

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

For the quarterly period ended March 31, 2024

Commission identification number 10044

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

Exact name of issuer as specified in its charter

PHILEX MINING CORPORATION

Province, country or other jurisdiction of incorporation or organization

Manila, Philippines

Industry Classification Code: (SEC Use Only)

Address of issuer's principal office

Postal Code

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

Issuer's telephone number, including area code

(632) 8631-1381 to 88

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

N/A

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

Number of Shares of Stock Outstanding – 5,782,399,068 (As of March 31, 2024)

Amount of Debt Outstanding – Php9,926,140,000 (As of March 31, 2024)

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

Yes [X] No []

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

Indicate by check mark whether the registrant:

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

Yes [X] No []

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

Yes [X] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The Unaudited Consolidated Financial Statements for the period ended March 31, 2024 are hereto attached.

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

Status of Operations

Padcal Operation

Extension of Mine Life

In December 2022, the life of Padcal Mine was extended for another three years from December 31, 2024 to December 31, 2027. The extension was finalized after the completion of confirmatory drillings on the ore body, technical studies on the mining methodology and Tailings Storage Facility (TSF) No. 3, leading to the successful identification of additional mineable reserves feasible for mining up to December 31, 2027. The updated remaining mineable reserves as of cut-off date of October 31, 2022 were estimated at 42 million tonnes with an average gold and copper grades of 0.22 grams per tonne (g/t) and 0.17%, respectively. The total recoverable gold was estimated at 233,000 ounces while the total recoverable copper was estimated at 127.4 million pounds. As of December 31, 2023, the proved reserves of the Padcal Mine were estimated at to 33.9 million tonnes with an average gold and copper grades of 0.21 g/t and 0.17%, respectively.

The latest extension of the life of Padcal Mine would provide the continuous employment of more than a thousand employees as well as sustain the necessary assistance given to the social development of the host and neighbouring communities. The extension will also allow a smooth transition to the start of the commercial operation of the Silangan Project estimated to commence in early 2025 in response to the global demand for green metals and the government's call for mineral resources development to be a driver for national growth and economic recovery.

For several years during the Covid-19 pandemic, global business activities were disrupted. Following the declaration in May 2023 of the World Health Organization (WHO) that Covid-19 was no longer a global health emergency, President Marcos Jr. issued Proclamation No. 297 lifting the nationwide declaration of a public health emergency due to Covid-19 in July 2023, thus allowing the complete return to “business as usual” situation in the country.

Regulatory

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

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

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

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

In a speech delivered on the occasion of the listing of the stock rights offering (SRO) of Philex Mining with the Philippine Stock Exchange (PSE) on August 3, 2022, then-Finance Secretary Benjamin Diokno said that “the mining industry is a potential source of sustained economic growth” as he underscored the benefit of mobilizing investments for mine development.

According to Diokno, “the mining industry holds the greatest potential to be a key driver in our economic recovery and long-term growth, especially now that world metal prices are high. The Philippines, after all, is one of the world’s most richly endowed countries in terms of mineral resources.”

President Marcos Jr. likewise instructed the Department of Environment and Natural Resources (DENR), through its Secretary Maria Antonia Yulo-Loyzaga, to strengthen its regulatory powers on small- and large-scale mining to ensure the safety of miners and to provide them with the assistance they need. The DENR had also said that it would look into existing mining laws and policies to ensure that mining standards are updated and in tune with the times.

The DENR has already scheduled a mining policy summit involving multi-stakeholders to “explore strategies for harnessing the country’s mineral wealth, attracting responsible investments, and fostering sustainable economic growth.” It has likewise conducted a review on its policy regarding

the Social Development and Management Program (SDMP) to align it with the United Nations Sustainable Development Goals (UN SDGs).

In the first quarter of this year, Special Assistant to the President for Investment and Economic Affairs Frederick Go identified mining as a priority industry for investments. Go mentioned that the government was eyeing to shorten the processing time for exploration projects particularly for nickel, copper, and ore.

In the same breath, the House of Representatives recently passed on third and final reading the proposed Act enhancing the fiscal regime for the local mining industry.

House Speaker Ferdinand Martin G. Romualdez said that "No less than the Chamber of Mines of the Philippines (of which Philex is an active and pioneering member) has expressed support for the measure as it went through the legislative process in the House. I agree with the chamber that the fiscal changes being introduced by this bill will help the country's post-pandemic economic recovery."

This House bill has already been transmitted to the Senate, who is currently fine-tuning its provisions through the Senate Ways and Means Committee with the participation of various stakeholder, including Philex.

