SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2019**

2. SEC Identification Number **: 4429**

3. BIR Tax Identification number : **050-000-164-442V**

4. Exact name of registrant as specified in its charter

MANILA MINING CORPORATION

5. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**

6. Industry Classification Code: ☐ (SEC Use Only)

   Mining

7. Address of registrant's principal office:

   20th Floor, Lepanto Building
   8747 Paseo de Roxas, Makati City, Philippines

8. Registrant's telephone number, including area code:

   (632) – 815-9447

9. Former name, former address and former fiscal year, if changed since last report**:** **N/A**

10. Securities registered pursuant to Sections 4 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding:
Class "A"	**155,796,086,372**
Class "B"	**103,790,702,331**

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

    Yes [**x**] No [ ]

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

    Philippine Stock Exchange **Classes "A" & "B"**

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

The aggregate market value of the voting stock held by non-affiliates of the Company as of December 31, 2019 was P2,056,962,080.99

Business and General Information

Business

MMC was incorporated in 1949 to engage in the mining and exploration of metals. It is an affiliate of Lepanto Consolidated Mining Company, which, directly and through its wholly-owned subsidiaries, Lepanto Investment and Development Corporation and Shipside, Incorporated, owns 20% of MMC's outstanding capital.

MMC started mining operations in Placer, Surigao del Norte in 1981. From 1982 to 2001 when it suspended mining operations, MMC produced a total of 761,835 ounces gold and 261,720 ounces silver. During its 4 years of copper operations from1997-2001, MMC produced a total of 19,810,616 lbs. copper.

MMC has no parent company. It has a subsidiary, the Kalaya-an Copper-Gold Resources, Inc. ("KCGRI"), of which MMC owns 95% of the outstanding capital; 5% is owned by Philex Mining Corporation.

Below is the Capital Structure of the Company and its sole Subsidiary:

Company	Date of Incorporation	Authorized Capital Stock	Subscribed Capital Stock	Ownership of the Company
Manila Mining Corporation (MMC)	June 3, 1949	P2.6 Billion	P2.01 Billion	4,175 Stockholders
Kalaya-an Copper-Gold Resources, Inc.	May 31, 2007	P100 Million	P8.125 million	95% owned by MMC; 5% by Philex Mining Corporation

Marketability of Products

There is virtually no market competition among metals producers. Whatever is produced may be shipped out immediately. There is always a ready market, in fact, an increasing demand, for the Company's products, i.e., gold-copper and silver. MMC used to sell its gold to the Bangko Sentral ng Pilipinas and foreign metals traders, such as Johnson Matthey, without difficulty. The copper concentrate was sold to the Philippine Associated Smelter and Refinery (PASAR) and foreign metals traders without difficulty. Prices of the company's products are dictated by the world market. The Company is not bound under any contract to sell exclusively to any one party.

The Company has no new products or services. As stated above, the Company suspended its mining and milling operations in 2001.

Government Approvals/Cost and Effects of Compliance with Environmental Laws

Operations are currently suspended. Nonetheless, the Company, in compliance with Environmental Regulations, spent a total of P2,452,939.42 in 2019 (P3,438,062.51 in 2018) for tailings pond and mine rehabilitation. It maintains a Mine Rehabilitation Fund in compliance with DENR regulations.

The Company obtained from the Mines and Geosciences Bureau the second renewal of Exploration Permit No. XIII-014-A, covering 2,462.9 has. in Surigao del Norte, on April 28, 2010. A third renewal was applied for in 2012 and remains pending.

Subsidiary

Kalayaan Copper-Gold Resources, Inc. is the holder of Exploration Permit No. EP-XIII-014-B covering an area of 286.6342 hectares located in Tubod and Placer, Surigao del Norte. The said permit was renewed for the second time in April 2010. The third renewal was applied for in 2012 and remains pending.

Research and Development Activities

The company spent P1,841,865.51 for the further rehabilitation and equipping of the MMC Assay laboratory to industry standards and to provide timely laboratory support considering the increasing number of core samples produced by the drilling operations.

Employees

MMC had a total of 72 employees, 4 in Makati and 68 at Placer, Surigao del Norte as of the end of 2019; 11 of them were managerial,12 were supervisory, 23 rank-and-file and 22 were project employees.

The Company not being in operation, none of the employees are subject to a CBA. There are no arrangements for any supplemental benefits or incentives with the employees.

Mining Properties

The Company has a Mineral Production Sharing Agreement over a 211.5 ha. area located in Placer, Surigao del Norte, referred to as MPSA No. 253-2007-XIII. It has an Exploration Permit (EP) covering 2,462.91 hectares in Placer, Surigao del Norte. A portion of the area covered by the said EP, known as Parcel VI, has been assigned to a wholly-owned subsidiary, Kalayaan Copper-Gold Resources, Inc. ("Kalayaan"). Thus, there are now two EPs, EP No. XIII-014A in the name of MMC covering 2,178.28 hectares and EP No. XIII-014B covering 286.63 hectares in the name of Kalayaan, both subject of applications for third renewal.

MMC had two (2) Mining Lease Contracts with the Government covering a total of 484.4 has. located in Placer, Surigao del Norte. The first, MLC MRD No. 324, expired in 2011 and the second, MLC MRD No. 480, expired in 2012. Both are now covered by APSA no. 0083-XIII which is being evaluated by the MGB.

The Company has three (3) other MPSA applications, namely, APSA No. 000006-X in Surigao del Norte; APSA No. 000007-X covering 4,793.85 has. and APSA No. 000047-X covering 1,539 has., all located in Agusan del Norte. Data compilation study are on-going in the areas covered by APSA No. 00006-X, APSA 00007-X and APSA No. 000047-X. A portion of the area
covered by APSA No. 00006X, consisting of 2,462.9 has., is now covered by Exploration Permit No. XIII-014A.

MMC has existing Operating Agreements ("OA") with holders of Mining Lease Contract or application for an MPSA with the Government. The MLC MRD No. 67, covering 198 has., expired on April 16, 2003 and is now also covered by APSA No. XIII-083 in Placer, Surigao del Norte. MMC has an existing OA with NORSUMICO covering three (3) mining lease contracts of the latter, covering a total of 495 hectares in Placer, Surigao del Norte. The first MLC No. V-1128 expired last September 23, 2000 and is now covered by MPSA No. 253-2007-XIII while the other two, namely, MLC No. MRD-322 and MRD-323 expired in 2011 but have been covered by APSA no. 000107-XIII.

Description of Property

The Company is the registered owner of a total of 1,165 has. of land in Surigao del Norte. It also has personal properties (mostly equipment) in the minesite in Surigao del Norte, as follows:

Property, Plant and Equipment	Location
Mine and Mining Properties	Placer, Surigao del Norte
Buildings and Improvements	Placer, Surigao del Norte
Leasehold Improvements	Makati City
Mill Machinery and Equipment	Placer, Surigao del Norte
Powerhouse Equipment	Placer, Surigao del Norte
Heavy Equipment	Placer, Surigao del Norte
Transportation Equipment	Placer, Surigao del Norte
Transportation Equipment	Makati City
Furniture and Office Equipment	Placer, Surigao del Norte
Furniture and Office Equipment	Makati City

The land referred to above house the offices and housing quarters of the Company in Surigao del Norte. The rest were acquired by the Company for its tailings pond and other mining purposes.

Although not in use, the plant and machineries of the Company are continually checked for maintenance purposes.

The Company leased for P50,000 per year an 11-hectare land where its various mining equipment are located. The renewal of the lease is subject of a case with the Regional Trial Court of Surigao City.

The Company has no plans of acquiring additional real properties in the next 12 months.

Business Risks

i) Net Losses

Until the Company is able to restart commercial operations, all expenses related to administrative matters and depreciation/depletion will be booked as losses.

ii) Geology Risks

There can be no assurance that the properties explored will be developed and operated. Also, resource estimates may materially vary from actual ore reserves. The Company however employs and/or consults with highly knowledgeable and experienced geologists and metallurgists who are familiar with the style of mineralization and type of deposit of MMC's properties.

iii) Risks Relating to Mining Tenements

MMC and KCGRI have pending applications for the renewal of their respective Exploration Permit (EP No. XIII-014 and XIII-014B, respectively) which approval is outside of MMC's control. MMC and KCGRI however are compliant with the requirements for such approvals.

MMC has pending applications for MPSAs (APSA nos. 000006-X; 000007-X; and 000047-X; XIII-083; 000078-XIII) and which approval is outside of MMC control. MMC diligently prosecutes these applications and is compliant with the DENR's requirements for the approval of the same.

iv) Metal Prices

The Company has no control over metal prices. They could fall below, or rise higher, than the prices upon which future feasibility studies may be based.

v) Risk on Environmental Legislation

Mining activities in the Philippines are monitored and highly regulated by the DENR. New government regulations affecting the Company's exploration or mining activities will have to be complied with and could entail additional costs.

Market for Registrant's Common Equity and Related Matters

The Company's securities are listed on the Philippine Stock Exchange. Hereunder are the quarterly market prices of said securities from 2018-2019:

Manila Mining "A"

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	June 25, 2020
Low	0.0090	0.0079	0.0070	0.0070	0.0083	0.0076	0.0091	0.0078	0.0066
High	0.0090	0.0080	0.0070	0.0070	0.0090	0.0080	0.0091	0.0079	0.0066

Manila Mining "B"

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	June 25, 2020
Low	0.0094	0.0081	0.0070	0.0065	0.0090	0.0079	0.010	0.0080	0.0066
High	0.0095	0.0081	0.0073	0.0065	0.0090	0.0080	0.010	0.0080	0.0067

Securities, Shareholders and Public Ownership

As of December 31, 2019, the company had 4,177 shareholders. There were approximately 3,993 and 184 holders of common "A" and common "B" shares, respectively. As of the same date, Total Public Ownership constituted 77.82% of the outstanding shares.

Top 20 "A" and "B" Stockholders of the Company (as of June 16, 2020)

	Name	"A" Shares	%
1	F. Yap Securities, Inc.	32,290,372,946	20.77
2	Lepanto Consolidated Mining Company	20,479,027,104	13.17
3	Paulino Yap	1,955,669,495	1.26
4	Bryan Yap	1,945,977,139	1.25
5	Christine Yap	1,861,557,111	1.20
6	Lepanto Investment & Dev. Corp.	1,481,975,190	0.95
7	Emma Yap	1,478,067,401	0.95
8	Patrick Resources Corporation	1,301,152,163	0.84
9	Paul Yap Jr.	1,113,677,703	0.72
10	Christine Karen Yap	886,334,939	0.57
11	Coronet Property Holdings Corp.	833,093,546	0.54
12	A/C-CKY FYSI	754,994,507	0.49
13	Ventura Resources Corporation	718,565,954	0.46
14	Zamcore Resources Corporation	707,395,421	0.45
15	Lindsay Resources Corporation	651,542,763	0.42
16	A/C B. Y. FYSI	524,193,274	0.34
17	Arlene K. Yap	457,065,671	0.29
18	David Go Securities Corp.	436,519,534	0.28
19	Shipside, Inc.	360,082,672	0.23
20	Pacita Yap	351,786,420	0.23

	Name	"B" Shares	%
1	F. Yap Securities, Inc.	15,398,414,195	14.87
2	F. Yap Securities, Inc.	12,477,721,842	12.05
3	Lepanto Consolidated Mining Company	12,045,531,915	11.63
4	F. Yap Securities	9,355,685,411	9.03
5	Lepanto Investment & Dev. Corp.	5,037,619,533	4.86
6	Paulino Yap	1,807,117,128	1.74

7	F. Yap Securities	1,665,206,615	1.61
8	Cresencio Yap	1,454,767,065	1.40
9	Bryan Yap	1,124,317,007	1.09
10	Emma Yap	962,564,863	0.93
11	Coronet Property Holdings Corp.	851,662,573	0.82
12	Pacita Yap	824,539,227	0.80
13	David Go Securities Corp.	586,065,344	0.57
14	Christine Karen Yap	492,917,544	0.48
15	Christine Yap	461,919,918	0.45
16	Paul Yap Jr.	434,761,927	0.42
17	Quality Investments & Securities Corp.	415,011,235	0.40
18	Martesio Perez	251,735,175	0.24
19	Shipside, Inc.	232,893,997	0.22
20	Jessamyn Desiree B. Perez	191,561,253	0.18

Submission of Matters to a Vote of Security Holders

No matter was submitted by the Company during the fourth quarter of 2019 to a vote of security holders.

Recent Sales of Unregistered or Exempt Securities

The Company sold shares pursuant to a 1:3.56 preemptive rights offer in June 2014, totaling 34,165,808,415 “A” and 22,761,118,932 “B” common shares at P0.012 per share, raising P683.12 million.

Dividends Policy

Dividends may be declared out of the unrestricted retained earnings of the Company, which may be in the form of cash or stock to all stockholders on the basis of outstanding shares held by them as of the record date fixed by the Company in accordance with existing laws and rules. Any cash dividends due on delinquent stock shall first be applied to the unpaid balance on the subscription plus costs and expenses, while stock dividends shall be withheld from the delinquent stockholder until his unpaid subscription is fully paid: Provided, That no stock dividends shall be issued without the approval of stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose. (Section 43, Corporation Code).

Independent Public Accountant

In November 2006, Sycip Gorres Velayo & Co. (“SGV”) was designated by the Board as the independent public accountant. There has not been any disagreement between the Company and said accounting firm with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. For the 2006 financial statements, SGV’s certifying partner was Mr. J. Carlitos G. Cruz. In compliance with SRC Rule 68(30) (b) (iv), Mr. Jaime F. del Rosario became the certifying partner from 2007 to 2011 and from 2014 to 2017. Ms. Eleanore A. Layug, certifying partner from 2012- 2013, is also the certifying partner for 2019.

Representatives of SGV & Co. will be present at the Annual Meeting on July 28, 2020 to respond to queries on issues they can shed light on.

SGV is being recommended for re-appointment as external auditors.

Audit and Audit Related Fees

For the audit of the financial statements for year 2018, SGV & Co. billed the Company the sum of P400,000. The agreed amount for the audit of the 2019 financial statements is P440,000.

SGV & Co. also reviewed the utilization of the proceeds of the Company's 1:3.56 SRO in 2014 pursuant to the PSE's conditions for listing, for which the Company paid the amount of P100,000.

Audit Committee's Approval Policies and Procedures

Prior to commencement of audit services, the external auditors present their Audit Plan to the Audit Committee, indicating the applicable accounting standards, audit objectives, scope, approvals, methodology, needs and expectations and timetable, among others. All the items in the Plan are considered by the Committee, along with industry standards, in approving the services and fees of the external auditors. The Audit Committee is composed of: Mr. Eduardo A. Bangayan, Committee Chairman and an independent director; Atty. Jose Raulito E. Paras, another independent director; and Atty. Ethelwoldo E. Fernandez.

The Committee revised its charter in 2012 to conform to SEC Memorandum Circular No. 4, Series of 2012, and has conducted a self-assessment pursuant to the same circular.

Directors and Executive Officers of the Company

Directors (each with term of office of 1 year)	Age	Citizenship	Period Served
FELIPE U. YAP	83	Filipino	Since 1976
EDUARDO A. BANGAYAN(Independent)	68	-do-	Since 1989
ETHELWOLDO E. FERNANDEZ	92	-do-	Since 2001
JOSE RAULITO E. PARAS (Independent)	48	-do-	Since 2009
BRYAN U. YAP	47	-do-	Since 1994
RENE F. CHANYUNGCO	67	-do-	Since 2004
DOUGLAS JOHN KIRWIN	69	Australian	Since 2014
PATRICK K. YAP	41	-do-	Since 2005
STEPHEN Y. YAP	50	-do-	Since 2013

Executive Officers:		Position
FELIPE U. YAP	-	Chairman of the Board and Chief Executive Officer
BRYAN U. YAP	-	President and Chief Operating Officer
RENE F. CHANYUNGCO	-	Senior Vice President and Treasurer
PATRICK K. YAP	-	Senior Vice President
ETHELWOLDO E. FERNANDEZ	-	Corporate Secretary
STEPHEN Y. YAP	-	Vice President
PABLO AYSON, JR.	-	Vice President
KNESTOR JOSE Y. GODINO	-	Asst. Vice President for Human Resource
MA. LOURDES B. TUASON	-	Asst. Treasurer
ODETTE A. JAVIER	-	Asst. Corporate Secretary

Business Experience in the Last Five (5) Years

Mr. **Felipe U. Yap** became the Chairman of the Company in 1992. He is also the Chairman and Chief Executive Officer of LCMC and of Far Southeast Gold Resources, Inc. He is the Vice Chairman of the Board of Ayala Land Logistics Holdings Corporation; Chairman of the Board of Zeus Holdings, Inc. and a Director of, among others, Manila Peninsula Hotel, Inc., and Philippine Associated Smelting and Refining Corp. (PASAR). He was the Chairman of the Board of Governors of the Philippine Stock Exchange from March 2000 to March 2002.

Mr. **Bryan U. Yap** has been the President and Chief Operating Officer of LCMC since 2003. He has been a Director of LCMC and of Far Southeast Gold Resources, Inc. (FSGRI) since 1994. In February 2011, he was elected President of Manila Mining Corporation. He is also the President of Kalayaan Copper-Gold Resources, Inc.; Lepanto Investment and Development Corporation (LIDC); Shipside, Inc.; Diamond Drilling Corporation of the Philippines and Diamant Manufacturing and Trading Corporation (DMTC).

Mr. **Eduardo A. Bangayan** has been involved in real estate and coconut oil/copra production for the past five (5) years. He is currently the Director of the Davao City Water District; Summit World Group of Companies, First Tagum Rural Bank, Inc. and Fuji Oil Philippines. He is the Chairman of Summit World Ventures, Inc. He was elected director of Chelsea Logistics Corporation in 2017. He is also a Member of the Board of Governors of the Philippine National Red Cross.

Atty. **Ethelwoldo E. Fernandez** rejoined the Company as Corporate Secretary and Director in 2001, the same year he was reappointed Corporate Secretary of LCMC. He was, from 1993 to 2003, Of Counsel to the law firm Sycip Salazar Hernandez & Gatmaitan, which is the principal retained counsel of the Company. He was elected to the Board of LCMC in 2007.

Mr. **Rene F. Chanyungco** joined the Company in 1977 as Executive Assistant to the President. He eventually became Asst. Treasurer, then Vice President-Treasurer, until his promotion in 1997 as Senior Vice President-Treasurer. He is a Vice President of LCMC and Kalayaan Copper-Gold Resources, Inc.

