |
| | 16-30 years old | 58 | 20.3% |
| | Over 30-50 years old | 93 | 7.6% |
| | Over 50 years old | 69 | 16.6% |
| | Total | 220 | 11.4% |
| New Employee Hires | Male | 66 | |
| | Female | 19 | |
| | Total | 85 | |
| | 16-30 years old | 53 | |
| | Over 30-50 years old | 29 | |
| | Over 50 years old | 3 | |

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 | 100 | 100 |
| Philhealth | Y | 100 | 100 |
| Pag-IBIG | Y | 100 | 100 |
| Parental Leaves | Y | 6 | 5 |
| Vacation Leaves | Y | 100 | 96 |
| Sick Leaves* | Y | 100 | 100 |
| Medical Benefits aside from Philhealth | Y | 100 | 85 |
| Housing Assistance (aside from Pag-IBIG)** | Y | 71 | 97 |
| Retirement Fund (aside from SSS) | Y | 4.2 | 3 |
| Educational Support*** | Y | 48 | 51 |
| Company Stock Options | N | | |
| Telecommuting (Work from Home)**** | Y | 100**** | |
| Flexible Working Hours | N | | |

*Unused Sick Leaves (SL) are converted to monetary value / For Head Office unused Vacation Leaves (VL) are forwarded to the succeeding year up to maximum of 30 days total VL balance

**Free housing in Padcal - 99% of Padcal site employees are availing of the free housing

***For Head Office - educational support / For Padcal Mine employees - free elementary and subsidized high school education

****Telecommuting for Head Office only lasted until March 3, 2022

SUSTAINABILITY AT PHILEX

Diversity and Equal Opportunity

| | | Total | % |
|--|-------------------|-------|-----|
| Employment by Gender | Male | 1,797 | 93% |
| | Female | 143 | 7% |
| No. of Employees from Indigenous Communities and/or Vulnerable Sector* | | 1,143 | 59% |
| Employment by Contract, by Gender | Permanent, Female | 143 | |
| | Permanent, Male | 1,797 | |
| | Temporary Female | 37 | |
| | Temporary, Male | 291 | |



59%

Percentage of employees from indigenous communities and/or vulnerable sectors*

*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).



Manpower Pool Maintenance Program

We established a Manpower Pool Maintenance Program to create a pool of competent individuals readily available to fill in vacated or open positions. Managed by the Recruitment Section of our Human Resources Department, the program aims to fast-track the replacement of retiring or resigning employees so that there will be an easier turnover of workloads, reducing work backlogs. Regular employees comprise our workforce, which is augmented by accredited third-party suppliers and contractors for certain activities and projects.

We also pursue other initiatives to further strengthen the program. For example, we post career opportunities and job openings in the mine site, as well as through local newspapers, to widen the reach of our talent sourcing. We also coordinate with professional groups and tertiary schools to get recommendations for potential hires.

Employee Training and Development

| | | Total |
|------------------------|---|---------------|
| Training Hours | Male | 25,523 |
| | Female | 3,315 |
| | Total Training Hours | 28,838 |
| | Junior Level (Below Manager) | 27,244 |
| | Middle Level (Manager to Senior Manager) | 1,512 |
| | Top Level (Above Senior Manager) | 82 |
| Average Training Hours | Male | 14 |
| | Female | 23 |
| | Junior Level (Below Manager) | 15 |
| | Middle Level (Manager to Senior Manager) | 16 |
| | Top Level (Above Senior Manager) | 21 |

Labor-Management Relations

| | |
|---|-----|
| Employees covered by collective bargaining agreement | 86% |
| Number of Consultations with employees concerning employee-related policies | 12 |

A healthy and harmonious management-labor relationship is a vital ingredient to the sustainability of our business. We thus help ensure continuous employee engagement and business continuity by managing our Labor-Management Cooperation (LMC) to accomplish goals through mutually accepted solutions and processes.

As a right and principled mining company, Philex aims to create a labor environment that is conducive to open discussion and collaboration, enabling everyone to work together towards improving our working conditions and enhancing overall productivity.