Silangan Project

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

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

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

In January 2022, the Company and SMMCI completed the In-Phase Mine Plan feasibility study and updated the mineable reserve estimate for the Boyongan deposit in accordance with the 2012 Philippine Mineral Reporting Code ("PMRC"). Under the In-Phase Mine Plan, Silangan is expected to commence operation with a starter sub-level cave mine using copper and gold leaching processes with ore production of 2,000 tonnes per day or 700 thousand tonnes per year

for the first 5 years, then ramp up to 4,000 tonnes per day or 1.3 million tonnes (Mt) per year up to year 8. Starting year 9 when copper flotation circuit will be added to the process plant, ore production and processing rates will further increase to 8,000 tonnes per day or 2.7 Mt per year before the final ramp up to 12,000 tonnes per day or 4 Mt per year on year 12. Based on the study, the life of mine for the Boyongan deposit under Phase 1 is 28 years with estimated total mineable reserves of 81 Mt at 0.67% copper and 1.13 grams per tonne gold, containing estimated metals of 2.8 million ounces of gold and 993 million pounds of copper.

The initial capital to develop the starter mine over 2.5 years is estimated at US\$224 Million. The funding of the initial capital will be a combination of additional equity from Philex Mining through proceeds from its Stock Rights Offering (SRO), internally generated cash, and long term debt. The SRO was completed by Philex Mining with the listing of the 842 million shares on August 3, 2022. A total of Php2.65 billion was raised from the Philex SRO, the net of which amounting to Php2.58 billion has been invested by Philex Mining in early October 2022 into the Silangan Project under Silangan Mindanao Mining Co., Inc., (SMMCI) through Silangan Mindanao Exploration Co. Inc. (SMECI). The Company completed debt syndication exercise to raise the long term debt component of the funding requirement for the development and construction of the Silangan Project under the In-Phase Mine Plan. SMMCI has entered into an Omnibus Loan and Security Agreement in November 2023 for the US\$100Million credit facility, with BDO Capital and Investment as mandated lead manager, and a Deed of Accession in February 2024 for the US\$70Million credit facility with SB Capital as mandated lead arranger. The signing of the loan agreements signaled the acceleration of the development works of the Silangan Project.

The Front-End Engineering and Design (“FEED”) works for the mine, process plant and tailings storage facility were completed in the third quarter of 2022. Excavation and earthmoving works for the mine boxcut started in 2022, and by April 30, 2023, the stabilization of the “benches” or slope was completed. Further, the construction of the East Portal canopy was completed in March 31, 2023. The completion of the boxcut and the portal ushered in the development of the main access decline to the orebody starting May 1, 2023 and has reached 473 meters as of May 5, 2024. The remaining balance of 79 meters to the first sub-level cave production level will be reached by July 2024. Meanwhile construction of the West Portal was completed on August 31, 2023. The works on the ventilation pad will commence by the second quarter of 2024 for the construction of two ventilation shafts that will provide intake and exhaust of air in the underground mine. The drilling of 10 additional dewatering wells, one geotech hole to de-risk spiral decline location and additional 14 hydro monitoring holes drilling were completed in March 2023. Mine dewatering continued this year from four dewatering wells, the old ventilation raise and the old decline. All programmed dewatering wells will be fully commissioned by July 2024.

Ausenco Services Pty Ltd, from Brisbane Australia, was awarded the scope of Engineering and Procurement contract in January 2024 for the copper leaching-gold leaching process plant. The bulk earthworks for the process plant has been tendered and was awarded to a contractor. The tender process for the general contractor of the process plant had started in February 2024 and will be awarded by May 2024.

The contract for the Tailings Storage Facility construction was awarded to Galeo Equipment Corporation. Construction will be based on the detailed design completed by Tetra Tech Coffey. SMMCI has full ownership of at least 91% of the Silangan Project land with the balance under long term leases.

The project is slated for initial production by the end of 2025.

Operational Overview

The Padcal Mine milled a total of 1,584,677 tonnes for the three months ended March 31, 2024 (1Q2024), 7% lower than the tonnage of 1,706,371 tonnes in the three months ended March 31, 2023 (1Q2023) as the Company continues to address unscheduled breakdowns of ageing equipment at the mill plant and operational challenges at the underground conveyor system. Mining from higher grade ore sources remains as the Company's strategy to lessen the impact of low tonnage output.

Gold production of 7,803 ounces for 1Q2024 was 22% lower compared with 10,062 ounces in 1Q2023 mainly due to lower tonnage and lower gold grades that averaged at 0.214 grams per tonne (g/t) in 1Q2024 against 0.249 g/t in 1Q2023. Gold production was down due to the impact of lower tonnage, gold grade as well as lower metal recovery of 71.6% in 1Q2024 versus 73.7% for 1Q2023.

Copper production for 1Q2024 decreased by 16% to 4,668,651 pounds compared with the production for the 1Q2023 of 5,531,450 pounds. The decrease was due mainly to lower tonnage, as well as due to lower ore grades that averaged at 0.171% in 1Q2024 versus 0.185% in 1Q2023, and lower metal recovery. Metal recovery for copper for 1Q2024 averaged at 78.0% compared to 79.3% in 1Q2023.