Mr. **Patrick K. Yap** is the President of BA-Lepanto Condominium Corporation and Yapster e-Conglomerate, Inc. He is the Executive Vice President of Zamcore Realty Corporation and Vice President of Alliance Textile Mills, Inc.

Mr. **Douglas John Kirwin** was the Exploration Manager of Ivanhoe Mines from 1995 (when it was known as Indochina Goldfields Ltd) until 2012. He was the Vice President of the Society of Economic Geology from 2009 to 2011, where he continues to serve as an honorary lecturer. He is now semi-retired with a part time consulting business. He has been a member of the boards of Lepanto Consolidated Mining Company and Zeus Holdings, Inc. since June 2017.

Atty. **Jose Raulito E. Paras** is a Senior Partner of Andres Padernal and Paras Law Offices. He has been a member of the board of Zeus Holdings, Inc. since June 2016.

Mr. **Stephen Y. Yap** was vice president for operations of Tutuban Properties, Inc. from 2002-2017. He is currently vice –president of the Felcris Group of Companies.

Atty. **Pablo Ayson, Jr.** was appointed Vice President in November 2006. He is also a Vice President of LCMC. He has been a member of the board of directors of Zeus Holdings, Inc. since June 2016 and Kalayaan Copper-Gold Resources, Inc. from 2017 to present.

Ms. **Ma. Lourdes B. Tuason** is the Vice President and Treasurer of LCMC; Asst. Treasurer of FSGRI, Director and Treasurer of SSI, DDCP and LIDC; Director and Vice President of DMTC. She has been the Treasurer of Zeus Holdings, Inc. since November 2015.

Atty. **Odette A. Javier** has been the Company's Assistant Corporate Secretary since 1993. She is the Vice President-Assistant Corporate Secretary of LCMC. She is a Director of Zeus Holdings, Inc., LIDC and DMTC.

Mr. **Knestor Jose Y. Godino** joined the company as Asst. Vice President for Human Resource in January 2013. He has been with LCMC since 2006 where he was promoted to Vice President in 2015.

Significant Employees

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

Family Relationships

Mr. Bryan U. Yap, Director and President, is the son of the Chairman and Chief Executive Officer, Mr. Felipe U. Yap. Messrs. Patrick K. Yap and Stephen U. Yap are nephews of Mr. Felipe U. Yap.

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

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

There is no material pending legal proceeding against the Company.

Related Party Disclosures

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

LCMC holds a 20% equity interest in the Group. It provided cash advances and paid expenses on behalf of the Group.

DDCP, a wholly owned subsidiary of LCMC, provides various drilling services to the Group.

Shipside, Inc., a wholly owned subsidiary of LCMC, provides hauling services to the Group.

The Parent Company, in the normal course of business, enters into transactions with related parties. The consolidated statements of financial position include the following assets and liabilities resulting from the above transactions with related parties:

Related Party	Relationship	Year	Amounts/ Volume	Outstanding Balance	Terms and Conditions
Contract Deposits (Note 7)					
DDCP	Affiliate under common control	**2019**		**₱60,014,594**	On demand Noninterest-bearing Refundable in cash Unsecured, no impairment
		2018	₱59,157,406	₱60,014,594	
Due to Related Parties (Note 12)					
LCMC	Stockholder	**2019**	**₱2,263,664**	**₱ 4,874,523**	On demand Noninterest-bearing To be settled in cash
		2018	₱2,029,054	₱2,610,859	Unsecured, no guarantee
Shipside, Inc.	Affiliate under common control	**2019**		**336,947**	On demand Noninterest-bearing To be settled in cash Unsecured, no guarantee
		2018	69,428	336,947	
Totals		**2019**		**₱5,211,470**	
Totals		2018		₱2,947,806	

Total compensation of the Group's key management personnel in 2019, 2018 and 2017, which pertains to short-term benefits, amounted to ₱484,450, ₱484,450 and ₱465,950, respectively. Key management of the Group are the executive officers and directors. There were no post-employment benefits paid for the Group's key management personnel in 2019, 2018 and 2017.

Summary Compensation Table

	2018 Total (All Cash)	**Basic Salary**	**Bonus (13th month In the case of executive officers)**	**Others (Per Diem of Directors)**
Felipe U. Yap, Chairman) Bryan U. Yap, President) Rene F. Chanyungco, Sr. Vice Pres./Treasurer) Patrick K. Yap, Sr. Vice Pres.) Stephen Y. Yap , Vice Pres.)	P467,950	P421,800	P35,150	P11,000
All officers and directors	P484,450	P421,800	P35,150	P27,500
	2019 (Total)			
Felipe U. Yap, Chairman) Bryan U. Yap, President) Rene F. Chanyungco, Sr. Vice Pres./Treasurer) Patrick K. Yap, Sr. Vice Pres.) Stephen Y. Yap , Vice Pres.)	P467,950	P421,800	P35,150	P11,000
All officers and directors	P484,450	P421,800	P35,150	P27,500
	2020 (Estimate)			
Executive officers listed above	P467,950	P421,800	P35,150	P11,000
All officers and directors	P484,450	P421,800	P35,150	P27,500

There are no arrangements with any officer or director for payment of any amount or bonus other than the regular salary or per diem for attendance of board meetings. There is no existing consultancy or employment contract between the Company and any director or officer. Neither was there any compensatory plan or arrangement concerning or resulting from the termination of employment of any officer.

<u>Compensation of Directors/Committee Members</u>

Directors are paid a per diem of P1,000.00 each for attendance of every regular or special meeting. For each Committee meeting attended, member-directors are paid a per diem of P1,000.00 each.

<u>Voting Trusts and Change in Control</u>

There are no voting trusts involving the Company's shares nor is there any arrangement that could result in any change in the control of the Company.

***Security Ownership**

Following are the holders of more than 5% of the outstanding capital stock as of June 16, 2020:

Title of Class	Name/Address of Record Owner**	Relationship to Issuer	Name of Beneficial Owner	Citizenship	A Shareholdings	%	B Shareholdings	%
A & B	F. Yap Securities, Inc. 17/F Lepanto Building, Paseo de Roxas, Makati City	Substantial Stockholder	same	Filipino	32,290,372,946	20.77	15,398,414,195	14.87
A & B	Lepanto Cons. Mining Co. 21/F Lepanto Bldg., Paseo de Roxas, Makati City	Substantial Stockholder	same	-do-	20,479,027,104	13.17	12,045,531,915	11.63
A & B	*Lepanto Investment & Development Corporation 21/F Lepanto Bldg., Paseo de Roxas, Makati City	Subsidiary of Substantial Stockholder	same	-do-	1,481,975,190	0.95	5,037,619,533	4.86

The Boards of Directors of Lepanto Consolidated Mining Company (LCMC) and Lepanto Investment and Development Corporation (LIDC) have the power to dispose of these corporations' shares. As to F. Yap Securities, Ms. Pacita K. Yap has such power. All three companies have proxies in favor of the Chairman, Mr. Felipe U. Yap.

* - 100% owned subsidiary of Lepanto Consolidated Mining Company

Equity Ownership of Foreigners

As of June 16, 2020, the record date, none of the "A" shares and 1.72% of the "B" shares were held by foreigners.

****Directors and Executive Officers** (as of June 16, 2020)

Title of Class	Beneficial Owner	Position	Amount and Nature of Beneficial Ownership		Citizenship	Percentage of Shares	
			Class A	Class B		Class A	Class B
A & B	Felipe U. Yap	Chairman of the Board	265,625,176	23,177,636	Filipino	0.171	0.216
A & B	Bryan U. Yap	Director/President	2,941,721,049	1,670,734,557	-do-	1.892	1.613
A & B	Ethelwoldo E. Fernandez	Director/Corp. Sec.	16,422,471	15,748,315	-do-	0.011	0.015
A & B	Rene F. Chanyungco	Director/SVP/Treasurer	39,240,449	29,780,888	-do-	0.025	0.029
B	Douglas John Kirwin	Director	-	1	Australian	nil	nil
A & B	Jose Raulito E. Paras	Director	33,056,179	3,202,247	-do-	0.021	0.003
A & B	Eduardo A. Bangayan	Director	7,566,975	35,441,945	-do-	0.005	0.034
A & B	Patrick K. Yap	Director/SVP	60,551,930	32,791,011	-do-	0.039	0.032
A & B	Stephen Y. Yap	Director	1,280,898	-	-do-	nil	nil
A & B	Pablo T. Ayson, Jr.	Vice President	15,728,270	14,513,370	-do-	0.010	0.014
A & B	Ma. Lourdes B. Tuason	Asst. Treasurer	37,388,257	40,060,862	-do-	0.024	0.039
A & B	Odette A. Javier	Asst. Corp. Sec.	15,073,314	8,145,126	-do-	0.010	0.008
	Aggregate as a group		*3,400,598,789*	*2,071,236,408*		*2.219*	*2.002*

** - All of record and directly owned.

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

The Board of Directors approved the grant of the 8th Stock Option Awards (“Grant”) to selected directors, officers and employees of the Company and of its affiliates, covering a total 1.6 billion common shares from unissued capital stock. The option is exercisable within 5 years, to the extent of 20% of the Grant every year, from the SEC approval of the Grant. The price of the option is 80% of the average of the closing prices of MMC “A” and “B” shares for the ten trading days preceding the Board’s approval of the Grant, i.e., October 26 to November 9, 2009, which is P0.02 per share. The Grant constitutes 0.8%, more or less, of the outstanding capital stock of the Company. The Grant was approved by the SEC as on July 8, 2010 and by the PSE on October 20, 2010. As of end- 2013, a total of 768,000,000 A and 512,000,000 B common shares have been exercised by the grantees, covering the first, second, third and fourth tranches of the Grant. No further exercises were made until the Grant expired in July 2015 and all remaining shares under the Grant were cancelled accordingly.

2020 Plan of Operation

The company is on care-and-maintenance status, supported by a skeletal work force following the lay-off of 24 employees early this year. Exploration activities have been suspended and efforts are limited to maintenance of assets; protection/enhancement of the environment; and community development.

Management’s Discussion and Analysis of Financial Condition and Results of Operations for 2019, 2018 & 2017

2019

In 2019, interest income amounted to P16,115 compared with P52,261 in 2018. An interest expense of P949,241 (vs. P735,314 in 2018) was booked as a result of actuarial valuation of retirement benefits obligations. An impairment provision amounting to P1.28 Million was recognized in 2019 (vs.P4.88 Million in 2018) to increase allowance for doubtful recoverability of Input VAT. Other charges increased from P4.82 Million to P11.06 Million on account of a provision for impairment losses on receivables.

This year’s Administration and overhead costs (inclusive of depreciation and current service cost/pension cost) decreased to P6.37 Million from P7.56 Million last year on account of lower salaries and other costs.

A tax benefit amounting to P0.44 Million was recognized in 2019 compared with the P0.48 Million in 2018 due to reconciliation of income tax applicable to loss before income tax at the statutory rates.

Net Loss (after provision for deferred income tax) for the year increased to P17.93 Million from P12.59 Million in 2018.

Total Comprehensive Loss increased to P19.94 Million from P14.48 Million in 2018 as a result of the increase in the net loss plus a re-measurement loss on retirement benefits obligation and changes in fair values of quoted instrument.

Year end cash balance decreased by 76% to P2.14 Million from P8.74 Million on account of continuing exploration and care and maintenance activities. Receivables decreased by 97.4% to P0.26 Million due to the provision for impairment discussed above.

Materials and supplies inventory decreased by 7% to P7.12 Million from P7.67 Million in 2018 due to continuing exploration activities.

Available for sale investment (reclassified as financial assets designated at fair value through other comprehensive income) decreased by 10% to P14.58 Million from P16.22 Million in 2018 due to lower market price of quoted instrument at year-end.

Accounts payable and accrued expenses increased to P178.48 Million in relation to exploration and maintenance expenses. Pursuant to actuarial assumptions, Re-measurement of retirement benefits obligations resulted in a decrease of 10% to P3.24 Million from P3.61 Million in 2018.

There are no known trends, events or uncertainties that will impact on the liquidity of, or could trigger direct or contingent financial obligation that is material, to the Company. There are no material off-balance sheet transactions, arrangements or obligations.

2018

In 2018, interest income amounted to P52,261 compared with P50,127 in 2017. An interest expense of P735,314 (vs. P661,549 in 2017) was booked as a result of the actuarial valuation of retirement benefit obligations. An impairment provision amounting to P4.88 Million (vs.P17.99 Million in 2017) was made to increase allowance for doubtful recoverability of Input VAT.

This year’s Administration and overhead costs (inclusive of depreciation and current service cost/pension cost) amounted to P7.56 Million compared with P6.93 Million last year on account of continuing exploration and maintenance.

A tax benefit amounting to P0.480 Million was recognized compared with the provision for deferred income tax of P0.874 Million in 2017 due to reconciliation of income tax applicable to loss before income tax at the statutory rates.

Net Loss (after provision for deferred income tax) for the year decreased to P12.58 Million from P26.2 Million in 2017.

Year end cash balance decreased by 23% to P8.73 Million from P11.38 Million on account of continuing exploration and care and maintenance activities. Non trade receivables decreased by 53% to P0.267 Million due to settlement of account.

Materials and supplies inventory increased by 12% to P7.78 Million from P6.8 Million in 2017 due to continuing exploration activities. Prepayments decreased by 47% to P67.38 Million as a result of account reclassification.

Available for sale investment (reclassified as financial assets designated at fair value through other comprehensive income) decreased by 16% to P16.22 Million from P19.3 Million in 2017, due to lower market price of quoted instrument at year-end. Accordingly, cumulative changes in fair values of AFS (reclassified as fair value reserve of financial assets designated at FVOCI) amounted to P53.72 Million compared with P50.68 Million in 2017. Also pursuant to actuarial assumptions, Re-measurement of retirement benefit obligations resulted in a gain of 46% to P3.61 Million from P2.46 Million in 2017. The reported Total Comprehensive Loss of P14.48 Million (compared with P28.9 Million in 2017) relate to these two accounts.

Nontrade payable decreased by 7% due to settlement of charges from affiliates.

There are no known trends, events or uncertainties that will impact on the liquidity of, or could trigger direct or contingent financial obligation that is material, to the Company. There are no material off-balance sheet transactions, arrangements or obligations.

2017

Interest income amounted to P50,127 in 2017 compared with P47,718 in 2016. An interest expense of P661,549 (vs. P599, 811 in 2016) was incurred, representing the interest cost on the retirement benefits obligation based on actuarial valuation. An impairment provision amounting to P17.99 Million (P27.36 Million in 2016) was booked to provide allowances for doubtful recoverability of Input VAT.

A provision for deferred income tax amounting to P0.874 Million was booked reflecting the decrease in net loss. In 2016, a tax benefit of P0.437 Million was booked.

Net loss (after provision for deferred income tax) for the year decreased to 26.2 Million from P34.4 Million in 2016 due to the impairment provision discussed above.

Changes in fair values of AFS financial assets for the year amounted to P3.5 Million loss versus P1.7 Million gain in 2016. This is shown as Other Comprehensive Income (OCI) in 2017 together with a re-measurement gain on retirement obligations, for a Total Comprehensive Loss of P28.9 Million compared with P32.6 Million in 2016.

The cash balance in 2017 increased by P1.55 Million due to deferred payment of exploration and care and maintenance activities.

Non trade receivables increased by 4% to P0.565 Million due to charges to affiliates.

Materials and supplies inventory decreased by 2% to P6.8 Million due to consumptions for exploration and development and maintenance activities.

Prepayments decreased by 40% to P133 Million on account of exploration activities and impairment provisions.

Available for sale investments decreased by 15% to P19.3 Million from P22.8 Million in 2016, due to lower market price of quoted AFS investments at the end of 2017.

Retirement benefits obligation (Pension Liability) decreased by 2% to P13.08 Million from P13.31 Million in 2016 pursuant to actuarial assumptions.

Cumulative changes in fair values of AFS amounted to (P50.68 Million) compared with (P47.2 Million) in 2016 due to decrease in quoted prices at year end. Also pursuant to actuarial assumptions, Re-measurement of retirement benefits obligations resulted in a gain of 43% to P2.46 Million in 2017 from P1.7 Million in 2016.

There are no known trends, events or uncertainties that will impact on the liquidity of, or could trigger direct or contingent financial obligation that is material, to the Company. There are no material off-balance sheet transactions, arrangements or obligations.

Key performance indicators, contingent obligations and known trends

There were no material off-balance sheet transactions, arrangements or obligations, including contingent obligations with unconsolidated entities of other persons created during the period.

Since the company has no mining operations and revenues, there are no key performance indicators applicable.

Financial Statements

Attached as Exhibit "A" hereof, are the Company's Audited Financial Statements for 2019 covered by the Statement of Management's Responsibility and the Auditor's Report signed by Ms. Eleanore A. Layug, with the following exhibits:

Exhibit "B"	-	Schedule A	-	Supplementary Schedules Under Annex 68-E Pursuant to SRC Rule 68, as amended
"C"	-	Schedule B	-	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
"D"	-	Schedule C	-	Amounts Receivable from Related Parties
"E"	-	Schedule D	-	Intangible Assets – Other Assets
"F"	-	Schedule E	-	Long-Term Debt
"G"	-	Schedule F	-	Indebtedness to Related Parties
"H"	-	Schedule G	-	Guarantees of Securities of Other Issuers
"I"	-	Schedule H	-	Capital Stock

Reports on Form 17-C

Date of Report	Subject
February 26, 2019	Setting of Annual Stockholders' Meeting
April 16, 2019	Results of the Annual Stockholders' Meeting
April 16, 2019	Results of the Organizational Meeting

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on June 30, 2020.

Manila Mining Corporation
Issuer

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

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

RENE F. CHANYUNGCO
Senior Vice President/Treasurer
SSS No.03-4793502-9

ODETTE A. JAVIER
Asst. Corporate Secretary
SSS No. 03-7641344-4

JOSEPHINE DC. SUBIDO
Chief Accountant
SSS No. 03-5162765-3

SUBSCRIBED AND SWORN TO before me this JUN 30 2020 day of June 2020 at Makati City, affiant, who are personally known to me, exhibiting to me their SSS ID nos. indicated above.

Doc. No. 65 :
Page No. 14 :
Book No. 46 :
Series of 2020.

RUBEN T.M. RAMIREZ
Notary Public for Makati City
Until December 31,2021
2086 E. Pascua St., Makati City
IBP O.R No. 097071/ December 10,2019
Roll No. 28947/ MCLE No. VI-0020246
PTR No. MKT 8117044/1-02-2020
Appointment No. M-158

Manila Mining Corporation

20th Floor, Lepanto Bldg., 8747 Paseo de Roxas
Makati City, Philippines 1226
P.O. Box 1460, MCPO 1254, Makati City
Telephones: +63(2) 815-9447, +63(2) 812-7241
Fax: +63(2) 894-6265

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Manila Mining Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signature:

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

Signature:

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

Signature:

RENE F. CHANYUNGCO
Senior Vice President-Treasurer
SSS#03-4793502-9

Signed this 15th day of June 2020.