We conduct monthly and quarterly LMC meetings, which serve as a platform to promote workers' participation in the decision-making process. Through these meetings, we get to address employee concerns while enlisting their cooperation to achieve common goals and aspirations. LMC meetings also help create a labor relations climate that is open to improvements in overall working conditions and productivity, which can in turn help us achieve and sustain

stellar economic and operational performance. Failure to manage and sustain these monthly and quarterly LMC meetings can threaten the harmonious relationship between the Company and its employees, especially those who are members of labor unions.

Failure to maintain industrial peace can lead to strikes and lockouts, which can disrupt business operations.

The HR Department ensures the regular conduct of these LMC meetings, as supported by other Division and Department Heads of the Company, labor union officers, and third-party representatives from the National Conciliation and Mediation Board (NCMB). On top of conducting regular labor-management meetings, Philex also issues advisories to employees to reiterate company policies and to inform them of any relevant changes in company procedures.

We also strive to correctly interpret the provisions of their collective bargaining agreements (CBAs) and to ensure the consistent implementation of these provisions.

SUSTAINABILITY AT PHILEX

Padcal-based employees belong to two collective bargaining agents: the Philex Mines Independent Labor Union (PMILU) for rank-and-file employees, and the Philex Mining Supervisory Employees Union-Association of Professional Supervisory Office Technical Employees Union (PMSEU) for supervisors.

Philex believes that true and lasting industrial peace cannot be achieved if management fails to hold employees accountable for their actions. As such, part of the management's measures to ensure a harmonious relationship with its labor force is the enforcement of the Company Rules and Regulations (CRR).

The Employee Relations Section of our HR Department checks the various types of violations an employee can commit and their corresponding penalties. These guidelines and protocols have been aligned with the pertinent provisions of the Labor Code of the

Philippines, the Camp Administration Code of Conduct, and the CBAs for supervisory (PMSEU) and rank-and-file (PRFEU) employees.

We have a grievance mechanism that gives employees an opportunity to voice out their concerns and grievances and provides a peaceful and systematic way to resolve disputes through fact finding. In some cases, the mechanism even provides individual union members with the ability to appeal a decision, allowing them to exhaust their rights under the grievance procedure or to overturn the decision of the management through arbitration. We conduct focus group discussions (FGDs) and consultations with various department managers, union representatives, company lawyers, and even the employees concerned prior to meting out a decision.



OUR WORKPLACE



Occupational Health and Safety

We have an unwavering commitment to improving our health and safety performance by adopting best practices in our workplace and critical controls to prevent fatalities, minimize injuries and eliminate occupational diseases, towards a goal of zero harm.

We developed and implemented pertinent policies and protocols that help promote workplace safety and manage any negative impacts our business operations may have on overall employee health and productivity.

This is anchored on the belief that a safe workplace increases productivity and sustains stakeholder support. Managing workplace safety is also crucial to preventing negative impacts such as manpower loss, government sanctions, and the disruption of operations. Failure to manage workplace safety would negatively impact employee health and productivity, and therefore also affect our mine's production targets. Thus, we strive to protect the health of all our employees and contractors, as well as keep them free from injury during and after their daily work shifts.

We enforce occupational health and safety protocols for the benefit of our employees and contractors, as well as their families and host communities. We also provide the necessary equipment, training, and resources to enable our employees and contractors to work safely.

We comply with rules and regulations relevant to human rights. Philex respects the rights of all stakeholders affected by our operations, and we do not tolerate any human rights violations. We also adopt the necessary controls, standards, policies, and procedures for the security, safety, and protection of our employees, company assets, and host communities. These policies are critical to maintaining our reputation as a right and principled mining company and keeping our social license to operate. Owing to these measures, we have successfully renewed our ISO certification for OHSAS 18001 (Occupational Health and Safety Assessment Series).