Review of Financial Results

Total operating revenues for 1Q2024 amounted to Php1.918 billion, lower by Php415 million or 18% compared with Php2.332 billion reported in 1Q2023 due mainly to lower copper and gold output, partially offset by favorable gold prices and foreign exchange rates (Forex) that averaged at Php55.67 compared with Php54.83 in 1Q2023, and steady levels of copper prices. After smelting charges, the net revenues amounted to Php1.738 billion for 1Q2024 as against Php2.105 billion in 1Q2023.

Copper

Copper production in 1Q2024 decreased by 16% to 4,668,651 pounds compared with the production of 5,531,450 pounds in 1Q2023, due mainly to the 7% decrease in tonnage, as well as lower ore grades and metal recovery. Realized copper prices for 1Q2024 averaged at US\$4.00 per pound, equal to the price in 1Q2023. Forex that averaged higher by 2% for the period was not sufficient to offset the impact of lower copper production resulting to copper revenues lower at Php1.033 billion compared with Php1.317 billion in 1Q2023.

The stable copper prices and favorable level of Forex has remained as Padcal's cushion against nonattainment of copper production targets. Copper accounted for 54% of total revenues for the period.

Gold

Gold production in 1Q2024 was 22% lower at 7,803 ounces compared with 10,062 ounces in 1Q2023 from lower ore grade and metal recovery as well as tonnage. On the other hand, gold price averaged at US\$2,061 per ounce, 9% higher than the US\$1,889 per ounce gold price realized in 1Q2023. The strong gold price and Forex partially offset the impact of lower metal production resulting to gold revenues of Php870 million, 13% lower compared with Php998 million in 1Q2023. Gold represented 45% of total revenues for the 1Q2024.

Silver

Revenues from silver made up the remaining 1% of the Company's total revenues and amounted to Php15 million for 1Q2024, lower by 22% against the Php17 million in 1Q2023, mainly from lower production.

Hedging Strategy

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

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

The Company further entered into copper put option contracts covering the period January to June 2023 at 992,079 pounds per month with strike price of US\$3.75 per pound. Total amount of premium to secure the put option contracts amounted to Php18 million.

Based on a continuing assessment of exposure to price volatility, in June 2023, the Company entered into another gold collar contracts covering the period July to December 2023 at 1,605 ounces per month with strike price of US\$1,900 per ounce for the put option and US\$2,020 per ounce for the call option. Similarly for copper, the Company also entered into another copper put option contracts covering the period July to December 2023 at 950,193 pounds per month with strike price of US\$3.50 per pound. Total amount of premium to secure the put option contracts amounted to Php20 million.

2023 Gold Collar Hedge							
Deal Date	Quantity (Ounces)	Gold Prices (US\$ per Ounce)			Period Covered	Settlement Date	Realized Gain (Loss) (in Php M)
		Put	Call	Settlement			
12/09/22	1,850	1,750	1,903	1,898	Jan. 2023	02/02/23	-
12/09/22	1,850	1,750	1,903	1,856	Feb. 2023	03/02/23	-
12/09/22	1,850	1,750	1,903	1,911	Mar. 2023	04/04/23	(1)
12/09/22	1,850	1,750	1,903	1,999	Apr. 2023	05/02/23	(10)
12/09/22	1,850	1,750	1,903	1,991	May 2023	06/02/23	(9)
12/09/22	1,850	1,750	1,903	1,943	June 2023	07/02/23	(4)
06/27/23	1,605	1,900	2,020	1,949	July 2023	08/08/23	-
06/27/23	1,605	1,900	2,020	1,921	Aug 2023	09/05/23	-
06/27/23	1,605	1,900	2,020	1,918	Sept 2023	10/03/23	-
06/27/23	1,605	1,900	2,020	1,913	Oct 2023	11/03/23	-
06/27/23	1,605	1,900	2,020	1,985	Nov 2023	12/04/23	-
06/27/23	1,605	1,900	2,020	2,031	Dec 2023	01/03/24	(1)
						Total	(25)

2023 Copper Put Options								
Deal Date	Quantity		Copper Prices (US\$ per Pound)		Period Covered	Settlement Date	Premium Cost Amortization (in Php M)	Realized Gain (Loss) (in Php M)
	In DMT	In Lbs.	Put	Settlement				
01/20/23	450	992,079	3.75	4.08	Jan. 2023	02/02/23	(3)	-
01/20/23	450	992,079	3.75	4.06	Feb. 2023	03/02/23	(3)	-
01/20/23	450	992,079	3.75	4.01	Mar. 2023	04/02/23	(3)	-
01/20/23	450	992,079	3.75	4.00	Apr. 2023	05/02/23	(3)	-
01/20/23	450	992,079	3.75	3.74	May 2023	06/02/23	(3)	0.8
01/20/23	450	992,079	3.75	3.80	June 2023	07/02/23	(3)	-
06/27/23	431	950,193	3.50	3.83	July 2023	08/08/23	(3)	-
06/27/23	431	950,193	3.50	3.79	Aug 2023	09/05/23	(3)	-
06/27/23	431	950,193	3.50	3.75	Sept 2023	10/03/23	(3)	-
06/27/23	431	950,193	3.50	3.60	Oct 2023	11/02/23	(3)	-
06/27/23	431	950,193	3.50	3.71	Nov 2023	12/04/23	(3)	-
06/27/23	431	950,193	3.50	3.81	Dec 2023	01/03/24	(3)	-
Total							(36)	0.8

The Company recognized hedging losses of Php25 million on gold hedging contracts and hedging gain of Php828 thousand for copper for 2023.