MAKATI CITY   JUN 25 2020

SUBSCRIBED AND SWORN TO before me this ______ day of June 2020 at Makati City, affiant exhibiting to me their SSS ID nos. indicated above.

ATTY. GERVACIO B. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2020
PTR NO. 7335104/01-03-2019 MAKATI
IBP NO 656155 LIFETIME MEMBER
APPT. NO. M104/2017/ROLL NO. 40093
MCLE COMPLIANCE NO.V-0006934
GROUND FLOOR 8747 PASEO DE ROXAS, LEPANTO BLDG

Doc. No. 329
Page No. 67
Book No. 5
Series of 2020.

Manila Mining Corporation and Subsidiary

Consolidated Financial Statements
December 31, 2019 and 2018
and Years Ended December 31, 2019,
2018 and 2017

and

Independent Auditor's Report

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4	4	2	9							

C O M P A N Y   N A M E

MANILA MINING CORPORATION AND SUBSIDIARY

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

20th Floor, Lepanto Building, Paseo de Roxas, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRM	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
inquiry@lepantomining.com	(632) 8815-9447	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,194	4/16	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Rene F. Chanyungco	rfc@lepantomining.com	(632) 8815-9447	N/A

CONTACT PERSON's ADDRESS

20th Floor, Lepanto Building, Paseo de Roxas, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Manila Mining Corporation
20th Floor, Lepanto Building
Paseo de Roxas, Makati City

Opinion

We have audited the consolidated financial statements of Manila Mining Corporation and Subsidiary (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

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 audit 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 Matter

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 the 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 this matter. 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Deferred Mine Exploration and Evaluation Costs

The ability of the Group to recover its deferred mine exploration and evaluation costs depends on the commercial viability of extracting the ore reserves. The carrying value of the Group's deferred mine exploration and evaluation costs as at December 31, 2019 amounted to ₱2.95 billion, which is 93% of the Group's consolidated total assets. Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, these mine exploration and evaluation costs shall be assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The ability of the Group to recover its mine exploration and evaluation costs would depend on the commercial viability of extracting the ore reserves. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether there is any indication of impairment. The related disclosures are presented in Notes 1 and 10 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether there are impairment indicators affecting the recoverability of the deferred mine exploration and evaluation costs and inquired into the validity of their exploration permits. We also reviewed contracts and agreements, and the budget for exploration costs. We inspected the licenses, permits and correspondences with regulatory agencies 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 or will be renewed accordingly. We also inquired about the existing mining areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, 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, 2019 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 PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

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 Eleanore A. Layug.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
SEC Accreditation No. 1250-AR-2 (Group A),
February 28, 2019, valid until February 27, 2022
Tax Identification No. 163-069-453
BIR Accreditation No. 08-001998-97-2018,
February 2, 2018, valid until February 1, 2021
PTR No. 8125246, January 7, 2020, Makati City

June 17, 2020

MANILA MINING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash (Note 4)	**₱2,138,335**	₱8,737,477
Receivables (Note 5)	**263,663**	10,047,050
Inventories (Note 6)	**7,128,985**	7,678,893
Prepayments and other current assets (Note 7)	**63,119,641**	62,388,331
Total Current Assets	**72,650,624**	88,851,751
Noncurrent Assets		
Financial assets designated at fair value through other comprehensive income (FVOCI; Note 8)	**14,584,018**	16,218,793
Property and equipment (Note 9)	**114,868,934**	119,492,318
Deferred mine exploration and evaluation costs (Note 10)	**2,951,585,749**	2,908,707,619
Other noncurrent assets (Note 11)	**15,437,202**	16,543,011
Total Noncurrent Assets	**3,096,475,903**	3,060,961,741
TOTAL ASSETS	**₱3,169,126,527**	₱3,149,813,492
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 12)	**₱178,482,402**	₱140,646,046
Noncurrent Liabilities		
Retirement benefits obligation (Note 16)	**15,119,563**	13,111,070
Deferred tax liability - net (Note 17)	**56,202,527**	56,796,334
Total Noncurrent Liabilities	**71,322,090**	69,907,404
Total Liabilities	**249,804,492**	210,553,450
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 18)	**2,595,502,255**	2,595,502,255
Equity reserve (Note 18)	**954,621,275**	954,621,275
Additional paid-in capital	**617,625,955**	617,625,955
Remeasurement gain on retirement benefits obligation	**3,236,287**	3,605,536
Fair value reserve of financial assets designated at FVOCI (Note 8)	**(55,353,246)**	(53,718,471)
Deficit	**(1,196,638,647)**	(1,178,712,328)
	2,918,993,879	2,938,924,222
Non-controlling interest	**328,156**	335,820
Total Equity	**2,919,322,035**	2,939,260,042
TOTAL LIABILITIES AND EQUITY	**₱3,169,126,527**	₱3,149,813,492

See accompanying Notes to Consolidated Financial Statements.

MANILA MINING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2019	2018	2017
ADMINISTRATION AND OVERHEAD COSTS (Note 14)	**(₱6,370,637)**	(₱7,561,832)	(₱6,929,010)
OTHER INCOME (CHARGES) - Net			
Interest expense (Note 16)	**(949,241)**	(735,314)	(661,549)
Interest income (Note 4)	**16,115**	52,261	50,127
Other charges - net (Note 15)	**(11,065,778)**	(4,824,053)	(17,787,502)
	(11,998,904)	(5,507,106)	(18,398,924)
LOSS BEFORE INCOME TAX	**(18,369,541)**	(13,068,938)	(25,327,934)
BENEFIT FROM (PROVISION FOR) DEFERRED INCOME TAX (Note 17)	**435,558**	480,221	(874,685)
NET LOSS	**(17,933,983)**	(12,588,717)	(26,202,619)
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified subsequently to other comprehensive income:			
Changes in fair values of available-for-sale (AFS) financial assets	**–**	–	(3,503,086)
Items that will not be reclassified to other comprehensive income:			
Changes in fair values of financial assets designated at FVOCI (Note 8)	**(1,634,775)**	(3,036,008)	–
Remeasurement gain (loss) on retirement benefits obligation (Note 16)	**(527,498)**	1,629,408	1,067,025
Income tax effect	**158,249**	(488,823)	(320,108)
	(2,004,024)	(1,895,423)	746,917
TOTAL OTHER COMPREHENSIVE LOSS	**(2,004,024)**	(1,895,423)	(2,756,169)
TOTAL COMPREHENSIVE LOSS	**(₱19,938,007)**	(₱14,484,140)	(₱28,958,788)
Net loss attributable to:			
Equity holders of the Parent Company	**(₱17,926,319)**	(₱12,563,606)	(₱26,200,641)
Non-controlling interest (Note 18)	**(7,664)**	(25,111)	(1,978)
	(₱17,933,983)	(₱12,588,717)	(₱26,202,619)
Total comprehensive loss attributable to:			
Equity holders of the Parent Company	**(₱19,930,343)**	(₱14,459,027)	(₱28,956,810)
Non-controlling interest (Note 18)	**(7,664)**	(25,111)	(1,978)
	(₱19,938,007)	(₱14,484,138)	(₱28,958,788)
LOSS PER SHARE (Note 19)			
Basic /Diluted loss per share	**(₱0.00008)**	(₱0.00005)	(₱0.00010)

See accompanying Notes to Consolidated Financial Statements.

MANILA MINING CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Attributable to Equity Holders of the Parent Company												
	Capital stock (Note 18)												
	Issued	Subscribed	Subscription receivable	Total	Equity reserve (Note 18)	Additional paid-in capital	Remeasurement gain on retirement obligation (Note 16)	Cumulative changes in fair values of AFS financial assets (Note 8)	Fair value reserve of financial assets designated at FVOCI (Note 8)	Deficit	Sub-total	Non-controlling Interest	Total
Balances at January 1, 2017	**₱2,590,560,436**	**₱5,307,451**	**(₱365,632)**	**₱2,595,502,255**	**₱954,621,275**	**₱617,625,955**	**₱1,718,033**	**(₱47,179,377)**	**₱–**	**(₱1,139,948,081)**	**₱2,982,340,060**	**₱81,659**	**₱2,982,421,719**
Net loss	–	–	–	–	–	–	–	–	–	(26,200,641)	(26,200,641)	(1,978)	(26,202,619)
Other comprehensive income (loss), net of tax	–	–	–	–	–	–	746,917	(3,503,086)	–	–	(2,756,169)	–	(2,756,169)
Total comprehensive income (loss)	–	–	–	–	–	–	746,917	(3,503,086)	–	(26,200,641)	(28,956,810)	(1,978)	(28,958,788)
Balances at December 31, 2017	**₱2,590,560,436**	**₱5,307,451**	**(₱365,632)**	**₱2,595,502,255**	**₱954,621,275**	**₱617,625,955**	**₱2,464,950**	**(₱50,682,463)**	**₱–**	**(₱1,166,148,722)**	**₱2,953,383,250**	**₱79,681**	**₱2,953,462,931**
Balances at January 1, 2018, as previously stated	2,590,560,436	₱5,307,451	(₱365,632)	₱2,595,502,255	₱954,621,275	₱617,625,955	₱2,464,950	(₱50,682,463)	₱–	(₱1,166,148,722)	₱2,953,383,250	₱79,681	₱2,953,462,931
Effect of adoption of PFRS 9 (Note 8)	–	–	–	–	–	–	–	50,682,463	(50,682,463)	–	–	–	–
Balances as at January 1, 2018, as restated	**2,590,560,436**	**5,307,451**	**(365,632)**	2,595,502,255	**954,621,275**	**617,625,955**	**2,464,950**	**–**	**(50,682,463)**	**(1,166,148,722)**	**2,953,383,250**	**79,681**	**2,953,462,931**
Net loss	–	–	–	–	–	–	–	–	–	(12,563,606)	(12,563,606)	(25,111)	(12,588,717)
Increase in non-controlling interest (Note 18)	–	–	–	–	–	–	–	–	–	–	–	281,250	281,250
Other comprehensive income (loss), net of tax	–	–	–	–	–	–	1,140,586	–	(3,036,008)	–	(1,895,422)	–	(1,895,422)
Total comprehensive income (loss)	–	–	–	–	–	–	1,140,586	–	(3,036,008)	(12,563,606)	(14,459,028)	256,139	(14,202,889)
Balances at December 31, 2018	**₱2,590,560,436**	**₱5,307,451**	**(₱365,632)**	**₱2,595,502,255**	**₱954,621,275**	**₱617,625,955**	**₱3,605,536**	**₱–**	**(₱53,718,471)**	**(₱1,178,712,328)**	**₱2,938,924,222**	**₱335,820**	**₱2,939,260,042**
Balances at January 1, 2019	₱2,590,560,436	₱5,307,451	(₱365,632)	₱2,595,502,255	₱954,621,275	₱617,625,955	₱3,605,536	₱–	(₱53,718,471)	(₱1,178,712,328)	₱2,938,924,222	₱335,820	₱2,939,260,042
Net loss	–	–	–	–	–	–	–	–	–	(17,926,319)	(17,926,319)	(7,664)	(17,933,983)
Other comprehensive loss, net of tax	–	–	–	–	–	–	(369,249)	–	(1,634,775)	–	(2,004,024)	–	(2,004,024)
Total comprehensive income (loss)	–	–	–	–	–	–	(369,249)	–	(1,634,775)	(17,926,319)	(19,930,343)	(7,664)	(19,938,007)
Balances at December 31, 2019	**₱2,590,560,436**	**₱5,307,451**	**(₱365,632)**	**₱2,595,502,255**	**₱954,621,275**	**₱617,625,955**	**₱3,236,287**	**₱–**	**(₱55,353,246)**	**(₱1,196,638,647)**	**₱2,918,993,879**	**₱328,156**	**₱2,919,322,035**

See accompanying Notes to Consolidated Financial Statements.

MANILA MINING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱18,369,541)**	(₱13,068,938)	(₱25,327,934)
Adjustments for:			
Net changes in retirement benefits obligation (Note 16)	**1,480,995**	1,656,602	840,061
Depreciation (Notes 9 and 14)	**1,287,996**	1,371,924	1,315,273
Provision for impairment losses input value-added tax (Notes 11 and 15)	**1,286,260**	4,879,916	17,987,105
Interest income (Note 4)	**(16,115)**	(52,261)	(50,127)
Operating loss before working capital changes	**(14,330,405)**	(5,212,757)	(5,235,622)
Decrease (increase) in:			
Receivables	**9,783,387**	297,547	(390,464)
Inventories	**549,908**	(805,088)	(147,090)
Prepayments and other current assets	**(731,310)**	59,509,534	70,875,468
Increase (decrease) in accounts payable and accrued expenses	**37,836,356**	3,459,649	(1,340,852)
Cash generated from operations	**33,107,936**	57,248,885	63,761,440
Interest received	**16,115**	52,261	50,127
Net cash flows provided by operating activities	**33,124,051**	57,301,146	63,811,567
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Deferred mine exploration and evaluation costs (Note 10)	**(39,419,081)**	(57,586,443)	(58,479,282)
Property and equipment (Note 9)	**(123,661)**	(1,293,186)	(2,500,698)
Increase in other noncurrent assets	**(180,451)**	(1,343,136)	(1,283,490)
Cash flows used in investing activities	**(39,723,193)**	(60,222,765)	(62,263,470)
CASH FLOWS FROM FINANCING ACTIVITY			
Increase in non-controlling interest (Note 18)	–	281,250	–
NET INCREASE (DECREASE) IN CASH	**(6,599,142)**	(2,640,369)	1,548,097
CASH AT BEGINNING OF YEAR	**8,737,477**	11,377,846	9,829,749
CASH AT END OF YEAR (Note 4)	**₱2,138,335**	₱8,737,477	₱11,377,846

See accompanying Notes to Consolidated Financial Statements.

MANILA MINING CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information, Status of Operations and Authorization for Issuance of the Financial Statements**

Manila Mining Corporation
Manila Mining Corporation (the “Parent Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 3, 1949, primarily to carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in precious and semi-precious metals, ores, minerals and their by-products. The Parent Company’s shares are listed and traded on the Philippine Stock Exchange (PSE). On April 16, 1999, the SEC approved the extension of the Parent Company’s corporate term for another 50 years upon expiration of its original term on May 30, 1999. Lepanto Consolidated Mining Company (LCMC), a publicly listed Company, has 20% equity interest in the Parent Company.

The principal office of the Parent Company is located at the 20th Floor, Lepanto Building, Paseo de Roxas, Makati City.

Kalayaan Copper-Gold Resources, Inc. (KCGRI)
Kalayaan Copper-Gold Resources, Inc. (the Subsidiary), a 95%-owned subsidiary, was incorporated with the SEC on December 19, 2006, primarily to carry on the business of exploration, mining, development and utilization of all mineral resources, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in all other kinds of ores, metals and minerals, hydrocarbons acids, and chemicals, and in the products and by-products of every kind and description.

The principal office of KCGRI is located at 21st Floor, Lepanto Building, Paseo de Roxas, Makati City.

Status of Operations
Manila Mining Corporation
On May 22, 1996, the Parent Company’s Board of Directors (BOD) approved the expansion of its current mill capacity from 8,000 tonnes per day (TPD) to 10,000 TPD, designed to consolidate the installation of the second semi-autogenous grinding mill unit with the original 48-inch pit conveyor project. The expansion was registered with the Board of Investments (BOI) under Executive Order (EO) No. 226 on October 6, 1996.

On November 5, 1997, the BOI approved the Parent Company’s application for registration of its copper flotation project under EO No. 226 on a non-pioneer status. On June 9, 2000, the BOI likewise approved the Parent Company’s application for the modernization program of the copper flotation project under a preferred non-pioneer status. As a registered enterprise, the Parent Company is entitled to certain incentives and tax benefits which include, among others, income tax holiday for a period of four years from February 23, 1998, the actual start of commercial operations.

The two BOI certificates of registration are currently suspended in view of the suspension of the Parent Company’s operations.

On November 30, 2000, the Parent Company’s gold mining and milling operations were temporarily shut down due to the landslide that occurred in one of its open pits.

On December 20, 2000, the Parent Company temporarily shut down its milling operations pending its receipt of a permit to further raise its tailings pond.

On January 29, 2001, after obtaining the necessary permit to increase the height of the tailings pond to the 65-meter limit set by the Department of Environment and Natural Resources (DENR), the Parent Company resumed its milling operations.

On July 26, 2001, the Parent Company's BOD resolved to shut down the Parent Company's mining operations due to the expiration of its temporary authority to construct and operate its tailings dam issued by the DENR. In view of the suspension of the Parent Company's mining operations, the registration of the Parent Company's copper flotation project was suspended by the BOI on August 23, 2005.

In 2005, several companies expressed interest in the area that lies between the Kalayaan district at the extreme southwest end of the Parent Company's tenement holdings and immediately north of the historical operations and the Philex Boyongan discovery. This area has been named the "Corridor" as it covers important geology and structures that connect two significantly mineralized areas. The Corridor also hosts several small gold deposits that are not currently economic to develop and operate. However, with additional investment and operations, it is expected that the reserves would grow significantly.

The Parent Company is a holder of a valid and existing Mineral Production Sharing Agreement (MPSA) No. 253-2007-XIII granted on August 10, 2007 for a period of 25 years from issuance thereof or until August 10, 2032, consisting of 211.50 hectares (has.) located in Placer, Surigao del Norte.

In addition, the Parent Company also filed applications for MPSA, designated as Application for Production Sharing Agreement (APSA) No. 0006-X (AMD.) on September 14, 1992 consisting of 1,580.00 has.; and APSA No. 0007(X) filed on November 26, 1992, consisting of 4,793.85 has., located in Cabadbaran City, Agusan del Norte; and applications for conversion covering its mining lease contracts granted under the old mining law namely, APSA No. XIII-083 filed on February 21, 2003 consisting of 530.00 has.; APSA No. 000107-XIII filed February 17, 2011, consisting of 265.50 has., all situated in Placer, Surigao del Norte. All these applications were already endorsed by the Mine and Geosciences Bureau (MGB) Regional Office in Surigao City to the Director of MGB, for final evaluation and approval by the DENR Secretary.