Occupational Health and Safety Governance

Philex is a responsible natural resource company committed to establish, maintain, and continually improve an Integrated Management System in accordance with the requirements of ISO 14001:2015 and on the Standard on Occupational Health and Safety, ISO 45001:2018 audited by TUV NORD. The certificates are valid until July 11, 2024.

Quarterly internal audits are conducted by the Audit and Assessment Committee of the Central Safety, Health, and Environmental Council while Supervisors and Managers, on the operations side also conduct safety audits twice a month. Aside from internal audits, the regional office of the Mines and Geosciences Bureau also conducts monthly, quarterly, annual, and special audits.

SUSTAINABILITY AT PHILEX

Health and safety policies are embedded in our Integrated Management System (IMS) as follows:

- Ensure sustainable utilization of resources,
- Prevent adverse impact to the environment,
- Prevent injury, ill health and loss of life of workers and all stakeholders, and
- Comply with applicable laws and regulations

Training

We strive to foster a culture of safety within an organization. We recognize that the mining business has inherent risks, and our more than 60 years of experience in the industry has allowed us to deeply understand the risks and negative impacts associated with our mining operations. As such, we strive to impart this wealth knowledge to our workers and contractors through relevant health and safety training.

Through proper training and follow-up mechanisms, we equip our employees and contractors with the right knowledge on how to assess and manage workplace hazards. Failure to do so may lead to increased occurrence of incidents in the workplace which, in turn, can stifle employee morale and productivity. By properly managing and implementing health and safety trainings, we strive to develop and maintain healthy workers that can handle their jobs safely, for the benefit of the organization and all our stakeholders.

Our trainings are guided by our Safety, Health, and Environmental Policy (SHEP), which is embedded in our IMS. The policy reflects our commitment to safeguard our workers and other stakeholders from sickness and injury, as well as to protect and preserve the environment over the life of our mining operations.

We conduct Health and Safety Trainings in the Padcal Mine, following the calendar of training submitted to the concerned regional office of the Mines and Geosciences Bureau (MGB) of the DENR. The calendar of training, prepared by our Safety, Health, and Risk Management Department, was created to maintain a high level of health and safety awareness among our rank-and-file, supervisory, and managerial employees. These training sessions can be a mix of classroom lectures and practical learning activities, such as field work, workshops, and other immersion activities, to help employees relate the theories to their on-the-job activities. Tenured employees are subject to retake these training sessions to refresh their memory.

We implement a Safe Start Seminar for employees with tenure of less than five years. The seminar was designed to introduce them to various safety programs and standards, rules and regulations, and standard operating procedures relevant to their respective job assignments to enhance safety awareness on and off the workplace. We also intensified our implementation of the Supervisors' Safety Awareness Training to constantly enhance the awareness of our supervisors on basic safety responsibilities.

To continuously improve the quality of our Health and Safety Trainings, we measure their effectiveness at four levels:

Health and Safety Training Evaluation

| Level | Title | Description |
|-------|----------------------------------|--|
| 1 | Subject/Topic Evaluation | Pre-test and post-test done in classroom and/or workplace after the session |
| 2 | Post-Training Program Evaluation | Evaluation done in classroom and/ or workplace after the session |
| 3 | Workplace Effect Evaluation | Workplace survey and focus group discussion (FGD) conducted by peer group and supervisors |
| 4 | Organizational Effect Evaluation | Organizational level survey and FGD conducted by the Human Resources Department (HRD) and the training providers |

Measuring Safety Performance

Philex is committed to preventing its adverse impacts to the environment as well as injury, ill health, and loss of life among its workers and other key stakeholders. It regularly monitors and measures its safety performance.

Through its Safety, Health, and Environmental Policy (SHEP), it demonstrates its desire and commitment to attain an excellent safety performance. This advocacy is cascaded down the ranks to gather support within the organization. Safety performance must be measured and managed to see the big picture when it comes to safety programs, targets, and objectives. Ultimately, safety performance measurement serves as a tool for management to know if safety programs are carried out properly, and if it has achieved the desired results of its safety targets and objectives.