In December 2023, the Company entered into another gold collar contracts covering the period January to June 2024 at 1,600 ounces per month with strike price of US\$2,000 per ounce for the put option and US\$2,158 per ounce for the call option.

2024 Gold Collar Hedge							
Deal Date	Quantity (Ounces)	Gold Prices (US\$ per Ounce)			Period Covered	Settlement Date	Realized Gain (Loss) (in Php M)
		Put	Call	Settlement			
12/15/23	1,600	2,000	2,158	2,035	Jan. 2023	02/02/23	-
12/15/23	1,600	2,000	2,158	2,024	Feb. 2023	03/02/23	-
12/15/23	1,600	2,000	2,158	2,158	Mar. 2023	04/04/23	(0.02)
12/15/23	1,600	2,000	2,158		Apr. 2023		
12/15/23	1,600	2,000	2,158		May 2023		
12/15/23	1,600	2,000	2,158		June 2023		
Total							(0.02)

The Company recognized hedging losses of Php20 thousands on gold hedging. As of March 31, 2024, unrealized MTM loss on outstanding contracts amounted to Php22 million.

Operating Costs and Expenses

The Company's total operating costs and expenses (Opex), which included Production Costs, Excise Tax and Royalties, and Depletion, Depreciation and Amortization (DDA), and General and Administrative Expenses (GAE), slightly increased to Php1.643 billion for 1Q2024 from Php1.636 billion in 1Q2023. The increase in Opex was due to higher DDA and GAE, despite lower revenue-related costs. The amount of DDA also reflected the positive impact of the further extension of the mine life of Padcal up to year 2027. The higher DDA in 1Q2024 included additional depreciation of recently acquired equipment, and amortization for additional costs incurred in maintaining the tailings storage facility. Revenue-related costs such as the Excise Tax and Royalties decreased on account of lower revenues to Php111 million in 1Q2024 from Php145 million in 1Q2023.

Smelting Charges amounted to Php180 million for 1Q2024, 21% lower than the Php227 million in 1Q2023, due mainly to lower average treatment rates as well as higher freight charges for copper concentrate shipments, and lower copper concentrate production of 10,016 dry metric tons (DMT) in 1Q2024 from 15,059 DMT in 1Q2023, despite the higher Forex partially offsetting the decrease in Smelting Charges for the 1Q2024.

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

Total production costs (including depletion, depreciation and amortization) on a per unit basis slightly increased to Php920 per tonne (based on total production costs of Php1.459 billion) for 1Q2024 from Php837 per tonne (based on total production costs of Php1.428 billion) in 1Q2023. Total Production Cost per Tonne increased due to higher production costs despite lower tonnage which reflected that the Company's cost structure consisted predominantly of fixed costs particularly labor cost and maintenance costs thus the lower tonnage production did not cause total production to decrease.

Total operating costs (consisting of total production costs, smelting charges, excise taxes, and royalties) also increased to Php1,104 per tonne in 1Q2024 from Php1,055 per tonne in 1Q2023. The increase in cost per tonne was mainly attributable to higher production costs yet lower tonnage. Total operating costs for purposes of computing the break-even costs amounted to Php1.750 billion in 1Q2024, higher compared with Php1.800 billion in 1Q2023.

The operating cost per ounce of gold and per pound of copper for 1Q2024 based on co-production method were US\$1,864 per ounce and US\$3.62 per pound, compared with US\$1,507 per ounce gold and US\$3.19 per pound copper in 1Q2023, respectively. Breakeven costs per ounce and per pound increased in 1Q2024 on account of lower metal output yet higher operating costs.

Other Income (Charges)

The Company recorded a Net Other Income of Php15 million in 1Q2024 versus Php10 million in 1Q2023. The Net Other Income in 1Q2024 consisted mainly of interest income from the Company's short-term cash investments. Also included under Net Other Income were loss on foreign exchange transactions due to the weakening of US Dollar against the Philippine Peso and the Company's share in net losses of associates as well as various charges.

Provision for (Benefit from) Income Tax

The Company recorded a Benefit from Income Tax of Php6 million for 1Q2024, compared with a Provision for Income Tax of Php89 million in 1Q2023, on account of lower earnings in 1Q2024.