The second renewal of Exploration Permit (EP) No. XIII-014-A under the name of the Parent Company was granted on April 28, 2010 valid until April 28, 2012. Prior to its expiration, an application for another renewal was filed by the Parent Company on April 20, 2012 for the purpose of completing the feasibility study, consisting of 2,176.28 has. also in Placer, Surigao del Norte and is awaiting approval by the Director of MGB. On April 24, 2013, the Parent Company paid the amount of ₱653,100 representing payment for renewal fee for EP No. XIII-014-A, pursuant to DENR Administrative Order (DAO) No. 2013-10.

On January 4, 2017, a second renewal of the two-year Exploration period of MPSA No. 253-2007-XIII was granted by MGB to the Parent Company pursuant to the pertinent provisions of DAO No. 2010-21 providing for a Consolidated DAO for Implementing Rules and Regulations of Republic Act (RA) No. 7942, otherwise known as the "Philippine Mining Act of 1995" which represents the 5th and 6th years of the Exploration Period of the MPSA. This shall not constitute an extension of the 25-year term of MPSA No. 253-2007-XIII.

On December 5, 2017, the MGB granted the Parent Company an "Authority to Verify Minerals" which will enable the Parent Company to undertake further exploration drilling in the Mapaso Area covered by APSA-000107-XIII. The objective of this drilling program is to lift confidence in present resource estimates which is the basis of financial plans towards resumption of mining activities. The authority is valid for one year.

The Parent Company has actively pursued mineral exploration activities within its tenements in Placer, Surigao del Norte after suspension of its mining activities in 2001. Through these efforts, the Parent Company has further enhanced the value on its mineral resource and potential in terms of gold, silver and copper. As a resident of Surigao del Norte, the Parent Company has engaged in social and environmental projects ranging from continuous revegetation of abandoned pit mining areas to educational and cultural activities and even disaster relief and rescue.

KCGRI
Exploration drilling activities on the Kalayaan project started in 2007. On January 22, 2007, the Parent Company has initiated mining activities through an exploration program adopted during the last quarter of 2006.

On May 11, 2011, the Parent Company, KCGRI and Philex Mining Corporation (Philex), finalized an agreement for the exploration and joint development of the Kalayaan Project located in Placer, Surigao del Norte.

The Kalayaan Project, which is registered under KCGRI, is covered by EP No. XIII-014B.

Prior to the expiration of EP-XIII-014B, an application for another renewal was filed by KCGRI on April 18, 2012 for the purpose of conducting a more in-depth and detailed exploration in the area and to complete the feasibility study and is awaiting approval by the Director of MGB.

On April 18, 2017, the BOD of the Parent Company approved a two-year extension of Earn-In Period in the Farm-In Agreement (FIA) among KCGRI, the Parent Company and Philex in view of the delay in the approval of the renewal of EP No. XIII-014B. On January 8, 2019, the Parent Company agreed for another two-year extension of the Earn-in Period. The new Earn-in Period will now be 10 years following the execution of the Farm-In Agreement and will expire on May 10, 2021.

Authorization for Issue of the Consolidated Financial Statements
The Parent Company's BOD has delegated the authority to approve the financial statements to the Audit Committee. Accordingly, the consolidated financial statements were authorized for issuance by the Parent Company's Audit Committee on June 17, 2020.

2. Basis of Preparation, Statement of Compliance, Basis of Consolidation, Changes in Accounting Policies and Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared under the historical cost basis, except for financial assets designated at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, the Parent Company's and the Subsidiary's functional and presentation currency. All amounts are rounded to the nearest peso, except when otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.

The specific accounting policies followed by the Group are disclosed in the following section.

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

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and the Subsidiary. The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if and only if the Group has all of the following:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangements with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction under equity reserve. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity, while any gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Subsidiaries
Subsidiaries are entities over which the Parent Company has control.

NCI
NCI represents the interests in the subsidiary not held by the Parent Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the Parent Company. Where the ownership of a subsidiary is less than 100%, and therefore an NCI exists, any losses of that subsidiary are attributed to the NCI even if that results in a deficit balance. Transactions with NCI are accounted for as equity transactions.

Changes in Accounting Policies

New and Amended Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs* 2015-2017 Cycle
    - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
    - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
    - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

- PFRS 16, *Leases*

  PFRS 16 supersedes Philippine Accounting Standard (PAS) 17, *Leases*, International Financial Reporting Interpretations Committee (IFRIC)-4, *Determining whether an Arrangement contains a Lease*, Standards Interpretation Committee (SIC)-15, *Operating Leases-Incentives*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

  Lessor accounting under IFRS 16 is substantially unchanged from PAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in PAS 17. Therefore, PFRS 16 does not have an impact for leases where the Group is the lessor.

  The Group adopted PFRS 16 in 2019 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group, therefore, did not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

  The Group applied a single recognition and measurement approach for leases except for short-term leases and leases of low-value assets.

  As at January 1, 2019, the Group has an existing lease agreement as a lessee and elected to apply the low-value recognition exemption for this lease. On January 1, 2019 the Group did not recognize any transition adjustments and accounted for the lease expense on a straight-line basis during the year.

It is not clear to me whether PFRS 16 has any impact or none at all.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The Interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

  Based on the Group’s assessment, it has no material uncertain tax treatments, accordingly, the adoption of this Interpretation has no significant impact on the consolidated financial statements.

Standards and Interpretations Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group’s consolidated financial statements.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Summary of Significant Accounting and Financial Reporting Policies

Presentation of Consolidated Financial Statements
The Group has elected to present all items of recognized income and expense in a single consolidated statement of comprehensive income.

Current versus Noncurrent Classification
The Group presents assets and liabilities in statement of financial position based on current/noncurrent classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the financial reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial reporting period.

The Group classifies all other assets as noncurrent.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the financial reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the financial reporting period.

The Group classifies all other liabilities as noncurrent.

Cash
Cash includes cash on hand and in banks.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Accounting policies on the initial recognition and classification, subsequent measurement, and impairment of financial instruments applied before January 1, 2018

Subsequent Measurement
The subsequent measurement of financial instruments depends on their classification as follows:

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading designated as AFS investments or designated as at FVPL. This accounting policy relates to the consolidated statements of financial position captions “Cash” and “Receivables”, which arise primarily from sale and other types of receivables. Loans and receivables are classified as current when these are expected to be realized within 12 months after the end of the reporting period or within the Group’s normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent. Receivables are recognized initially at fair value, which normally pertains to the billable amount.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized in the consolidated statement of comprehensive income as interest expense for loans and other charges for receivables.

AFS Financial Assets
AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. AFS financial assets are those purchased and held indefinitely and may be sold as the need arises. They are included in noncurrent assets unless management intends to dispose of the investment within 12 months from the end of the reporting period. Included in this category are equity investments in quoted instruments and private companies other than associates, which is shown as a separate line item in the consolidated statement of financial position.

After initial measurement, AFS financial assets are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported as "Cumulative changes in fair values of AFS financial assets" account in the equity section of the consolidated statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated statement of comprehensive income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Any interest earned on holding AFS financial assets are reported as interest income using the EIR. Any dividends earned on holding AFS financial assets are recognized in the consolidated statement of comprehensive income when the right of payment has been established. Any losses arising from impairment of such investments are recognized in the consolidated statement of comprehensive income.

Other Financial Liabilities
Other financial liabilities are initially recorded at fair value, less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

Impairment of Financial Assets
The Group assesses at each end of reporting period whether a financial asset or group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets Carried at Amortized Cost
The Group first assesses whether objective evidence of impairment, such as age analysis and status of counterparty, exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial asset with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The factors in determining whether objective evidence of impairment exist, include, but are not limited to, the length of the Group's relationship with the debtors, their payment behavior and known market factors. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost (e.g., receivables) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original EIR. Time value is generally not considered when the effect of discounting is not material. The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in the consolidated statements of comprehensive income. Receivables together with the associated allowance are written-off when there is no realistic prospect of future recovery. If a future write-off is later recovered, the recovery is recognized in the consolidated statement of comprehensive income.

Impairment losses are estimated by taking into consideration the following information: current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired. Management is responsible for deciding the length of this period.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets Carried at Fair Value
For AFS financial assets, the Group assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. "Significant" is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

The Group treats "Significant" generally as 20% or more and "Prolonged" as greater than 12 months for quoted equity securities. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of comprehensive income is removed from OCI. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is “Significant” or “Prolonged” requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial Assets Carried at Cost
If there is objective evidence that an impairment loss on an unquoted equity instrument, that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the current market rate of return of a similar financial asset.

Accounting policies on the initial recognition and classification, subsequent measurement, and impairment of financial instruments applied on or after January 1, 2018

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

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

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

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

For equity instruments, these are classified and measured at FVOCI.

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

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial Assets at Amortized Cost (Debt Instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

The Group's financial assets at amortized cost pertains to cash, receivables, contract deposits under 'Prepayments and other current assets', and mine rehabilitation fund (MRF) under 'Other noncurrent assets'.

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

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

The Group elected to classify under this category its quoted and unquoted equity shares under 'Financial assets designated at FVOCI'.

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

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

The Group has no financial assets under this category.

Impairment
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an

approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For cash, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

The Group's financial liabilities is composed of accounts payable and accrued expenses.

Subsequent Measurement
The measurement of financial liabilities depends on their classification, as described below:

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Derecognition of Financial Instruments

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement

The Group measures financial instruments at fair value at each end of the reporting period. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 21.

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business on the end of the reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Inventories
Inventories consists of parts, supplies, fuel and lubricants which are stated at the lower of cost and NRV. Cost of parts and supplies on hand are determined at moving average. Costs of inventories comprise all costs of purchase and other costs incurred in bringing the materials and supplies to their present location and condition. NRV for parts and supplies is the value of the inventories' replacement cost. In determining the NRV, the Group considers any adjustments necessary for obsolescence. Provision for losses is determined by reference to specific items of inventories.

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

Prepayments and Other Current Assets
The Group's prepayments and other current assets include contract deposits, and miscellaneous deposits. These are classified as current since the Group expects to realize or consume the assets within 12 months after the end of the reporting period.

Contract Deposits
Contract Deposits are payment to suppliers and contractors before goods or services has been received or rendered. These are classified as current since these are expected to be offset against future short-term billings and are recognized in the books at amounts initially paid.

Miscellaneous deposits
Miscellaneous deposits are advance payments made to supplier of services. These are classified as current since these are expected to be offset against future short-term billings and are recognized in the books at amounts initially paid.

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

The initial cost of property and equipment comprises its purchase price or construction cost, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to expense in the period when the costs are incurred.

When a mine construction project moves into production stage, the capitalization of mine construction costs ceases, and costs are either regarded as inventory or expensed, except for costs which qualify for capitalization relating to mine site additions or improvements, underground mine development or mineable reserve development.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Major maintenance and major overhaul costs that are capitalized as part of property and equipment are depreciated on a straight-line basis over the shorter of their estimated useful lives, typically the period until the next major maintenance or inspection, or the estimated useful life of the related property and equipment.

Land is recorded at cost less any impairment in value.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value, if any, over its estimated useful life, as follows:

Type of Asset	Estimated Useful Life in Years
Machinery and equipment	5 to 20
Building and improvements	20
Furniture, office and other equipment	5

The assets' residual values, if any, useful lives and methods of depletion and depreciation are reviewed at each reporting period and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in-progress represents work under construction and is stated at cost. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year the item is derecognized.

Fully-depreciated property and equipment are maintained in the accounts until these are no longer in use.

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

In evaluating if expenditures meet the criteria to be capitalized, several different sources of information are utilized. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed. Once commercial reserves are established, exploration and evaluation assets are tested for impairment and transferred to mine and mining properties. No amortization is charged during the exploration and evaluation phase. If the area is found to contain no commercial reserves, the accumulated costs are expensed.

Other Noncurrent Assets
Other noncurrent assets of the Group include the excess input value-added tax (VAT), prepaid royalties, advances to land owners and various deposits. These are classified as noncurrent since the Group expects to utilize the assets beyond 12 months from the end of the reporting period.

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

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

Input VAT represents the VAT paid on purchases of applicable goods and services, net of output tax, which can be claimed for refund or recovered as tax credit against future tax liability of the Group upon approval by the Philippine Bureau of Internal Revenue (BIR). Input VAT on capitalized goods exceeding ₱1,000,000 is subject to amortization and any excess may be utilized against output VAT, if any, beyond 12 months from the reporting period or can be claimed for refund or as tax credits with the Philippine Department of Finance.

Prepaid Royalties
Prepaid royalties are advance payments to claim owners and real property taxes.

Impairment of Nonfinancial Assets
Prepayments and Other Current Assets and Other Noncurrent Assets
The Group provides allowance for impairment losses on prepayments and current assets and other noncurrent assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease the nonfinancial assets.

Property and Equipment
Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized only to the extent that it does not exceed the carrying amount that would have been determined (net of depletion and depreciation) had no impairment loss been recognized for that asset in prior years.

Deferred Mine Exploration and Evaluation Costs
Deferred mine exploration and evaluation costs are assessed for impairment when facts and circumstances suggest that the carrying amount of the deferred mine exploration and evaluation costs may exceed its recoverable amount. An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined. Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

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

An impairment loss recognized in prior periods for an asset other than goodwill must be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset must be increased to its recoverable amount. However, such reversal must not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Provisions

General

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

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the consolidated statement of comprehensive income.

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

Capital Stock and APIC

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

Subscribed capital stock is reported in equity less the related subscription receivable.

Deficit

Deficit represents accumulated losses of the Group, dividend distributions, prior period adjustments, effects of changes in accounting policy and other capital adjustments.

Share-based Payments

The Parent Company has equity-settled, share-based compensation plans with its officers and employees.

Stock Option Plan

The Parent Company has stock option plan which allows the grantees to purchase the Parent Company’s shares. The Parent Company recognizes stock compensation expense over the holding period. The Parent Company treats its stock option plan as option exercisable within a given period. Dividends paid on the awards that have vested are deducted from equity and those paid on awards that are unvested are charged to profit or loss. For the unsubscribed shares where the grantees still have the option to subscribe in the future, these are accounted for as options.

Equity Reserve

Equity reserve represents the effect of the transaction of the Parent Company arising from change in ownership interest in a subsidiary without loss of control.

Revenue Recognition

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

Interest Income

Interest income is recognized as it accrues using the EIR method.

Other Income

Other income is recognized when earned.

Costs and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Administrative and overhead costs are generally recognized when the service is used or as the expense arises.

Leases

Accounting policies on the initial recognition and classification of leases applied before January 1, 2019

Determination of Whether an Arrangement Contains a Lease

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Operating Lease - Group as a Lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Accounting policies on the initial recognition and classification of leases applied on or after January 1, 2019

The Group assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is not a lessor in any transactions, it is only a lessee.

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

Leases of Low-value Assets
The Group applies the leases of low-value assets recognition exemption to lease of office space that is considered to be of low value. Lease payments on leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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

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

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined retirement benefits liability or asset
- Remeasurements of net defined retirement benefits liability or asset

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

Net interest on the net defined retirement benefits liability or asset is the change during the period in the net defined retirement benefits liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined retirement benefits liability or asset. Net interest on the net defined retirement benefits liability or asset is recognized as expense or income in consolidated statement of comprehensive income.

Remeasurements, comprising actuarial gains and losses, are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

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

Termination Benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee Leave Entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of reporting period.

Foreign Currency Transactions
Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing rate at the reporting period. Foreign exchange differences between rate at transaction date and rate at settlement date or at each reporting period are credited to or charged against the consolidated statement of comprehensive income.

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

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

Deferred Income Tax
Deferred income tax is provided using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:
- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused tax credits and unused net tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and carryforward benefits of unused tax credits and unused tax losses can be utilized except:
- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient future taxable income will be available against which the temporary differences can be utilized.

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

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

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

Deferred tax relating to items recognized outside the consolidated statement of comprehensive income, are recognized in correlation to the underlying transaction, either in OCI or directly in equity.

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

Diluted earnings (loss) per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

Operating Segment
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The Group has only one business and geographical segment.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

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

3. Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assessing Impairment of Property and Equipment

The Group assesses impairment on property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

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

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to the consolidated statement of comprehensive income if the recoverable amount is less than the carrying amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

The aggregate net book values of property and equipment amounted to ₱114,868,934 and ₱119,492,318 as at December 31, 2019 and 2018, respectively, net of allowance for impairment losses of ₱161,988,540 as at December 31, 2019 and 2018 (see Note 9).

Assessing Recoverability of Deferred Mine Exploration and Evaluation Costs
Cost related to exploration activities are capitalized as deferred mine exploration and evaluation costs until the viability of the exploration project is determined. Exploration, evaluation and pre-feasibility costs are charged to operations until such time that it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized. The Group reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. Mine exploration costs amounted to ₱2,951,585,749 and ₱2,908,707,619, as at December 31, 2019 and 2018, respectively, net of allowance for impairment loss of ₱92,028,090 as at December 31, 2019 and 2018 (see Note 10).

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

Measurement of ECLs
ECLs are derived from unbiased and probability-weighted estimates of expected loss. The ECLs for the Group's financial assets which are not credit-impaired at the reporting date are measured as the present value of all cash shortfalls over the expected life of the financial asset discounted by the EIR. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The Group leverages existing risk management indicators, credit risk rating changes and reasonable and supportable information which allows the Group to identify whether the credit risk of financial assets have significantly increased.

ECLs are the discounted product of the PD, LGD, and EAD, defined as follows:

- *Probability of default (PD)*
  The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

  The 12 months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

- *Loss given default (LGD)*
  LGD represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and

lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the financial asset.

- *Exposure at default (EAD)*
  EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

No provision for ECL was recognized in 2019 and 2018 since the impact is immaterial.

Estimating Impairment of Input VAT
The Group assesses impairment on its input VAT whenever events or changes in circumstances indicate that the carrying amount of input VAT may not be recovered. As at December 31, 2019 and 2018, carrying values of input VAT amounted to ₱1,707,909 and ₱2,658,616 respectively (see Note 11).

Provision for impairment losses on input VAT amounted to ₱1,286,260, ₱4,879,916 and ₱17,987,105 in 2019, 2018 and 2017, respectively (see Notes 11 and 15).

Estimating Allowance for Inventory Losses
Mill materials, hardware and other supplies, which are used in the Group’s operations, are stated at the lower of cost or NRV. Allowance due to obsolescence is established when there are evidences that the equipment where the parts and supplies are originally purchased for is no longer in service. Inventories which are nonmoving or have become unusable are priced at their recoverable amount.

Inventories, at lower of cost or NRV, amounted to ₱7,128,985 and ₱7,678,893 as at December 31, 2019 and 2018, respectively, net of allowance for inventory losses of ₱67,751,318 and ₱67,636,023 as at December 31, 2019 and 2018, respectively (see Note 6).