Philex measures its safety performance through periodic audits, which are carried out by a group of internal auditors trained according to the requirements of ISO 45001:2018, a globally recognized health and safety management system. Initially, these internal audits were carried out monthly, but as the program took root, third-party auditors, such as TUV Rheinland Philippines, have observed that monthly audits should not be held too close to each other to be effective. Thus, internal audits are now done quarterly by the Audit and Assessment Committee (AAC) of the Central Safety, Health, and Environment Council to allow for more flexibility in the implementation of corrective actions and to gain a period of stability.

Supervisors and managers on the operations side also conduct safety audits twice a month, which are then reported to the Safety Department. Safety Officers, in turn, monitor the findings and the observations from these safety audits to address safety risks in a timely manner. Aside from internal audits, the regional office of the DENR-MGB also conducts monthly, quarterly, annual, and special audits using their independent system for measuring safety performance.

Facility Protection

To ensure the continuity of our mining operations and the delivery of our social programs, we strive to protect our facilities and foster security and safety among our employees and host communities residing within the Padcal mine site. We prevent threats of sabotage, subversion, pilferage, and other criminal acts that could undermine

operational integrity, business continuity, and peace and order within our mine sites and host communities.

Managing facility protection is spearheaded by our Security Department, which is in turn supported by other departments, such as the Legal Department, which provides statutory guidance in the implementation of security operations. Other departments and offices also have their own internal controls to safeguard their respective facilities. For external threats, we seek the support of local law enforcement units stationed in our host municipalities.

Compliance with Labor Laws

We are committed to adhering with local and international labor laws such as:

- **Forced Labor:** We do not practice forced labor and ensure the individual's right to personal dignity. This policy is contained in PMC's Corporate Social Responsibility Manual, ISO 26000.
- **Child Labor:** We are compliant with labor standards setting the age of qualified applicants to 18 years old for those in surface operations and 21 years old for underground operations. This is part of our hiring policy.
- **Human Rights:** We are committed to conducting our business with respect for all internationally recognized human rights. We are dedicated to doing so consistently. This policy is contained in PMC's Corporate Social Responsibility Manual, ISO 26000.

Occupational Health and Safety

| | 2022 | 2021 |
|--------------------------------|---|---|
| Total safe man-hours | HO: 128,832 PX: 6,670,284 SMMCI: 3,001,010 PGPI: 207,150 | SMMCI : 184,376 PMC : 6,636,847 PGPI: 142,910 |
| Lost Time Accident (Non-Fatal) | 10 | 8 |
| No. of work-related fatalities | 2 | 1 |
| No. of work related ill-health | 0 | |
| No. of safety drills/trainings | 45 | |

Compliance with Labor Laws and Human Rights

| | 2022 | 2021 |
|--|------|------|
| Total number of non compliance with laws and/or regulations relating to occupational health and safety | 0 | 0 |
| Number of incidents of non-compliance (health & safety) | 0 | 0 |
| Number of incidents of non-compliance (employment, labor standards) | 0 | 0 |
| No. of legal actions or employee grievances involving forced or child labor | 0 | 0 |

PHILEX MANAGEMENT COMMITTEE



**EULALIO B. AUSTIN JR.
PRESIDENT & CEO**

**ROMEO B. BACHOCO
TREASURER, CHIEF
FINANCE OFFICER,
CHIEF COMPLIANCE
OFFICER, CORPORATE
GOVERNANCE OFFICER,
AND CHIEF RISK OFFICER**

**WINSTON S. CRUZ
VICE PRESIDENT -
LEGAL & GENERAL
COUNSEL AND DATA
PROTECTION OFFICER**

**VICTOR A. FRANCISCO
VICE PRESIDENT
- ENVIRONMENT
AND COMMUNITY
RELATIONS**



**RICARDO S. DOLIPAS II
VICE PRESIDENT -
PADCAL OPERATIONS**

**PARALUMAN M.
NAVARRO
ASSISTANT VICE
PRESIDENT,
CORPORATE FINANCE**

**NOEL C. OLIVEROS
DIVISION MANAGER,
EXPLORATION**

**VENANCIO GEL
A. ROMERO
DIVISION MANAGER,
CORPORATE
TECHNICAL SERVICES
& BUSINESS
DEVELOPMENT**

OFFICERS AND KEY MANAGERS

PHILEX OFFICERS

Eulalio B. Austin Jr.