Core and Reported Net Income

For 1Q2024, the Company recorded a Core Net Income and Net Income of Php105 million and Php115 million, respectively, compared with a Core Net Income of Php388 million and Net Income of Php390 million in 1Q2023. The lower results in 1Q2024 were primarily from lower revenues on account of the lower copper and gold output for the period with cushion from higher gold prices.

As income attributable to non-controlling interest was nil, the Net Income Attributable to the Equity Holders was the same as the reported Net Income for the first quarter in both 2024 and 2023.

Similarly, EBITDA was also lower by 53% at Php295 million in 1Q2024 than the Php635 million for 1Q2023. The Company's Core Net Income and EBITDA exclude non-recurring transactions to clearly reflect and provide results based on the normal operating parameters of the business.

FINANCIAL CONDITION REVIEW

Current Assets

The Company's Current Assets as of March 31, 2024 increased to Php6.677 billion from Php6.203 billion as of December 31, 2023. The increase of Php474 million was mainly due to higher Accounts Receivable, Inventories and Other Current Assets on account of additional VAT receivable on Company purchases.

Cash and Cash Equivalents

The Cash and Cash Equivalents amounted to Php2.849 billion as of March 31, 2024 from Php3.814 billion as of December 31, 2023. The consolidated cash balance included the remaining SRO proceeds that was invested in SMMCI for the development of the Silangan Project, cash generated from copper concentrates shipment proceeds valued at strong copper and gold prices and continuously favorable foreign exchange rates, and proceeds from loan availments. The Company continues to maintain cash reserves for programmed infusion in the Silangan Project.

Accounts Receivable

The Company's Accounts Receivable increased to Php822 million as of March 31, 2024 from Php406 million as of December 31, 2023. This account consisted of Trade Receivables from sales of the Company's copper concentrates or bullion and Other Receivables that include loan to an associate, advances to contractors under SMMCI and advances to employees for conduct of transactions in the ordinary course of business. As of March 31, 2024, Trade Receivables amounted to Php282 million, while Advances to SMMCI contractors amounted to Php408 million and Other Receivables were Php132 million.

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

The Trade Receivables as of March 31, 2024 consisted of the remaining value of three shipments (versus three shipments also in the fourth quarter of 2023 as of December 31, 2023) awaiting final pricing, were with IXM S.A. The QP for the outstanding shipments is 3MAMA for copper and MOSS for gold.

In March 2022, the Company granted loans to its associate, PXP Energy Corporation, where Philex owns 30.4% interest, through the issuance of the later of covering Promissory Notes (PNs). Under the PNs, total loans to PXP Energy amounted to US\$600,000 or equivalent to Php31 million, payable on demand and subject to an interest of 3.5% p.a. over LIBOR (6 months) that is payable quarterly. Total interests received for 1Q2024 amounted to Php783 thousand.

Inventories

Total Inventories, consisting of materials and supplies and mine products, amounted to Php1.596 billion as of March 31, 2024, an increase of 28% from Php1.245 billion as of December 31, 2023.

As of March 31, 2024, mine products inventory, which is valued at net realizable value, amounted to Php849 million or 53% of total inventory, while inventory for materials and supplies amounted to Php747 million or about 47% of total inventory. On the other hand, mine products inventory amounted to Php712 million, while materials and supplies inventory was Php533 million as of December 31, 2023. Mine products inventory increased by 19% due to higher value of mine products inventory corresponding to 5,236 DMT of copper concentrates, which was a one full concentrates shipment scheduled for loading on April 2, 2024 under Shipment No. 103-IXM, against 4,337 DMT as of December 31, 2023. Metal prices for copper and gold were also higher for 1Q2024 compared with 1Q2023. On the other hand, materials and supplies increased by Php214 million due to the continuing build-up of critical and insurance inventories to ensure availability of parts for ageing equipment given the extended life of Padcal for another three years to December 2027.

Other Current Assets

Other Current Assets, composed primarily of input Value-Added Tax (“VAT”) claims for refund on purchases of materials, supplies and equipment, increased to Php1.410 billion as of March 31, 2024 from Php737 million as of December 31, 2023, due mainly to additional VAT receivable on Company purchases. Based on the issued guidelines on VAT zero-rating which retroacts to December 10, 2021, all purchases of goods and services by Philex Mining shall be subject to 12% VAT but can still be refunded to Philex, being an exporter, by the Bureau of Internal Revenue for VAT on local purchases and by Bureau of Customs for VAT on importations. The Company has an outstanding VAT claim covering the period 1Q2022 in the amount of Php70 million.

Non-Current Assets

Non-Current Assets of Php39.601 billion as of March 31, 2024 increased from Php39.209 billion as of December 31, 2023. This comprised mainly of Deferred Exploration Costs, Investment in Associates, and Property, Plant and Equipment. Deferred Exploration Costs and Property, Plant and Equipment represent 76% of total assets, signifying the capital intensive nature of the business.