Estimating Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each end of the financial reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized.

The Group has recognized deferred tax assets amounting to ₱73,796,773 and ₱73,069,192 as at December 31, 2019 and 2018, respectively. No deferred tax assets were recognized for temporary differences amounting to ₱210,083,722 and ₱209,404,123 as at December 31, 2019 and 2018, respectively, since management believes that there is no assurance that the Group will generate sufficient future taxable income to allow all or part of its deferred tax assets to be utilized (see Note 17).

Determining Retirement Benefits Obligation
The determination of the Group’s obligation and cost for retirement and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. These assumptions are described in Note 16 to the consolidated financial statements. Retirement

benefits obligation amounted to ₱15,119,563 and ₱13,111,070 as at December 31, 2019 and 2018, respectively (see Note 16). Retirement benefits costs amounted to ₱1,782,467, ₱1,656,602, and ₱1,570,346 in 2019, 2018 and 2017, respectively (see Note 16).

Estimating Contingencies
The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings (see Note 25).

4. Cash

	2019	2018
Cash on hand	**₱110,000**	₱110,000
Cash in banks	**2,028,335**	8,627,477
	₱2,138,335	₱8,737,477

Cash in banks earn interest at the respective bank deposit rates. Total interest income amounted to ₱16,115, ₱52,261 and ₱50,127 in 2019, 2018 and 2017, respectively.

The Group has United States Dollar (US$)-denominated cash in banks amounting to US$6,163 and US$8,582 as at December 31, 2019 and 2018, respectively (see Note 21).

5. Receivables

	2019	2018
Stock options receivable	**₱9,780,000**	₱9,780,000
Nontrade receivables	**1,092,014**	1,095,401
	10,872,014	10,875,401
Less allowance for expected credit losses	**10,608,351**	828,351
	₱263,663	₱10,047,050

Stock options receivables are non-interest-bearing receivables from employees in respect of stock options exercised under a share-based plan (see Note 20).

Nontrade receivables which are non-interest bearing comprise mainly of receivables from subcontractors and other third parties. Nontrade receivables are collectible on demand.

Based on the assessment by management, the Group recognized an allowance for expected credit losses on specifically identified credit-impaired accounts amounting to ₱10,608,351 as at December 31, 2019 and 2018. Receivables which were not individually significant and individually significant receivables for which no specific impairment were recognized were assessed and subjected to collective assessment. Based on assessment done by the management, the Group has not recognized any provision for receivables which were assessed collectively. Provisions for expected credit losses amounted to ₱9,780,000 in 2019 and nil in 2018 and 2017.

6. Inventories

	2019	2018
At NRV:		
Machinery and automotive parts	**₱7,076,111**	₱7,624,514
Mill materials, hardware and other supplies	**–**	–
At cost:		
Fuel, oil and lubricants	**52,874**	54,379
	₱7,128,985	₱7,678,893

Cost of inventories carried at NRV are as follows:

	2019	2018
Mill materials, hardware and other supplies	**₱55,465,395**	₱55,897,662
Machinery and automotive parts	**19,362,034**	19,362,875
	₱74,827,429	₱75,260,537

Movements in allowance for inventory losses in 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of year	**₱67,636,023**	₱67,691,886
Adjustment	**115,777**	–
Reversal	**(482)**	(55,863)
Balance at end of year	**₱67,751,318**	₱67,636,023

The reversal of the allowance for inventory losses amounting to ₱482 and ₱55,863 as at December 31, 2019 and 2018, respectively, pertains to the issuance of various inventory items used in the mining exploration activities of the Group. Reversal of inventory losses resulted to other income of ₱482, ₱55,863 and ₱199,603 in 2019, 2018 and 2017, respectively (see Note 15).

Adjustment in the number of obsolete items as a result of inventory count amounted to nil in 2019 and 2018 ₱91,986 in 2017.

Provisions for inventory losses amounted to nil in 2019, 2018 and 2017.

7. Prepayments and Other Current Assets

	2019	2018
Contract deposits (Note 13)	**₱60,014,594**	₱60,014,594
Miscellaneous deposits	**3,105,047**	2,373,737
	₱63,119,641	₱62,388,331

Contract deposits pertain to deposits made for future drilling services of its affiliate, Diamond Drilling Corporation of the Philippines (DDCP) (see Note 13).

8. Financial Assets Designated at FVOCI

	2019	2018
Quoted instruments	**₱7,084,018**	₱8,718,793
Unquoted instruments	**7,500,000**	7,500,000
	₱14,584,018	₱16,218,793

Quoted instruments pertain to investment on common shares of LCMC. These equity instruments pertain to Lepanto A shares totaling to 77,846,363 as at December 31, 2019 and 2018. The fair value on the quoted instrument is based on the exit market price of ₱0.09 and ₱0.11 at December 31, 2019 and 2018, respectively.

Unquoted instruments pertain to investment in a private company. These unquoted financial instruments pertain to Manila Peninsula shares totaling to 750,000 as at December 31, 2019 and 2018.

As at December 31, 2019 and 2018, the Group has no intention to dispose its unquoted instruments.

Movement of financial assets designated at FVOCI in 2019 is as follows:

Balance as at January 1, 2019	₱16,218,793
Change in fair value of financial assets designated at FVOCI	(1,634,775)
Balance as at December 31, 2019	₱14,584,018

Movement of financial assets designated at FVOCI in 2018 is as follows:

Balance as at January 1, 2018, as previously stated	₱–
Effect of adoption of PFRS 9	19,254,801
Balance as at January 1, 2018, as restated	19,254,801
Changes in fair value of financial assets designated at FVOCI	(3,036,008)
Balance as at December 31, 2018	₱16,218,793

In 2018, upon adoption of PFRS 9, the Parent Company elected to irrevocably classify its quoted and unquoted equity shares under financial assets designated at FVOCI as it intends to hold these investments for the foreseeable future. The classification and measurement requirements of PFRS 9 did not have a significant impact to the Parent Company. The Parent Company continued measuring at fair value all financial assets previously held at fair value under PAS 39.

Movement in the "Fair value reserve of financial assets designated at FVOCI" presented as separate component of equity as at December 31, 2019 follow:

Balance as at January 1, 2019	**₱53,718,471**
Valuation loss	**1,634,775**
Balance as at December 31, 2019	**₱55,353,246**

Movement in the "Fair value reserve of financial assets designated at FVOCI" presented as separate component of equity as at December 31, 2018 follow:

Balance as at January 1, 2018, as previously stated	₱–
Effect of adoption of PFRS 9	50,682,463
Balance as at January 1, 2018, as restated	50,682,463
Valuation loss	3,036,008
Balance as at December 31, 2018	₱53,718,471

There was no dividend income earned from the quoted equity instruments in 2019, 2018 and 2017.

9. **Property and Equipment**

	2019					
	Machinery and Equipment	**Building and Improvements**	**Furniture, Office and Other Equipment**	**Land**	**Construction In-progress**	**Total**
Cost:						
Balances at beginning of year	**₱817,931,644**	**₱110,919,501**	**₱115,740,168**	**₱7,270,713**	**₱104,422,357**	**₱1,156,284,383**
Additions	**–**	**–**	**123,661**	**–**	**–**	**123,661**
Balances at end of year	**817,931,644**	**110,919,501**	**115,863,829**	**7,270,713**	**104,422,357**	**1,156,408,044**
Accumulated depreciation:						
Balances at beginning of year	**672,449,374**	**89,016,906**	**113,337,245**	**–**	**–**	**874,803,525**
Depreciation (Notes 10 and 14)	**1,700,023**	**2,048,302**	**998,720**	**–**	**–**	**4,747,045**
Balances at end of year	**674,149,397**	**91,065,208**	**114,335,965**	**–**	**–**	**879,550,570**
Allowance for impairment losses:						
Balances at beginning and end of year	**143,720,880**	**18,086,096**	**181,564**	**–**	**–**	**161,988,540**
Net book values	**₱61,367**	**₱1,768,197**	**₱1,346,300**	**₱7,270,713**	**₱104,422,357**	**₱114,868,934**

	2018					
	Machinery and Equipment	Building and Improvements	Furniture, Office and Other Equipment	Land	Construction In-progress	Total
Cost:						
Balances at beginning of year	₱817,931,644	₱111,052,844	₱114,313,639	₱7,270,713	₱104,422,357	₱1,154,991,197
Additions	–	–	1,293,186	–	–	1,293,186
Transfers	–	(133,343)	133,343	–	–	–
Balances at end of year	817,931,644	110,919,501	115,740,168	7,270,713	104,422,357	1,156,284,383
Accumulated depreciation:						
Balances at beginning of year	670,588,372	86,968,587	110,397,451	–	–	867,954,410
Depreciation (Notes 10 and 14)	1,861,002	2,048,319	2,939,794	–	–	6,849,115
Balances at end of year	672,449,374	89,016,906	113,337,245	–	–	874,803,525
Allowance for impairment losses:						
Balances at beginning and end of year	143,720,880	18,086,096	181,564	–	–	161,988,540
Net book values	₱1,761,390	₱3,816,499	₱2,221,359	₱7,270,713	₱104,422,357	₱119,492,318

Total depreciation of property and equipment charged to operations amounted to ₱1,287,996, ₱1,371,924 and ₱1,315,273 in 2019, 2018 and 2017, respectively (see Note 14). Depreciation of property and equipment, except mill machinery and equipment, amounting to ₱3,459,049, ₱5,477,191 and ₱6,171,036 were capitalized in 2019, 2018 and 2017, respectively, as part of deferred mine exploration and evaluation costs (see Note 10).

As at December 31, 2019 and 2018, construction in-progress consists mainly of expenditures incurred on land preparation in the mine site, the establishment of roads and the construction of the processing plant, which will be completed when the Parent Company resumes its mining operations.

10. Deferred Mine Exploration and Evaluation Costs

	2019	2018
Balance at beginning of year	**₱2,908,707,619**	₱2,845,643,985
Additions	**39,419,081**	57,586,443
Capitalized depreciation (Note 9)	**3,459,049**	5,477,191
Balance at end of year	**₱2,951,585,749**	₱2,908,707,619

Deferred mine exploration and evaluation costs includes balance of KCGRI amounting to ₱2,664,201, net of allowance for impairment losses amounting to ₱92,028,090, as at December 31, 2019 and 2018.

As discussed in Note 1, the Parent Company has valid and existing MPSA as at December 31, 2019. Costs incurred pertaining to the exploration activities on the tenements covered by the said permit are expected to be recovered once commercial operations resume.

11. Other Noncurrent Assets

	2019	2018
Input VAT	**₱100,809,421**	₱100,473,868
MRF	**5,213,830**	5,380,212
Prepaid royalties	**4,998,939**	4,987,659
Miscellaneous deposits	**2,008,183**	2,008,183
Advances to landowners	**1,508,341**	1,508,341
	114,538,714	114,358,263
Less allowance for impairment losses on input VAT	**99,101,512**	97,815,252
	₱15,437,202	₱16,543,011

Input VAT represents VAT paid on purchases of goods and services which can be recovered as tax credit against future tax liability of the Parent Company upon approval by the BIR.

On November 13, 1998, the Parent Company entered into a separate Memorandum of Agreement with the Office of Municipal Mayor and Sangguniang Bayan of Placer, Surigao del Norte, DENR and MGB. Under the agreement, the Parent Company is mandated to establish and maintain a Monitoring Trust Fund and MRF amounting to ₱5,150,000 recorded as environmental fund. The funds are to be used for physical and social rehabilitation, reforestation and restoration of areas and communities affected by mining activities, for pollution control, slope stabilization and integrated community development. The environmental fund to be maintained by the Group in a mutually acceptable bank is subject to annual review of the MRF committee.

Prepaid royalties are advance payments to claim owners and real property taxes of land where the mine site operations were located and are expensed as incurred.

Miscellaneous deposits pertain to advances made to local government agencies for pending project agreements which will be offset against future billings and deposit receivables for electric utility given to Surigao del Norte Electric Cooperative, Inc., a power supplier, in exchange for future services.

Advances to landowners pertain to advances made to certain landowners for future purchases of parcels of land. The same will be deducted from the total acquisition cost of parcels of land to be purchased in the future.

Based on the assessment done by the management, the Group recognized provision for impairment losses on input VAT amounting to ₱1,286,263, ₱4,879,916 and ₱17,987,105 in 2019, 2018 and 2017, respectively (see Note 15).

Movements in allowance for impairment losses on input VAT in 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of year	**₱97,815,252**	₱92,935,336
Provision for impairment losses (Note 15)	**1,286,260**	4,879,916
Balance at end of year	**₱99,101,512**	₱97,815,252

12. Accounts Payable and Accrued Expenses

	2019	2018
Trade payable	**₱122,901,338**	₱128,119,128
Accrued expenses and other liabilities	**48,001,982**	8,537,399
Due to related parties (Note 13)	**5,211,470**	2,947,806
Payable to government	**1,794,515**	468,616
Unclaimed dividends	**573,097**	573,097
	₱178,482,402	₱140,646,046

Terms and conditions of the aforementioned liabilities are as follows:

- Trade payable includes local purchases of equipment, inventories and various parts. This is non-interest bearing and normally settled demand and on 30 days' terms.
- Accrued expenses include accrued payroll which are normally payable within five to 10 days and other liabilities which are non-interest bearing and have an average term of one to three months.
- Payable to government pertains to the Group's payable to various regulatory agencies such as payables for withholding taxes, Social Security System and Home Development and Mutual Fund premiums and PhilHealth contributions.
- Unclaimed dividends pertain to unpaid cash dividends declared by the Parent Company to its stockholders.

13. **Related Party Disclosures**

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

LCMC holds a 20% equity interest in the Group. It provided cash advances and paid expenses on behalf of the Group.

DDCP, a wholly owned subsidiary of LCMC, provides various drilling services to the Group.

Shipside, Inc., a wholly owned subsidiary of LCMC, provides hauling services to the Group.

The Parent Company, in the normal course of business, enters into transactions with related parties. The consolidated statements of financial position include the following assets and liabilities resulting from the above transactions with related parties:

Related Party	Relationship	Year	Amounts/ Volume	Outstanding Balance	Terms and Conditions
Contract Deposits (Note 7)					
DDCP	Affiliate under common control	**2019**	**₱–**	**₱60,014,594**	On demand Noninterest-bearing Refundable in cash Unsecured, no impairment
		2018	₱59,157,406	₱60,014,594	
Due to Related Parties (Note 12)					
LCMC	Stockholder	**2019**	**₱2,263,664**	**₱ 4,874,523**	On demand Noninterest-bearing To be settled in cash
		2018	₱2,029,054	₱2,610,859	Unsecured, no guarantee
Shipside, Inc.	Affiliate under common control	**2019**	–	**336,947**	On demand Noninterest-bearing To be settled in cash Unsecured, no guarantee
		2018	69,428	336,947	
Totals		**2019**		**₱5,211,470**	
Totals		2018		₱2,947,806	

Total compensation of the Group's key management personnel in 2019, 2018 and 2017, which pertains to short-term benefits, amounted to ₱484,450, ₱484,450 and ₱465,950, respectively. Key management of the Group are the executive officers and directors. There were no post-employment benefits paid for the Group's key management personnel in 2019, 2018 and 2017.

14. Administration and Overhead Costs

	2019	2018	2017
Outside services	**₱1,430,274**	₱860,088	₱724,293
Salaries, allowances and other benefits:			
Salaries and wages	**1,332,575**	1,561,800	1,557,800
Retirement benefit cost (Note 16)	**833,226**	921,288	908,797
Other benefits	**220,483**	464,749	219,257
Depreciation (Note 9)	**1,287,996**	1,371,924	1,315,273
Rent	**253,200**	288,200	284,700
Listing fees	**251,120**	328,188	296,419
Stockholders' meeting expenses	**248,059**	245,759	203,586
Repairs and maintenance	**112,445**	128,076	123,712
Insurance	**93,555**	230,284	163,966
Taxes and licenses	**39,562**	532,865	48,963
Seminar and trainings	**15,999**	9,279	52,583
Membership fees and dues	–	297,000	721,429
Others	**252,143**	322,332	308,232
	₱6,370,637	₱7,561,832	₱6,929,010

15. Other Charges (Income)

	2019	2018	2017
Provision for expected credit losses on receivables (Note 5)	**₱9,780,000**	₱–	₱–
Provision for impairment losses on input VAT (Note 11)	**1,286,260**	4,879,916	17,987,105
Reversal of inventory losses (Note 6)	**(482)**	(55,863)	(199,603)
	₱11,065,778	₱4,824,053	₱17,787,502

Provision for impairment losses on input VAT recognized pertains to input VAT recorded that are assessed to be doubtful of its recoverability.

Income from reversal of inventory losses pertains to the issuance of various inventory items used in the mining exploration activities of the Parent Company that were previously ascertained to be obsolete.

16. Retirement Benefits Obligation

The Parent Company has an unfunded defined benefit retirement plan covering substantially all regular employees. Benefits are dependent on the years of service and the respective employee's compensation. The defined retirement benefits obligation is actuarially determined using the projected unit credit method.

Under the existing regulatory framework, RA No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The amounts of retirement benefits costs recognized in the consolidated statements of comprehensive income follow:

	2019	2018	2017
Current service costs (Note 14)	**₱833,226**	₱921,288	₱908,797
Interest costs	**949,241**	735,314	661,549
	₱1,782,467	₱1,656,602	₱1,570,346

The amounts of remeasurement gain (loss) on retirement benefits liability, net of tax, recognized in other comprehensive income follow:

	2019	2018	2017
Remeasurement gain (loss) on retirement benefits liability	**(₱527,498)**	₱1,629,408	₱1,067,025
Income tax effect	**158,249**	(488,822)	(320,108)
	(₱369,249)	₱1,140,586	₱746,917

The table below shows the movement analysis of remeasurement loss on retirement benefits liability as at December 31, 2019 and 2018:

	2019	2018
Balance at beginning of year	**₱3,605,536**	₱2,464,950
Remeasurement gain (loss) on retirement benefits liability - net	**(369,249)**	1,140,586
Balance at end of year	**₱3,236,287**	₱3,605,536

The amounts of retirement benefits obligation recognized in the consolidated statements of financial position are as follows:

	2019	2018
Balance at beginning of year	**₱13,111,070**	₱13,083,876
Current service cost (Note 14)	**833,226**	921,288
Interest costs	**949,241**	735,314
Retirement benefit cost charged to profit or loss	**1,782,467**	1,656,602
Benefits paid	**(301,472)**	–
Remeasurement loss (gain) on:		
Change in financial assumptions	**1,507,407**	(973,453)
Experience adjustment	**(979,909)**	(655,955)
Retirement benefit cost charged to OCI	**527,498**	(1,629,408)
Balance at end of year	**₱15,119,563**	₱13,111,070

The principal assumptions used in determining retirement benefits obligations are as follows:

	2019	2018
Discount rate	**4.65%**	7.24%
Salary increase rate	**5.00%**	5.00%
Expected remaining working lives of employees	**14 years**	16 years

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

	Increase (decrease)	**2019**	2018
Discount rates	0.50%	**(₱337,636)**	(₱263,485)
	(0.50%)	**364,744**	279,626
Salary increase rate	0.50%	**343,295**	270,758
	(0.50%)	**(320,783)**	(255,943)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2019:

Less than one year	₱5,510,296
More than one year to five years	8,423,577
More than five years to 10 years	3,669,309
More than 10 years to 15 years	4,516,845
More than 15 years to 20 years	4,358,521
More than 20 years	24,735,691
	₱51,214,239

The latest actuarial report was made as at December 31, 2019.