President and
Chief Executive Officer

Barbara Anne C. Migallos

Corporate Secretary

Romeo B. Bachoco

Treasurer, Chief Finance Officer,
Chief Compliance Officer, Corporate
Governance Officer, and Chief Risk
Officer

Winston S. Cruz

Vice President - Legal & General
Counsel and Data Protection Officer

Ricardo S. Dolipas II

Vice President, Padcal Operation

Victor A. Francisco

Vice President, Environment
and Community Relations

SMMCI OFFICERS

Eulalio B. Austin Jr.

President and
Chief Executive Officer

Barbara Anne C. Migallos

Corporate Secretary

Michael T. Toledo

Chief Operating Officer

Romeo B. Bachoco

Treasurer

Paraluman M. Navarro

Controller

PHILEX HEAD OFFICE KEY MANAGERS

Paraluman M. Navarro

Assistant Vice President
Corporate Finance

Geraldine B. Ateo-an

Internal Audit Head

Francis Joseph G. Ballesteros Jr.

Division Manager
Public & Regulatory Affairs

Noel C. Oliveros

Division Manager
Exploration

Venancio Gel A. Romero

Division Manager
Corporate Technical Services
& Business Development

Jester Bryan V. Go

Group Manager
Information Technology

Eileen C. Rodriguez

Group Manager
Corporate Treasury

Josefino B. Siasat

Group Manager
Supply Chain

SILANGAN PROJECT KEY MANAGERS

Jerome T. Maddumba

Resident Manager

Raul G. Bongolan

Process Plant Manager

Raul B. Cezar

Mine Development and Engineering Manager

PHILEX PADCAL MINE KEY MANAGERS

Eduardo M. Aratas

Division Manager
Legal

Julius A. Bayogan

Division Manager
Mill Operations

Roselyn M. Dahilan

Division Manager
Padcal Finance

Benedict B. Gapongli

Division Manager
Mine Operations

Marie Aurora S. Dolipas

Group Manager
Safety and Risk Management

Annie Rose B. Lumiguen

Group Manager
Mineral Processing

Paul C. Ngodo

Group Manager
Mine Operations

Lionel L. Wanawan

Group Manager
Legal

CORPORATE INFORMATION

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Padcal Mine Site

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Poro Installation

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San Fernando
La Union, Philippines
Smart: +63 949 953-5580

Silangan Mindanao Mining Co., Inc.

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Project Office: Brgy. Timamana
Tubod, Surigao del Norte

Independent Public Accountants

SyCip Gorres Velayo & Co

Transfer Agent

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or +63 2 403-2412
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Legal Counsel

Guillermo Bandonil Jr.
Migallos & Luna
Sycip Salazar Hernandez & Gatmaitan

Bankers

BDO Unibank, Inc.
Bank of the Philippine Islands
Goldman Sachs International
JP Morgan Chase Bank, N.A.
Land Bank of the Philippines
Mizuho Corporate Bank, Ltd.
Philippine National Bank
Security Bank Corporations
Standard Chartered Bank
Union Bank of the Philippines

Market Information

The registrant's common equity is traded in the Philippine Stock Exchange under the ticker symbol "PX". The Company's public float as of March 31, 2023 is 33.97%.

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

| Year | Period | High | Low |
|------|-------------|------|------|
| 2023 | 1st Quarter | 3.32 | 2.79 |
| 2022 | 1st Quarter | 6.68 | 4.91 |
| | 2nd Quarter | 5.50 | 3.30 |
| | 3rd Quarter | 3.60 | 2.46 |
| | 4th Quarter | 3.08 | 2.16 |