Deferred Exploration Costs

Deferred Exploration Costs (DEC) increased to Php31.453 billion as of March 31, 2024 from Php30.722 billion as of December 31, 2023, which included the expenditures related to Silangan Project with cumulative amount of Php29.002 billion or 92% of total deferred exploration costs. Total DEC for the Silangan Project represented expenditures on exploration and development other than those related to capital equipment.

Investment in Associates

Investment in Associates slightly decreased to Php3.572 billion as of March 31, 2024 from Php3.575 billion as of December 31, 2023, mainly from the Company's share in the net losses of associates in 1Q2024 of Php3 million.

Property, Plant and Equipment

Property, Plant and Equipment ("PPE") slightly increased to Php3.575 billion as of March 31, 2024 from Php3.357 billion as of December 31, 2023 due to regular additions to PPE which were the actual expenditures on Padcal's mine development activities and acquisition of mine equipment such as three units of mine hauling equipment, net of amount of DDA for the period.

Pension Asset

Pension Asset slightly decreased to Php179 million as of March 31, 2024 from Php180 million as of December 31, 2023, which represents the excess of the fair value of plan assets against the present value of defined benefit obligations under the Company's retirement plan, net of SMMCI pension obligation.

Financial Assets Measured at FVOCI

Financial Assets Measured at FVOCI, consisting mainly of shares in gold and country clubs, remained at Php177 million as of March 31, 2024 from December 31, 2023.

Other Non-Current Assets

Other Non-Current Assets decreased to Php643 million as of March 31, 2024 from Php1.198 billion as of December 31, 2023 which included the non-current portion of SMMCI Input Value-Added Tax amounting to Php583 million. The Company's VAT Receivable for the year 2023 of Php602 million that was classified as non-current assets as of December 31, 2023 was reclassified to Current Assets thus the significant decrease in Other Non-Current Assets.

Total Assets

Total Assets of the Company increased to Php46.278 billion as of March 31, 2024 from Php45.411 billion as of December 31, 2023, primarily from the higher Deferred Exploration Costs, PPE, Accounts Receivable and Inventories.

Current Liabilities

Current Liabilities slightly increased to Php5.745 billion as of March 31, 2024 from Php4.919 billion as of December 31, 2023, due mainly to the increase in Accounts Payable and Accrued Expenses, and Loans Payable.

Loans Payable

Loans Payable increased to Php2.587 billion (or US\$46 million) as of March 31, 2024 from Php1.883 billion (or US\$34 million) as of December 31, 2023 due to the additional US\$13 million short-term loan with Banco de Oro (BDO), net of repayment amortization for the current portion of the medium-term loan availed in May 2023 from Philippine National Bank (“PNB”), partially offset by the impact of the restatement of the dollar denominated loans using a higher closing forex of Php56.240 as of March 31, 2024 versus Php54.360 as of December 31, 2023. Total outstanding loan of the Parent Company amounted to US\$36 million of short-term bank loans and US\$22 million with the long-term portion of US\$18 million reflected under Non-Current Liabilities while the loan of SMMCI amounted to US\$6 million. In 1Q2024, the Company settled the first quarterly repayment in 2024 of US\$1 million against the medium-term loan with PNB.

Accounts Payable and Accrued Liabilities

As of March 31, 2024, Accounts Payable and Accrued Liabilities increased to Php2.883 billion from Php2.768 billion as of December 31, 2023. This composed primarily of payables to suppliers and contractors of which no material amount has been left unpaid within terms acceptable and agreed upon with suppliers and contractors.

Subscription Payable

Subscription Payable remained at Php2.8 million as of March 31, 2024 which consisted of outstanding payables to Philodrill Corporation and Kalayaan Copper Gold Resources, Inc.

Income Tax Payable

As of March 31, 2024, Income Tax Payable amounted to Php69 million, which included the tax payable pertaining for 1Q2024 that is due on May 31, 2024, slightly higher compared with Php42 million as of December 31, 2023.

Dividends Payable

Dividends Payable decreased to Php203 million as of March 31, 2024 from Php224 million as of December 31, 2023. The Philex Board of Directors approved on February 29, 2024 the declaration of regular cash dividend of two centavos to shareholders on record date of March 15, 2024, payable on March 27, 2024, which represented 12% of Core Net Income.

Non-Current Liabilities

As of March 31, 2024, Non-Current Liabilities amounted at Php8.851 billion, slightly higher than Php8.804 billion as of December 31, 2023, comprising mainly of Loans and Bonds Payable, and Deferred Income Tax Liabilities.