17. Income Taxes

No provision for current income tax was recognized since the Parent Company and KCGRI are in gross and net taxable position.

A reconciliation of income tax applicable to loss before income tax at the statutory income tax rates to (benefit from) or provision for income tax as shown in the consolidated statements of comprehensive income follows:

	2019	2018	2017
Benefit from income tax at statutory tax rate	**(₱5,510,862)**	(₱3,920,681)	(₱7,598,381)
Additions to (reductions in) income tax resulting from:			
Change in unrecognized deferred tax assets	**5,078,639**	3,456,138	7,421,099
Interest income subjected to final tax	**(4,835)**	(15,678)	(15,038)
Reclassification of allowance for impairment losses on property and equipment	**–**	–	1,039,226
Nondeductible expenses	**1,500**	–	27,779
Provision for (benefit from) income tax	**(₱435,558)**	(₱480,221)	₱874,685

The components of the net deferred tax liability as at December 31 are as follows:

	2019	2018
Deferred tax assets:		
Recognized directly in profit or loss		
Allowance for:		
Impairment losses on property and equipment	**₱48,596,561**	₱48,596,562
Inventory losses	**20,290,662**	20,290,807
Expected credit (?) losses on receivables	**248,503**	248,505
Retirement benefits obligation	**5,605,927**	5,161,625
	74,741,653	74,297,499
Deferred tax liability:		
Recognized directly in profit or loss		
Excess of allowable depletion over depletion per books	**129,865,526**	129,865,526
Unrealized foreign exchange gains	**8,596**	–
Recognized directly in OCI		
Retirement benefits obligation	**1,070,058**	1,228,307
	130,944,180	131,093,833
Deferred tax liability - net	**₱56,202,527**	56,796,334

Deferred tax liability is mainly provided on taxable temporary differences arising on the difference between normal depletion and allowed depletion under Presidential Decree 1353, Amending Section 30 of the Tax Code to Allow Accelerated Deduction under Certain Conditions of Exploration and Development Expenditures.

The following are the movements in the Group's NOLCO for the years ended December 31:

	2019	2018
Balance at beginning of year	**₱19,560,782**	₱20,163,500
Additions	**5,862,534**	6,640,544
Expirations	**(6,170,345)**	(7,243,262)
Balance at end of year	**₱19,252,971**	₱19,560,782

No deferred tax assets were recognized for the following temporary differences since management expects that it is not probable that sufficient future taxable income will be available to allow all or part of these deferred tax assets to be utilized.

	2019	2018
Allowance for impairment losses on input VAT (Note 11)	**₱99,101,512**	₱97,815,251
Allowance for impairment losses on deferred mine exploration and evaluation costs (Note 10)	**92,028,090**	92,028,090
NOLCO	**19,252,971**	19,560,782
Provision for expected credit losses on receivables (Note 5)	**9,780,000**	
	₱220,162,573	₱209,404,123

As at December 31, 2019, the Group has NOLCO that can be claimed as deduction from future taxable income as follows:

Parent Company

Year Incurred	Year of Expiry	Amount
2017	2020	₱6,710,028
2018	2021	6,129,298
2019	2022	5,704,931
		₱18,544,257

KCGRI

Year Incurred	Year of Expiry	Amount
2017	2022	₱39,865
2018	2023	511,246
2019	2024	157,603
		₱708,714

18. Equity

Capital Stock

As at December 31, 2019 and 2018, details of the Parent Company's capital stock follow:

	No. of shares	**Amount**
Issued and outstanding		
Class "A"	**155,479,944,728**	**₱1,554,799,447**
Class "B"	**103,576,098,876**	**1,035,760,989**
	259,056,043,604	**2,590,560,436**
Subscribed		
Class "A"	**316,141,644**	**3,161,416**
Class "B"	**214,603,455**	**2,146,035**
	530,745,099	**5,307,451**
Total shares issued and subscribed	**259,586,788,703**	**2,595,867,887**
Less subscriptions receivable	**–**	**365,632**
	259,586,788,703	**₱2,595,502,255**

In April 2010, the Parent Company offered to its shareholders as of record date of March 10, 2010, the right to subscribe to one share for every eight shares held, at an offer price of ₱0.015 per share, covering 22,375,540,151 common shares consisting of 13,429,141,954 Class "A" shares and 8,946,398,197 Class "B" shares. Total capital stock issued and subscribed from the stock rights offering amounted to ₱330,659,280, net of transaction costs. Proceeds from the issuance of stock rights were used to settle debts and fund exploration projects.

On June 8, 2010, the SEC approved the increase in authorized capital stock to 260 billion shares at par value of ₱0.01 per share divided into 156 billion Class "A" and 104 billion Class "B" shares. On April 30, 2014, the PSE BOD approved the application covering the Offer Shares of 56,926,927,347 at an offer price of ₱0.012 per share, raising a total of ₱683,123,128. The offer period was from June 16, 2014 to June 20, 2014.

Proceeds from the issuance of stock rights were used to fund the drilling program for the period 2014 to 2015, settlement of debts to suppliers, service providers, and to fund the Parent Company's working capital.

Only Philippine nationals are qualified to acquire, own or hold Class "A" common shares of stock of the Parent Company. The total number of Class "B" common shares of stock subscribed, issued or outstanding at any given time shall in no case exceed two-thirds of the number of Class "A" common shares of stock or 40% of the aggregate number of Class "A" and Class "B" common shares of stock then subscribed, issued or outstanding. Each common share entitles the holder to one vote, enjoys full dividend and pre-emptive rights.

The Parent Company has 4,194, 4,238, and 4,293 stockholders as at December 31, 2019, 2018, and 2017.

Equity Reserve

On May 11, 2011, the Parent Company, KCGRI and Philex entered into a Farm-in agreement (Agreement) for the exploration and joint development of the Kalayaan Project located in Placer, Surigao del Norte. The pre-feasibility study of the project may be completed by Philex within the three year earn-in period.

Pursuant to the agreement, the Parent Company sold to Philex a total of 125,000 shares of stock of KCGRI, representing a 5% interest in KCGRI, for a consideration of US$25 million. Philex shall earn an additional 55% interest in KCGRI by sole-funding all pre-development expenses including a final feasibility study for the Project.

The sale brought down the total number of shares owned and controlled by the Parent Company as at December 31, 2011 to 95%. The net proceeds were accounted for as an equity transaction and resulted in an increase in equity amounting to ₱954,621,275 recognized as "Equity reserve" in the equity section of the consolidated statements of financial position.

NCI

NCI represents 5% interest of Philex in KCGRI.

The summarized financial information of the Subsidiary before intercompany eliminations is provided below:

Statements of comprehensive income as of December 31:

	2019	2018
Administration and overhead costs	**(₱149,103)**	(₱511,246)
Other income (charges)	**(4,180)**	9,032
Net loss	**(153,283)**	(502,214)
Other comprehensive income	**–**	–
Total comprehensive loss	**(₱153,283)**	(₱502,214)
Attributable to NCI	**₱7,664**	₱25,111

Statements of financial position as at December 31:

	2019	2018
Current assets	**₱3,879,553**	₱5,289,738
Noncurrent assets	**2,743,564**	2,735,536
Current liabilities	**(60,000)**	(1,308,874)
Total equity	**₱6,563,117**	₱6,716,400

Attributable to:	**2019**	2018
Equity holders of the Parent Company	**₱6,234,961**	₱6,380,580
NCI	**328,156**	335,820

The Group did not opt to present the statements of cash flows for the years ended December 31, 2019 and 2018 since it is deemed immaterial relative to the consolidated financial statements.

To meet the DENR-mandated (DENR Memorandum Order No. 2013-1) minimum capitalization requirement of Authorized Capital Stock (ACS) and Paid-up-Capital amounting to ₱100,000,0000 and ₱6,250,000, respectively, the KCGRI BOD approved on February 12, 2018 an increase in the ACS to ₱100,000,000. Philex and the Parent Company subscribed to additional capital and paid as follows:

	Increase (by ₱90,000,000)		Total after Increase	
Shareholder	Amount Subscribed	Amount Paid-up	Amount Subscribed	Amount Paid-Up
MMC (95%)	₱21,375,000	₱5,343,750	₱23,750,000	₱7,718,750
Philex (5%)	1,125,000	281,250	1,250,000	406,250
	₱22,500,000	₱5,625,000	₱25,000,000	₱8,125,000

The application for such increase and amendment of Articles of Incorporation was filed with the SEC on March 9, 2018 and was properly certified and approved on September 7, 2018.

The additional paid-up capital by Philex resulted to the increase in NCI amounting to ₱281,250.

The Group has no potential dilutive shares as at December 31, 2019, 2018, and 2017.

19. **Loss Per Share**

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

In computing for the diluted loss per share, the Parent Company considered the effect of its potentially dilutive stock options outstanding as at December 31, 2019, 2018 and 2017. There were no outstanding stock options as of December 31, 2019, 2018 and 2017.

	2019	2018	2017
Net loss attributable to equity holders of the Parent Company	**(₱8,012,548)**	(₱12,563,606)	(₱26,200,641)
Weighted average number of common shares for basic and diluted loss per share	**259,056,043,604**	259,056,043,604	259,056,043,604
Basic and diluted loss per share	**(₱0.00003)**	(₱0.00005)	(₱0.00010)

20. **Share-based Plan**

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

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

On November 10, 2009, the BOD approved the grant of the 8th Stock Option Awards (Awards) to selected employees, directors and officers of the Group in accordance with the board-approved Revised Stock Option Plan ("RSOP"). The Awards cover a total of 1,600,000,000 common shares consisting of 960,000,000 class "A" and 640,000,000 class "B" shares from the Parent Company's unissued capital stock, exercisable at the price of ₱0.02 per share, within 5 years from the date of SEC approval of the same. The option price of ₱0.02 per share was computed based on a new formula in the RSOP, that is, "the amount equivalent to 80% of the average closing price of the stock for the 10 trading days immediately preceding the date of the approval of the Grant by the BOD as determined from quotations in the PSE.

The SEC approved the Awards and the RSOP on July 9, 2010; the pertinent listing application was approved by the PSE on October 20, 2010. The stock options expired on July 8, 2015.

There were no share-based payments made in 2019, 2018 and 2017, respectively.

21. Financial Risk Management Objectives and Policies

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

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

Credit Risk

Credit risk represents the loss that the Group would incur if a counterparty failed to perform its contractual obligations. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all credit is subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

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

The table below shows the gross maximum exposure to credit risk without consideration to collateral or other credit enhancements for the components of the consolidated statements of financial position as at December 31, 2019 and 2018.

	2019	2018
Cash in banks	**₱2,028,335**	₱8,627,477
Stock options receivable	**9,780,000**	9,780,000
Nontrade receivables	**1,092,015**	1,095,401
Contract deposits	**60,014,594**	60,014,594
MRF	**5,213,830**	5,380,212
	₱78,128,774	₱79,517,472

The tables below summarize the aging analysis of the Group's financial assets as at December 31, 2019 and 2018:

2019	**Neither past due nor impaired**	**Past due but not Impaired** Less than 30 days	**30 to 60 days**	**61 to 90 days**	**Over 90 days**	**Impaired**	**Total**
Cash in banks	**₱2,028,335**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,028,335**
Stock options receivable	**–**	**–**	**–**	**–**	**–**	**9,780,000**	**9,780,000**
Nontrade receivables	**263,664**	**–**	**–**	**–**	**–**	**828,351**	**1,092,015**
Contract deposits	**60,014,594**	**–**	**–**	**–**	**–**	**–**	**60,014,594**
MRF	**5,213,830**	**–**	**–**	**–**	**–**	**–**	**5,213,830**
	₱67,520,423	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,608,351**	**₱78,128,774**

2018	Neither past due nor impaired	Past due but not impaired Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	Impaired	Total
Cash in banks	₱8,627,477	₱–	₱–	₱–	₱–	₱–	₱8,627,477
Stock options receivable	9,780,000	–	–	–	–	–	9,780,000
Nontrade receivables	267,050	–	–	–	–	828,351	1,095,401
Contract deposits	60,014,594	–	–	–	–	–	60,014,594
MRF	5,380,212	–	–	–	–	–	5,380,212
	₱78,689,121`	₱–	₱–	₱–	₱–	₱828,351	₱79,517,472

The Group has assessed the credit quality of the following financial assets:

- Cash in banks are assessed as high grade since these are deposited in reputable banks in the country as approved by the BOD and which have a low probability of insolvency.
- Nontrade receivables which mainly pertain to receivables from subcontractors and are assessed as high grade. These were assessed as such since historical experience shows collection of accounts and offsetting of deposits made by the counterparty. Nontrade receivables which are not foreseen to be collected have already been impaired and are classified as substandard grade.
- Contract deposits consist of advances to related parties and various suppliers and are assessed as high grade since these have high probability of collection through application of outstanding amount against future billings.
- MRF pertains to funds to be used once the mined area will be rehabilitated. These were assessed as high grade since these are deposited in reputable bank in the country.

There are no significant concentrations of credit risk within the Group.

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes. The Group's market risk originates from its holdings of equity instruments as well as foreign currency-denominated financial instruments.

Foreign Currency Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its consolidated financial statements and consolidated statements of cash flows. The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-Philippine peso currencies.

The Group uses the Philippine Peso as its functional currency and is therefore exposed to foreign exchange movements, primarily in US$ currency. The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-Philippine Peso currencies.

The following table sets forth the Group's foreign currency-denominated monetary assets as at December 31, 2019 and 2018:

	2019		2018	
	United States Dollar	**Peso Equivalent**	United States Dollar	Peso Equivalent
Cash	**US$6,163**	**₱312,078**	US$8,582	₱451,242

The exchange rate used for the conversion of the amounts from US$ to Philippine Peso is ₱50.64 and ₱52.58 as at December 31, 2019 and 2018, respectively.

Since the amounts of above foreign currency denominated financial assets are immaterial relative to the consolidated financial statements, management opted not to disclose the foreign currency risk sensitivity analysis for 2019 and 2018.

Equity Price Risk
Equity price risk is the risk that the fair values of equity securities will fluctuate because of changes in the level of indices and the value of individual stocks. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated statements of financial position as financial assets designated at FVOCI as at December 31, 2019 and 2018, respectively. The Group's exposure to equity price risk relates primarily to its financial assets designated at FVOCI in LCMC.

The Group's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine its impact on the consolidated statements of financial position.

The effect on equity (as a result of change in fair value of equity instruments held as financial assets designated at FVOCI as at December 31, 2019 and 2018, respectively) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Market Index	Change in Variables	Effect on Equity Increase (Decrease)
2019	**PSEi**	**1.79%**	**₱43,523**
		-1.79%	**(₱43,523)**
2018	PSEi	3.14%	₱147,099
		-3.14%	(₱147,099)

<u>Liquidity Risk</u>
Liquidity risk arises when there is a shortage of funds and the Group, as a consequence, could not meet its maturing obligations. The Group seeks to manage its liquid funds through cash planning on a monthly basis. The Group uses historical figures and experiences and forecasts from its collection and disbursement.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from related parties. The Group considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debt. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. Also, the Group only places funds in money markets which are exceeding the Group's requirements. Placements are strictly made based on cash planning assumptions and covers only a short period of time.

The tables below summarize the maturity profile of the Group’s financial liabilities which are based on contractual undiscounted payments and financial assets which are used to manage the liquidity risk as at December 31, 2019 and 2018.

2019	**On demand**	**Less than 3 months**	**Total**
Financial Liabilities			
Accounts payable and accrued expenses*	**₱176,114,794**	**₱–**	**₱176,114,794**
Unclaimed dividends	**573,097**	**–**	**573,097**
Total	**176,687,891**	**–**	**176,687,891**
Financial Assets			
Cash	**2,138,335**	**–**	**2,138,335**
Stock options receivable	**9,780,000**	**–**	**9,780,000**
Nontrade receivables	**408,006**	**–**	**408,006**
Contract deposits	**60,014,594**	**–**	**60,014,594**
Financial assets designated at FVOCI	**14,584,019**	**–**	**14,584,019**
Total	**86,924,954**	**–**	**86,924,954**
Net Financial Liabilities	**₱89,762,937**	**₱–**	**₱89,762,937**

**excluding statutory payables*

2018	On demand	Less than 3 months	Total
Financial Liabilities			
Accounts payable and accrued expenses*	₱139,604,333	₱–	₱139,604,333
Unclaimed dividends	573,097	–	573,097
Total	140,177,430	–	140,177,430
Financial Assets			
Cash	8,737,477	–	8,737,477
Stock options receivable	9,780,000	–	9,780,000
Nontrade receivables	267,050	–	267,050
Contract deposits	60,014,594	–	60,014,594
Financial assets designated at FVOCI	16,218,793	–	16,218,793
Total	95,017,914	–	95,017,914
Net Financial Liabilities	₱45,159,516	₱–	₱45,159,516

**excluding statutory payables*

Fair Values

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash, Receivables, Accounts Payable and Accrued Expenses

The carrying amounts of cash, receivables, accounts payable and accrued expenses, which are all subject to normal trade credit terms and are short-term in nature, approximate their fair values.

Financial assets designated at FVOCI

Fair values of investments are estimated by reference to their quoted market price at the reporting date. The fair value of the Group’s unquoted equity securities is determined using market approach. As at December 31, 2019, the Group’s quoted and unquoted equity securities fair value is at Level 1 and Level 2, respectively.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements as at December 31, 2019 and 2018, respectively.

There were no purchases, sales, issues and settlements of level 3 financial assets designated at FVOCI in 2019 and 2018, respectively.

22. Capital Management

The primary objective of the Group’s capital management is to ensure that the Group has sufficient funds in order to support their business, pay existing obligations and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2019. The Group has complied with all externally imposed capital requirements in 2019 and 2018.

As at December 31, 2019 and 2018, the Group’s capital is composed of the following:

	2019	2018
Capital stock	**₱2,595,502,255**	₱2,595,502,255
Additional paid-in capital	**617,625,955**	617,625,955
Deficit	**(1,196,638,647)**	(1,178,735,129)
	₱2,026,380,533	₱2,034,393,081

23. Segment Reporting

As discussed in Note 1, the Parent Company and its 95%-owned subsidiary is engaged in the business of mine exploration. Accordingly, the Group operates mainly in one reportable business and geographical segment which is the Philippines. No entity-wide disclosures pertaining to revenues are provided as the Group has not earned revenue. Noncurrent assets of the Group are located in the Philippines.

24. Supplementary Disclosures to the Consolidated Statements of Cash Flows

The non-cash investing activities arising from the capitalization of depreciation amounted to ₱3,459,049, ₱5,477,191, and ₱6,171,036 in 2019, 2018 and 2017, respectively.

25. Subsequent Events

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, which was subsequently extended to May 15, 2020. On May 11, 2020, Resolution No. 35 was issued by the Inter-Agency Task Force (IATF) for the Management of Emerging Infectious Disease placing moderate-risk provinces, highly urbanized cities (HUCs), and independent component cities (ICCs) under General Community Quarantine (GCQ) and high-risk provinces, HUCs, and ICCs under Modified ECQ (MECQ) from May 16, 2020 to May 31, 2020. The National Capital Region shifted to MECQ from May 16, 2020 to May 31, 2020. On May 29, 2020, Resolution No. 41 was issued placing NCR under GCQ until June 15, 2020, which was subsequently extended to June 30,2020 on June 15, 2020 following Resolution No. 46-A.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. The imposition of the community quarantine resulted to the temporary cessation of the business activities of the Group until it was subsequently lifted by the government.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

26. **Other Matters**

a) The Parent Company is either a defendant or co-defendant in certain civil and administrative cases which are now pending before the courts and other governmental bodies. In the opinion of management and the Parent Company's legal counsel, any adverse decision on these cases would not materially affect the consolidated statements of financial position and consolidated statements of comprehensive income as at and for the years ended December 31, 2019 and 2018.

b) On July 12, 2012, EO No. 79 was released to lay out the framework for the implementation of mining reforms in the Philippines. The policy highlights several issues that includes area of coverage of mining, small-scale mining, creation of a council, transparency and accountability and reconciling the roles of the national government and local government units. Management believes that EO 79 has no major impact on its current operations since the mine is covered by an existing MPSA with the government. Section 1 of EO No. 79, provides that mining contracts approved before the effectivity of the EO shall continue to be valid, binding, and enforceable so long as they strictly comply with existing laws, rules and regulations and the terms and conditions of their grant.

   The EO could delay the processing of the Parent Company's APSAs given the provision of the EO on the moratorium on the granting of new mineral agreements by the government until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect.

   On March 7, 2013, the MGB has recommended with the DENR the lifting of DENR Memorandum Order No. 2011-01 on the suspension of acceptance of all types of mining applications. Effective March 18, 2013, MGB has started accepting mining applications for EPs and Financial or Technical Assistance Agreement (FTAA) pursuant to DAO No. 2013-11.

SGV
Building a better working world

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1226 Makati City
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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Manila Mining Corporation
20th Floor, Lepanto Building
Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Manila Mining Corporation and Subsidiary (the "Group") as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated June 17, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
SEC Accreditation No. 1250-AR-2 (Group A),
February 28, 2019, valid until February 27, 2022
Tax Identification No. 163-069-453
BIR Accreditation No. 08-001998-97-2018,
February 2, 2018, valid until February 1, 2021
PTR No. 8125246, January 7, 2020, Makati City

June 17, 2020

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November 6, 2018, valid until November 5, 2021

**INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Manila Mining Corporation
20th Floor, Lepanto Building
Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Manila Corporation and Subsidiary (the "Group") as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 17, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
SEC Accreditation No. 1250-AR-2 (Group A),
February 28, 2019, valid until February 27, 2022
Tax Identification No. 163-069-453
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February 2, 2018, valid until February 1, 2021
PTR No. 8125246, January 7, 2020, Makati City

June 17, 2020

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE I

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

Unappropriated Retained Earnings, *as adjusted to available for dividend distribution, beginning of the year*			(₱1,178,735,129)
Add:	**Net loss actually incurred during the period**		
	Net loss during the period closed to Retained Earnings	(8,020,212)	
Less:	**Non-actual/unrealized income net of tax:**		
	Equity in net income of associate/joint venture	–	
	Unrealized foreign exchange gain – after tax (except those attributable to Cash and Cash Equivalents)		
	Unrealized actuarial gain	–	
	Fair value adjustment (mark-to-market gains)		
	Fair value adjustment of investment property resulting to gain	–	
	Adjustment due to deviation from PFRS – gain	–	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
	Subtotal	–	
Add:	**Non-actual losses**		
	Depreciation on revaluation increment (after tax)	–	
	Adjustment due to deviation from PFRS – loss	–	
	Loss on fair value adjustment of investment property (after tax)	–	
	Subtotal	–	
Net loss actually incurred during the period			(8,020,212)
Add (Less):			
	Dividend declarations during the period	–	
	Appropriations of Retained Earnings during the period	–	
	Reversals of appropriations	–	
	Effects of prior period adjustments	–	
	Treasury shares	–	
	Subtotal		–
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND			₱–

Amount is zero since the reconciliation results to a deficit.

SCHEDULE II

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

MANILA MINING CORPORATION AND SUBSIDIARY
As of December 31, 2019

Ratio	Formula	2019	2018
Current ratio	Total Current Assets divided by Total Current Liabilities	0.46:1	0.63;1
Acid test ratio	Quick assets *(Total Current Assets less Stock Options Receivable, Inventories and Other Current Assets)* divided by Total Current Liabilities	0.01:1	0.06:1
Solvency ratio	Net income plus Noncash expenses divided by Short term liabilities plus Long term liabilities	(0.01):1	(0.02):1
Debt to equity ratio	Total Liabilities divided by Total Shareholder's Equity	0.09:1	0.07:1
Asset to equity ratio	Total Assets divided by Total Shareholder's Equity	1.09:1	1.07:1
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense	(8.05):1	(16.77):1
Return on equity	Net Income (Loss) divided by Average Shareholder's Equity	(0.27%)	(0.43%)
Return on assets	Net Income divided by Average Total Assets	(0.25%)	(0.40%)
Net profit margin	Net Income divided by Revenue	0%	0%
Operating profit margin	Gross Profit divided by Revenue	0%	0%

SCHEDULE III

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
As of December 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

Manila Mining Corporation
(Parent Company)

95%

Kalayaan Copper-Gold
Resources, Inc.
(Subsidiary)

SCHEDULE V
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE A: Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the Statement of Financial Position	Income received and accrued
Financial Assets Designated at FVOCI:			
Lepanto Consolidated Mining Corporation	**77,846,363**	**₱7,084,019**	**₱–**
Manila Peninsula Hotel, Inc.	**750,000**	**7,500,000**	**–**
Total	**78,596,363**	**₱14,584,019**	**₱–**

SCHEDULE V
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Directors, Officers and Employees	₱–	₱–	₱–	₱–	₱–	₱–	₱–

SCHEDULE V
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE C: Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Kalayaan Copper-Gold Resources, Inc., Subsidiary	**₱1,308,874**	**₱–**	**₱1,308,874**	**₱–**	**₱–**	**₱–**	**₱–**

SCHEDULE V
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE D: Long-Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current Portion of Long-Term Debt” in related Statement of Financial Position	Amount shown under caption “Long-Term Debt” in related Statement of Financial Position

NOT APPLICABLE

SCHEDULE V
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE E: Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period

NOT APPLICABLE

SCHEDULE V
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE F: Guarantees of Securities of Other Issuers

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

NOT APPLICABLE

SCHEDULE V
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
As of December 31, 2019

MANILA MINING CORPORATION AND SUBSIDIARY
20th Floor, Lepanto Building, Paseo de Roxas, Makati City

SCHEDULE G: Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related Statement of Financial Position caption	Number of shares reserved for options, warrants, conversions and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Stock						
Class “A”	156,000,000,000	155,479,944,728	–	28,918,881,393	3,400,598,789	123,160,464,546
Class “B”	104,000,000,000	103,576,098,876	–	23,153,296,414	2,070,393,711	78,352,408,751

SUSTAINABILITY REPORT

MANILA MINING CORPORATION has been on care-and-maintenance status since the suspension of mining operations in 2001. Its sustainability efforts are focused on safety of the remaining employees, environmental protection and enhancement, and social development, to the extent applicable. While it has good governance policies and codes of conduct in place, the application especially on procurement is on a limited scale, almost immaterial, given its non-operating status. Impact on the environment is likewise minimal, for the same reason.

Company Details	
Name of Organization	*MANILA MINING CORPORATION*
Location of Headquarters	*20th Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City*
Location of Operations	*Placer, Surigao del Norte*
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	*No subsidiaries included*
Business Model, including Primary Activities, Brands, Products, and Services	*Mining of gold, copper, and silver (no mining operations since 2001)*
Reporting Period	*2019*
Highest Ranking Person responsible for this report	KNESTOR JOSE Y. GODINO, AVP-Human Resource & Administration ODETTE A. JAVIER, Asst. Corporate Secretary

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	**Amount**	**Units**
Direct economic value generated (revenue)	Zero	PhP
Direct economic value distributed:		
a. Operating costs	Zero	PhP
b. Employee wages and benefits	23,112,854	PhP
c. Payments to suppliers, other operating costs	6,370,637	Php
d. Dividends given to stockholders and interest payments to loan providers	Zero	PhP
e. Taxes given to government	262,889	PhP
f. Investments to community (e.g. donations, CSR)	209,677	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Impact on cash flow, relationship with employees and community	*employees, shareholders, community, government*	*Focus on environmental and social concerns pending a lifting of moratorium on issuance mining permits ("Moratorium")*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Tight cash flow *Delay in lifting of Moratorium*	*employees, shareholders, community, government*	*Same as above*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunity to rationalize expenses.	*Employees, community and stakeholders*	Monitoring

Climate-related risks and opportunities[15]

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	*Disclose the actual and potential impacts[16] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.*	*Disclose how the organization identifies, assesses, and manages climate-related risks*	*Disclose the metrics and targets used to assess and manage relevant climate- related risks and opportunities where such information is material.*
There is a unit that oversees a range of environmental, social and compliance obligation matters including extreme weather or other events that could be caused or exacerbated by climate change. It reports directly to senior management.	*Penalties will be incurred for non-compliance with government standards.*	*Regular review and assessment of risks and opportunities including evaluation of effectiveness of the implementation and results.*	*Ensure full compliance with all applicable laws, industry standards and other legal requirements.* *Metrics :* *Compliance Rate (actual/total)*

ENVIRONMENT

Resource Management

Energy Consumption within the Organization

Disclosure	Quantity (Ave./mo.)	Units
Energy consumption (renewable sources)	*N/A*	*GJ*
Energy consumption (gasoline)	*0.8448*	*GJ*
Energy consumption (LPG)	*0.4901*	*GJ*
Energy consumption (diesel)	*34.3552*	*GJ*
Energy consumption (electricity)	*19,350.0000*	*kWh*

Reduction of Energy Consumption

Disclosure	Quantity (Ave./mo)	Units
Energy reduction (gasoline)	*0.6336*	*GJ*
Energy reduction (LPG)	*0.3676*	*GJ*
Energy reduction (diesel)	*25.7664*	*GJ*
Energy reduction (electricity)	*14,512.5000*	*kWh*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Negligible impact on environment. Cost	*Community, but effect is negligible*	*Preventive maintenance* *Save Energy Policy.*
What are the Risk/s Identified?		Management Approach
No identified significant risk in Resource Management.	*N/A*	*N/A*
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Being under Care & Maintenance, consumption of electricity and fuel is minimal..	negligible	*MMC Save Energy Policy.* .

Water Consumption within the Organization

Disclosure	Quantity (monthly)	Units
Water withdrawal	*400*	*Cubic meters*
Water consumption	*400*	*Cubic meters*
Water recycled and reused	*50*	*Cubic meters*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
cost	*Company, employees and community.*	*Strict Implementation of policy to save, recycle and re-use water.* *Implement regular water sampling & laboratory tests.*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Resource depletion, albeit minimal	*Employee, community, supplier*	*Strict Implementation of policy to save, recycle and re-use water.*
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Use of collected rainwater & recycled water	*Company, employees, community*	*Strict Implementation of Policy to save, recycle and re-use water.*

Ecosystems and Biodiversity

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	*3,853.8*	*has.*
Habitats protected or restored	*About 4.0000 has. mangrove restored at Bayatakan Area.* *About 68 has. reforested under NGP & Adopt a Mining Forest Program.* *1.2 kilometer Adopted Mapaso River/Creek*	*has.* *has.* *km*
IUCN[17] Red List species and national conservation list species with habitats in areas affected by operations	*none*	*none*

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity (Monthly)	Units
Direct (Scope 1) GHG Emissions	*10 lit. gasoline = 0.0230* *1,000 lit. diesel = 0.7200*	*Tonnes CO_2e*
Energy indirect (Scope 2) GHG Emissions	*19,350 KWh Electricity = 8.6892*	*Tonnes CO_2e*
Emissions of ozone-depleting substances (ODS)	*N/A*	*Tonnes*

What is the impact and where	Which stakeholders are	Management Approach

does it occur? What is the organization's involvement in the impact?	affected?	
Negligible	*minimal effect on employees and community*	*Preventive Maintenance Save Energy Policy.*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No identified significant risk.	*N/A*	*N/A*
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No identified opportunities..	*N/A*	*N/A*

Solid and Hazardous Wastes
Solid Waste

Disclosure	Quantity (ave./week)	Units
Total solid waste generated	*189.0*	*Kg*
Reusable /Recyclable	*10.5*	*Kg*
Biodegradable/Composted	*150.0*	*Kg*
Residuals/Landfilled	*25.0*	*Kg*
Special/Hazardous	*3.5*	*Kg*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Mine camp and community albeit negligible	*Employees and community*	*Strict implementation of MMC Environmental Policy and Environmental Management Program.*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Opportunity/ies Identified	Which stakeholders are affected?	Management Approach
biodegradable wastes are collected and converted to organic fertilizer by MMC Vermi-Culture Composting Facility & Natural Composting.	*Employees and community*	*Strict implementation of MMC Environmental Policy and Environmental Management Program.*

Hazardous Waste

Disclosure	Quantity (ave. monthly)	Units
Total weight of hazardous waste generated	*3.5*	*Kg*
Total weight of hazardous waste transported	*none*	*kg*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Negligible impact (busted bulbs, glasses, paints and chemical container are collected and disposed of properly)	*Employees and community (*	*Strict implementation of MMC Environmental Policy and Environmental Management Program.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Mishandling of wastes	*Employees and community*	*Strict implementation of MMC Environmental & Safety Policy and Environmental Management Program for used-oil.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Stored used-oil can be sold out to accredited buyer for additional income.	*The company & used-oil buyer.*	*N/A*

Effluents – negligible

Disclosure	Quantity (ave. daily)	Units
Total volume of water discharges	*0.100 – 3.000*	*Cubic meters*
Percent of wastewater recycled	*N/A*	*%*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
negligible	Minimal effect on community	*Strictly implement MMC Acid-Mine-Drainage Management Plan. Neutralized acidic discharge with lime so that final effluent is within DENR pH standard.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Negligible	Same as above	Same as above
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A	*N/A*	*N/A*

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	*None*	*PhP*
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	*None*	*#*
No. of cases resolved through dispute resolution mechanism	*None*	*#*

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	**Quantity**	**Units**
Total number of employees18	68	
a. Number of female employees	16	#
b. Number of male employees	52	#
Attrition rate	18	26.5
Ratio of lowest paid employee against minimum wage	*Not applicable*	ratio

Employee benefits

List of Benefits	**Y/N**	**% of female employees who availed for the year**	**% of male employees who availed for the year**
SSS	Y	1	4
PhilHealth	Y	2	2
Pag-ibig	Y	9	18
Parental leaves	N	0	0
Vacation leaves	Y	16	52
Sick leaves	Y	7	5
Medical benefits (aside from PhilHealth)	Y	5	5
Housing assistance (aside from Pag-ibig)	Y	4	4
Retirement fund (aside from SSS)	N		2 (per RA 7641)
Further education support	N		
Company stock options			
Telecommuting	Y		1 (work from home)
Flexible-working Hours	N		
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Motivation, performance and well-being of employees	
What are the Risk/s Identified?	**Management Approach**
absenteeism and retention	Compliance with labor standards Dialogue with employees
What are the Opportunity/ies Identified?	**Management Approach**
Employment for community members	Compliance with labor standards

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	72	hours
b. Male employees	16	hours
Average training hours provided to employees		
a. Female employees	24	hours
b. Male employees	16	hours

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Employees productivity and performance	Send employees to trainings as needed
What are the Risk/s Identified?	**Management Approach**
Trained employees left for better opportunities	Training Agreement
What are the Opportunity/ies Identified?	**Management Approach**
Additional skills	Continue training

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	None	%
Number of consultations conducted with employees concerning employee-related policies	5	5

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Retention of Employees	Transparency
What are the Risk/s Identified?	**Management Approach**
Loss of employees due to non-operation	Compliance with labor standards
What are the Opportunity/ies Identified?	**Management Approach**
None	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	16	24%
% of male workers in the workforce	52	76%
Number of employees from indigenous communities and/or vulnerable sector*	None	#

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
No. of work-related injuries	2 minor	280
No. of work-related fatalities	None	#
No. of work related ill-health	None	#
No. of safety drills	2	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Employees' well-being	Implementation of safety and health policies

What are the Risk/s Identified?	Management Approach
No. of lost-time accidents	Safety inspection
What are the Opportunity/ies Identified?	**Management Approach**
Preparedness training	Strict implementation of safety & health policies

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	none	#

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Recruitment Policy
Child labor	Y	Recruitment Policy
Human Rights	Y	Code of Conduct

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Provision of mini dumptuck	Host community		No indigeneous people	Garbage collection	Maintenance of the vehicle to prolong usage
Provision of sewing machine	Host community			Livelihood	Proper maintenance of equipment
Provision of	Host			Students	Proper

desktop computers	municipality			learn useful skills through technology	maintenance of equipment
Construction of dental through	Host municipality	Children		Sanitation	Consistent usage with proper care
Concreting of school fence & installation of Steel Gate	Host community	Children		Safety of children	Maintain the structures

Data Security

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

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

Reference No : 122000036292614
Date Filed : June 11, 2020 02:12 PM
Batch Number : 0

For BIR Use Only BCS/ Item

1702-RT06/13P1

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Annual Income Tax Return

For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.