Loans and Bonds Payable

Loans and Bonds Payable amounted to Php7.339 billion as of March 31, 2024 from Php7.246 billion as of December 31, 2023, consisting of the Convertible Note (CN) issued by SMECI to Asia Link B.V. that was extended for another three years from the expiry of its original maturity date of December 18, 2022, with the sole option of SMECI to extend further for another three years at

1.5 years interval, and the proceeds of loan availed from PNB in May 2023, net of the current portion which was reflected under Current Liabilities. The payable amounts included the changes in the amounts corresponding to the amortization of deferred transaction costs, accretion of interest from the discounting of the face value of the Convertible Note (CN) and accrual of the 3% redemption premium.

The bonds payable pertains to the 8-year CNs with original maturity date of December 18, 2022. The CNs with a face value of Php7.2 billion at 1.5% coupon rate p.a. payable semi-annually were issued by SMECI, with Philex as the co-issuer, on December 18, 2014. Based on original terms, the CNs were convertible into 400,000 common shares of SMECI at Php18,000 per share. At redemption/maturity date, the CNs can be redeemed together with the principal or face value of the CNs at a premium, payable at a rate of 3% per annum compounded semi-annually based on the face value of the CNs and unpaid accrued interest (if there be any). The proceeds of the CNs were used to repay the SMECI's advances from Philex Mining and fund further exploration works of SMMCI. As of March 31, 2024, the carrying amount of the CN was Php6.327 billion compared with Php6.250 billion as of December 31, 2023.

The loans payable represents medium-term dollar-denominated loan from Philippine National Bank (PNB) obtained in May 2023. The principal amount of the loan is US\$25 million, payable on equal quarterly installment over three years and subject to a fixed interest of 6.67% p.a. accruing quarterly. The Company has made repayment of US\$3 million, reducing the outstanding principal amount to US\$22 million of which US\$4 million was reflected under Current Liabilities and US\$18 million or equivalent to Php1.012 billion under Non-current Liabilities as of March 31, 2024.

Deferred Income Tax Liabilities

Deferred Income Tax Liabilities, mainly consisting of Php1.388 billion arising from the acquisition of Anglo's 50% stake in the Silangan companies and Php121 million mainly for accelerated deductions, decreased to Php1.509 billion as of March 31, 2024 from Php1.555 billion as of December 31, 2023 which considered the impact of the CREATE Law that reduced corporate income tax rate to 25% from 30% effective July 2020.

Provision for Losses and Mine Rehabilitation Costs

Provision for Losses and Mine Rehabilitation Costs was maintained at Php2 million as of March 31, 2024 from December 31, 2023. The amount of Php137 million that is required under the Company's MGB-approved Final Mine Rehabilitation and Development Program has been fully funded.

Total Liabilities

As of March 31, 2024, Total Liabilities amounted to Php14.596 billion, 6% higher than the Php13.723 billion as of December 31, 2023, mainly due to the availment of additional short-term loan of US\$13 million.

Total Equity

The Company's Total Equity as of March 31, 2024 increased to Php31.682 billion from Php31.688 billion as of December 31, 2023 on account mainly of the 1Q2024 net income of Php115 million and net of the cash dividend declared in February 2024 of Php116 million.

Capital Stock and Additional Paid in Capital remained at Php5.782 billion and Php2.885 billion, respectively, as of March 31, 2024 from December 31, 2023, which reflected the issuance of new Philex shares under the Stock Rights Offer ("SRO") that was completed on August 3, 2022. Retained Earnings increased to Php19.794 billion as of March 31, 2024, consisting of Php9.294 billion unappropriated amount and Php10.500 million appropriated of which Php10.000 billion and Php500 million were approved for appropriation by the Board of Directors on December 13, 2013 and February 28, 2017, respectively, for the development and construction of the Silangan Project which appropriated amount remained the same compared with the December 31, 2023 balance. Total Retained Earnings increased from Php19.787 billion as of December 31, 2023. The unappropriated amount is inclusive of the 1Q2024 Net Income of Php115 million and net of cash dividend declared on February 29, 2024 of Php116 million.

The Company recorded Net Unrealized Gain on Financial Assets Measured at FVOCI and derivative of Php67 million as of March 31, 2024 from Php80 million as of December 31, 2023. These amounts were inclusive of loss related to the fair value of derivative instruments of Php22 million as of March 31, 2024 and Php8 million as of December 31, 2023.

There were no changes on the balances of Equity Conversion Options, Equity Reserves, Net Revaluation Surplus and Effect of Transactions with Non-controlling Interests as of March 31, 2024 from their December 31, 2023 balances at Php858 million, Php368 million, Php1.850 billion and Php78 million, respectively. Equity Conversion Options corresponded to the value of the conversion options of the 8-year convertible bonds issued by SMECI, with Philex Mining as the co-issuer, in December 2014 with a face value of Php7.200 billion, which was reduced from Php1.226 billion to Php858 million with the amount recorded as Equity Reserves following the redemption of the CN issued to SSS in December 2022. Net Revaluation Surplus was related to the step acquisition of the Silangan Project companies in 2009.