BIR Form No. **1702-RT** June 2013 **Page 1**

1 For	(●) Calendar ( ) Fiscal
2 Year Ended (MM/20YY)	12 / 2019
3 Amended Return?	( ) Yes (●) No
4 Short Period Return?	( ) Yes (●) No
5 Alphanumeric Tax Code (ATC)	IC055 — Minimum Corporate Income Tax (MCIT) ☑

Part I - Background Information

6 Taxpayer Identification Number (TIN)	000 - 164 - 442 - 000
7 RDO Code	050
8 Date of Incorporation/Organization (MM/DD/YYYY)	
9 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*	MANILA MINING CORPORATION
10 Registered Address *(Indicate complete registered address)*	20TH FLR BA-LEPANTO BLDG 8747 PASEO DE ROXAS SALCEDO VILLAGE MAKATI CITY CITY OF MAKATI
11 Contact Number	8159447
12 Email Address	johc.subido@manilamining.com
13 Main Line of Business	GOLD ORE MINING
14 PSIC Code	1010
15 Method of Deductions	(●) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

16 Total Income Tax Due (Overpayment) *(From Part IV Item 44)*	0
17 Less: Total Tax Credits/Payments *(From Part IV Item 45)*	164,412
18 Net Tax Payable (Overpayment) *(Item 16 Less Item 17) (From Part IV Item 46)*	(164,412)
19 Add: Total Penalties *(From Part IV Item 50)*	0
20 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 18 and 19) (From Part IV Item 51)*	(164,412)

21 If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (●) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

Signature over printed name of President/Principal Officer/Authorized Representative	Signature over printed name of Treasurer/Assistant Treasurer

Title of Signatory		Number of pages filed	8
22 ( ) Community Tax Certificate (CTC) Number (●) SEC Reg No.	004429	23 Date of Issue (MM/DD/YYYY)	06/03/1949
24 Place of Issue	MAKATI CITY	25 Amount, if CTC	0

Part III - Details of Payment

Details of Payment	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
26 Cash/Bank Debit Memo				0
27 Check				0
28 Tax Debit Memo				0
29 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*	*Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)*

Annual Income Tax Return
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BIR Form No. **1702-RT** June 2013

1702-RT06/13P2

Taxpayer Identification Number (TIN)	Registered Name
000 - 164 - 442 - 000	MANILA MINING CORPORATION

Part IV - Computation of Tax *(Do NOT enter Centavos)*

30 Net Sales/Revenues/Receipts/Fees *(From Schedule 1 Item 6)*		0
31 Less: Cost of Sales/Services *(From Schedule 2 Item 27)*		0
32 Gross Income from Operation *(Item 30 Less Item 31)*		0
33 Add: Other Taxable Income Not Subjected to Final Tax *(From Schedule 3 Item 4)*		0
34 Total Gross Income *(Sum of Items 32 & 33)*		0
Less: Deductions Allowable under Existing Law		
35 Ordinary Allowable Itemized Deductions *(From Schedule 4 Item 40)*	5,704,935	
36 Special Allowable Itemized Deductions *(From Schedule 5 Item 5)*	0	
37 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Schedule 6A Item 8D)*	0	
38 Total Itemized Deductions *(Sum of Items 35 to 37)*	5,704,935	
OR *[in case taxable under Sec 27(A) & 28(A)(1)]*		
39 Optional Standard Deduction *(40% of Item 34)*	0	
40 Net Taxable Income *(Item 34 Less Item 38 OR 39)*		(5,704,935)
41 Income Tax Rate		**30.0%**
42 Income Tax Due other than MCIT *(Item 40 x Item 41)*		0
43 Minimum Corporate Income Tax (MCIT) *(2% of Gross Income in Item 34)*		0
44 Total Income Tax Due *(Normal Income Tax in Item 42 or MCIT in Item 43, whichever is higher) (To part II Item 16)*		0
45 Less: Total Tax Credits/Payments *(From Schedule 7 Item 12) (To Part II Item 17)*		164,412
46 Net Tax Payable (Overpayment) *(Item 44 Less Item 45) (To Part II Item 18)*		(164,412)
Add Penalties		
47 Surcharge	0	
48 Interest	0	
49 Compromise	0	
50 Total Penalties *(Sum of Items 47 to 49) (To part II Item 19)*		0
51 Total Amount Payable (Overpayment) *(Sum Item 46 & 50) (To Part II Item 20)*		(164,412)

Part V - Tax Relief Availment *(Do NOT enter Centavos)*

52 Special Allowable Itemized Deductions *(30% of Item 36)*	0
53 Add: Special Tax Credits *(From Schedule 7 Item 9)*	0
54 Total Tax Relief Availment *(Sum of Items 52 & 53)*	0

Part VI - Information - External Auditor/Accredited Tax Agent

55 Name of External Auditor/Accredited Tax Agent

SYCIP GORRES VELAYO AND COMPANY

56 TIN 000 - 502 - 547 - 000

57 Name of Signing Partner *(If External Auditor is a Partnership)*

ELEANORE A. LAYUG

58 TIN 163 - 069 - 453 - 000

59 BIR Accreditation No.	**60** Issue Date *(MM/DD/YYYY)*	**61** Expiry Date *(MM/DD/YYYY)*
08 - 001998 - 097 - 2018	02/02/2018	02/02/2021

Annual Income Tax Return **Page 3 - Schedules 1 & 2**	BIR Form No. **1702-RT** June 2013	1702-RT06/13P3

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 164 - 442 - 000	MANILA MINING CORPORATION

Schedule 1 - Sales/Revenues/Receipts/Fees *(Attach additional sheet/s, if necessary)*

1 Sale of Goods/Properties	0
2 Sale of Services	0
3 Lease of Properties	0
4 Total *(Sum of Items 1 to 3)*	0
5 Less: Sales Returns, Allowances and Discounts	0
6 Net Sales/Revenues/Receipts/Fees *(Item 4 Less Item 5) (To Part IV Item 30)*	0

Schedule 2 - Cost of Sales *(Attach additional sheet/s, if necessary)*

Schedule 2A - Cost of Sales (For those Engaged in Trading)

1 Merchandise Inventory - Beginning	0
2 Add: Purchases of Merchandise	0
3 Total Goods Available for Sale *(Sum of Items 1 & 2)*	0
4 Less: Merchandise Inventory, Ending	0
5 Cost of Sales *(Item 3 Less Item 4) (To Schedule 2 Item 27)*	0

Schedule 2B - Cost of Sales (For those Engaged in Manufacturing)

6 Direct Materials, Beginning	0
7 Add: Purchases of Direct Materials	0
8 Materials Available for Use *(Sum of Items 6 & 7)*	0
9 Less: Direct Materials, Ending	0
10 Raw Materials Used *(Item 8 Less Item 9)*	0
11 Direct Labor	0
12 Manufacturing Overhead	0
13 Total Manufacturing Cost *(Sum of Items 10, 11 & 12)*	0
14 Add: Work in Process, Beginning	0
15 Less: Work in Process, Ending	0
16 Cost of Goods Manufactured *(Sum of Items 13 & 14 Less Item 15)*	0
17 Finished Goods, Beginning	0
18 Less: Finished Goods, Ending	0
19 Cost of Goods Manufactured and Sold *(Sum of Items 16 & 17 Less Item 18) (To Sched. 2 Item 27)*	0

Schedule 2C - Cost of Services
(For those Engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)

20 Direct Charges - Salaries, Wages and Benefits	0
21 Direct Charges - Materials, Supplies and Facilities	0
22 Direct Charges - Depreciation	0
23 Direct Charges - Rental	0
24 Direct Charges - Outside Services	0
25 Direct Charges - Others	0
26 Total Cost of Services *(Sum of Items 20 to 25) (To Item 27)*	0

27 Total Cost of Sales/Services *(Sum of Items 5, 19 & 26, if applicable) (To Part IV Item 31)*	0

Annual Income Tax Return

Page 4 - Schedules 3 & 4

BIR Form No. **1702-RT** June 2013

1702-RT06/13P4

Taxpayer Identification Number (TIN)	Registered Name
000 - 164 - 442 - 000	MANILA MINING CORPORATION

Schedule 3 - Other Taxable Income Not Subjected to Final Tax *(Attach additional sheet/s, if necessary)*

1	0
2	0
3	0
4 Total Other Taxable Income Not Subjected to Final Tax *(Sum of Items 1 to 3) (To Part IV Item 33)*	0

Schedule 4 - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Advertising and Promotions	0
Amortizations *(Specify on Items 2, 3 & 4)*	
2	0
3	0
4	0
5 Bad Debts	0
6 Charitable Contributions	0
7 Commissions	0
8 Communication, Light and Water	63,877
9 Depletion	0
10 Depreciation	1,287,996
11 Director's Fees	14,000
12 Fringe Benefits	0
13 Fuel and Oil	0
14 Insurance	92,541
15 Interest	0
16 Janitorial and Messengerial Services	43,895
17 Losses	0
18 Management and Consultancy Fee	8,840
19 Miscellaneous	151,688
20 Office Supplies	1,469
21 Other Services	253,652
22 Professional Fees	965,601
23 Rental	253,200
24 Repairs and Maintenance - (Labor or Labor & Materials)	112,445
25 Repairs and Maintenance - (Materials/Supplies)	0
26 Representation and Entertainment	0
27 Research and Development	0
28 Royalties	0
29 Salaries and Allowances	1,443,623

Annual Income Tax Return
Page 5 - Schedules 4, 5 & 6

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1702-RT06/13P5

Taxpayer Identification Number (TIN)	Registered Name
000 - 164 - 442 - 000	MANILA MINING CORPORATION

Schedule 4 - Ordinary Allowable Itemized Deductions *(Continued from Previous Page)*

30 Security Services	0
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	57,606
32 Taxes and Licenses	27,973
33 Tolling Fees	0
34 Training and Seminars	15,999
35 Transportation and Travel	58,050
Others *[Specify below; Add additional sheet(s), if necessary]*	
36 LISTING FEES	251,120
37 ANNUAL STOCKHOLDER'S MEETING	248,059
38 MEDICAL REIMBURSEMENT	51,829
39 ACTUAL BENEFITS PAID	301,472
40 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 39) (To Part IV Item 35)*	5,704,935

Schedule 5 - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 36)*			0

Schedule 6 - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 34)*	0
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law	5,704,935
3 Net Operating Loss *(To Schedule 6A)*	(5,704,935)

Schedule 6A - Computation of Available Net Operating Loss Carry Over (NOLCO)

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4	2019	5,704,935	0
5	2018	6,129,298	0
6	2017	6,710,028	0
7	2016	5,964,311	0

Continuation of Schedule 6A *(Item numbers continue from the table above)*

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied)
4	0	0	5,704,935
5	0	0	6,129,298
6	0	0	6,710,028
7	5,964,311	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV Item 37)*		0	

Annual Income Tax Return
Page 6 - Schedules 7, 8 & 9

BIR Form No. **1702-RT** June 2013

1702-RT06/13P6

Taxpayer Identification Number (TIN)	Registered Name
000 - 164 - 442 - 000	MANILA MINING CORPORATION

Schedule 7 - Tax Credits/Payments (attach proof) *(Attach additional sheet/s, if necessary)*

1 Prior Year's Excess Credits Other Than MCIT	164,412
2 Income Tax Payment under MCIT from Previous Quarter/s	0
3 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
4 Excess MCIT Applied this Current Taxable Year *(From Schedule 8 Item 4F)*	0
5 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
6 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0
7 Foreign Tax Credits, if applicable	0
8 Tax Paid in Return Previously Filed, if this is an Amended Return	0
9 Special Tax Credits *(To Part V Item 53)*	0
Other Credits/Payments *(Specify)*	
10	0
11	0
12 Total Tax Credits/Payments *(Sum of Items 1 to 11) (To Part IV Item 45)*	164,412

Schedule 8 - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule 8 *(Line numbers continue from table above)*

	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4 Total Excess MCIT *(Sum of Column for Items 1F to 3F) (To Schedule 7 Item 4)*			0	

Schedule 9 - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per books	(8,436,257)
	Add: Non-deductible Expenses/Taxable Other Income	
2	RETIREMENT BENEFITS EXPENSES	1,782,467
3	OTHERS	1,291,257
4	**Total** *(Sum of Items 1 to 3)*	(5,362,533)
	Less: A) Non-taxable Income and Income Subjected to Final Tax	
5	INTEREST INCOME	11,795
6	OTHERS	330,607
	B) Special Deductions	
7		0
8		0
9	**Total** *(Sum of Items 5 to 8)*	342,402
10	**Net Taxable Income (Loss)** *(Item 4 Less Item 9)*	(5,704,935)

Annual Income Tax Return
Page 7 - Schedules 10 & 11

BIR Form No. **1702-RT** June 2013

1702-RT06/13P7

Taxpayer Identification Number (TIN)	Registered Name
000 - 164 - 442 - 000	MANILA MINING CORPORATION

Schedule 10 - BALANCE SHEET

Assets	
1 Current Assets	81,679,445
2 Long-Term Investment	22,302,768
3 Property, Plant and Equipment - Net	114,868,934
4 Long-Term Receivables	0
5 Intangible Assets	0
6 Other Assets	2,964,279,387
7 Total Assets *(Sum of Items 1 to 6)*	3,183,130,534

Liabilities and Equity	
8 Current Liabilities	181,550,773
9 Long-Term Liabilities	0
10 Deferred Credits	56,202,529
11 Other Liabilities	15,119,563
12 Total Liabilities *(Sum of Items 8 to 11)*	252,872,865
13 Capital Stock	2,595,502,255
14 Additional Paid-in Capital	525,597,865
15 Retained Earnings	(190,842,451)
16 Total Equity *(Sum of Items 13 to 15)*	2,930,257,669
17 Total Liabilities and Equity *(Sum of Items 12 & 16)*	3,183,130,534

Schedule 11- ☑ **Stockholders** ☐ **Partners** ☐ **Members Information** (Top 20 Stockholders, partners or Members)
(On column 3 enter the amount of capital contribution and on the last column enter the percentage this represents on the entire ownership)

REGISTERED NAME	TIN	Capital Contribution	% to Total
PCD NOMINEE CORPORATION	004 - 744 - 849 - 000	1,095,149,288	42.19
F-YAP SECURITIES, INC.	000 - 333 - 165 - 000	476,887,871	18.37
LEPANTO CONSOLIDATED	000 - 160 - 247 - 000	325,245,590	12.53
F-YAP SECURITIES, INC.	000 - 333 - 165 - 000	124,777,218	4.81
F-YAP SECURITIES, INC.	000 - 333 - 165 - 000	93,556,854	3.6
LEPANTO INV. AND DEV	000 - 163 - 799 - 000	65,195,947	2.51
PAULINO YAP	100 - 085 - 722 - 000	37,627,866	1.45
PCD NOMINEE CORPORATION	004 - 744 - 849 - 000	33,688,891	1.3
BRYAN YAP	100 - 961 - 044 - 000	30,702,941	1.18
EMMA YAP	155 - 316 - 494 - 000	24,406,323	0.94
CHRISTINE YAP	108 - 750 - 184 - 000	23,234,770	0.9
CORONET PROPERTY HOLDINGS	001 - 588 - 410 - 000	16,847,561	0.65
F-YAP SECURITIES, INC.	000 - 333 - 165 - 000	16,652,066	0.64
CRESENCIO YAP	108 - 683 - 313 - 000	16,075,843	0.62
PAUL YAP, JR.	918 - 838 - 766 - 000	15,484,396	0.6
CHRISTINE YAP	108 - 750 - 184 - 000	13,792,525	0.53
PATRICK RESOURCES CO	003 - 499 - 639 - 000	13,011,522	0.5
PACITA YAP	100 - 961 - 052 - 000	11,763,256	0.45
DAVID GO SECURITIES	000 - 320 - 855 - 000	10,225,849	0.39
AC - CKY FYSI	000 - 333 - 165 - 000	7,549,945	0.29

Annual Income Tax Return
Page 8 - Schedules 12 & 13

BIR Form No. **1702-RT** June 2013

1702-RT06/13P8

Taxpayer Identification Number (TIN)	Registered Name
000 - 164 - 442 - 000	MANILA MINING CORPORATION

Schedule 12 - Supplemental Information *(Attach additional sheet/s, if necessary)*

I) Gross Income/ Receipts Subjected to Final Withholding	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	0	14,744	2,949
2 Royalties	0	0	0
3 Dividends	0	0	0
4 Prizes and Winnings	0	0	0

II) Sale/Exchange of Real properties	A) Sale/Exchange #1	B) Sale/Exchange #2
5 Description of Property *(e.g. land, improvement, etc.)*		
6 OCT/TCT/CCT/Tax Declaration No.		
7 Certificate Authorizing Registration (CAR) No		
8 Actual Amount/Fair Market Value/Net Capital Gains		
9 Final Tax Withheld/Paid		

III) Sale/Exchange of Shares of Stock	A) Sale/Exchange #1	B) Sale/Exchange #2
10 Kind*(PS/CS)*/Stock Certificate Series No.		
11 Certificate Authorizing Registration (CAR) No.		
12 Number of Shares		
13 Date of Issue (MM/DD/YYYY)		
14 Actual Amount/Fair Market Value/Net Capital Gains		
15 Final Tax Withheld/Paid		

IV) Other Income *(Specify)*	A) Other Income #1	B) Other Income #2
16 Other Income Subject to Final Tax Under Sections 57 (A)/127/others of the Tax Code, as amended *(Specify)*		
17 Actual Amount/Fair Market Value/Net Capital Gains		
18 Final Tax Withheld/Paid		

19 Total Final Tax Withheld Paid *(Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A & 18B)*	2,949

Schedule 13 - Gross Income/Receipts Exempt from Income Tax

1 Return of Premium *(Actual Amount/Fair Market Value)*	0

I) Personal/Real Properties Received thru Gifts, Bequests, and Devices	A) Personal/Real Properties #1	B) Personal/Real Properties #2
2 Description of Property *(e.g. land, improvement, etc.)*		
3 Modes of Transfer *(e.g Donation)*		
4 Certificate Authorizing Registration (CAR) No.		
5 Actual Amount/Fair Market Value		

II) Other Exempt Income/Receipts	A) Other Exempt Income #1	B) Other Exempt Income #2
6 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended *(Specify)*		
7 Actual Amount/Fair Market Value/Net Capital Gains		

8 Total Income Receipts Exempt From Income Tax *(Sum of Items 1, 5A, 5B, 7A & 7B)*	0