Total Liabilities and Equity amounted to Php46.278 billion as of March 31, 2024 from Php45.411 billion as of December 31, 2023 due mainly to the increase in Equity as a result of the 1Q2024 net income of Php115 million and 6% increase in Total Liabilities from the short-term bank loan availment.

Liquidity and Capital Resources

The Company's existing liquidity position and capital resources are primarily used for the funding of its existing operations and exploratory drilling works within and around the Sto Tomas ore body with the aim to further extend mine life of Padcal and for development works of the Silangan Project. Despite the risks inherent in the business associated with metal prices, foreign exchange rates, regulatory environment, and the changing economic and market conditions, as well as the global impact of the COVID-19 pandemic for the past three years, the Company's net cash used in operating activities amounted to Php461 million for the three months ended March 31, 2024 (1Q2024) as against net cash generated from operation of Php587 million in the three months of 2023 (1Q2023). This allowed the Company to have sufficient liquidity to meet working capital

needs, finance any strategic supply chain activities in anticipation of global supply chain disruptions and any unscheduled operating disruptions.

Internally generated funds remain as the Company's principal source of cash to finance the capital expenditures of the Padcal Mine, to partly finance the development of the Silangan project, exploration initiatives of various mine sites, and for the repayment of existing loans when programmed. Fund raising through equity and/or debt financing are other sources of funds to augment the principal source of cash.

Net cash used in investing activities, principally for capital expenditures and deferred exploration costs amounted to Php1.049 million in 1Q2024 as against Php355 million in 1Q2023. Capital expenditures mainly for Padcal were higher at Php395 million compared with Php192 million in 1Q2023. Similarly, expenditures for deferred exploration costs (DEC) were also higher at Php654 million in 1Q2024 compared with Php153 million in 1Q2023. In addition to development related expenditures for the Silangan Project, the Company conducted scout drilling and confirmatory drilling activities to assess and evaluate the potential of some mining prospects and also continued to focus on implementing activities to comply with the minimum regulatory requirements under existing exploration permits.

<i>(in Php Millions)</i>	1Q2024	1Q2023
Padcal		
Mine Development	154	123
Tailings Pond Structures	56	22
Machinery and Equipment	168	35
Total	377	180
Silangan Project		
Deferred Exploration Costs	635	102
Machinery and Equipment	17	2
Total	652	104
Mine Exploration Projects	19	51
Total	1,049	335
Consolidated		
Property, Plant and Equipment	395	182
Deferred Exploration Costs	654	153
Total	1,049	335

Total Capital Expenditures and Deferred Exploration Costs amounted to Php1.049 billion in 1Q2024, compared with Php335 million in 1Q2023.

Padcal operations accounted for 36% of total actual spending at Php1.049 billion in 1Q2024 as compared to Php335 million in 1Q2023. The capital expenditures for Padcal included the acquisition of mine and mill equipment to augment Padcal's ageing machinery and equipment, mine development works to increase ore source and maintenance works to ensure stability of the existing tailings storage facility

Silangan Project comprised 62% of the capital expenditures amounting to Php652 million in 1Q2024 versus Php104 million in 1Q2023. The Company started implementing the development program in the 2022 In-Phase Mine Plan feasibility study thus the increase in capital expenditures

for Silangan from 2022 to 2023. The expenditures included construction works at the east and west portal of the underground mine, additional land banking, and acquisition of initial equipment.

Other mining exploration projects amounted to Php19 million in 1Q2024 compared with Php51 million in 1Q2023. These activities included expenditures related to scout drilling as well as confirmatory drilling works on various and expenses in compliance with regulatory requirements.

Net cash generated from financing activities amounted to Php543 million in 1Q2024 as against net cash used of Php130 million in 1Q2023. In March 2024, the Company availed short-term loan of Php732 million or US\$13 million from a local bank to temporary finance the various operating and capital expenditures of Padcal pending receipt of shipment proceeds. The Company paid Php55 million or US\$1 million in 1Q2024 on its medium-term loan based on its repayment schedule. The Company also paid dividends of Php115 million equivalent to Php0.02 per share.

Top Five Key Financial and Non-Financial Performance Indicators

Safety Performance

Personnel health and safety is of paramount concern and regarded with utmost priority. In 1Q2024, the Company recorded zero Lost Time Accident-Fatal (“LTA-F”) and one LTA-F incident in 1Q2023. Meanwhile, in terms of Lost Time Accident Non-Fatal events, there are one in 1Q2024 compared with three in 1Q2023

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

Earnings Per Share

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

	1Q2024	1Q2023
Earnings Per Share	Php0.020	Php0.067
Weighted Average Number of Outstanding Shares	5,782,399,068	5,782,399,068

Tonnes Milled and Metals Produced

Tonnes milled and ore grade determine the volume of concentrates to be produced and sold. Tonnes milled were 1,584,677 tonnes in 1Q2024, 7% lower compared with 1,706,371 tonnes in 1Q2023.

Copper output reached 4,668,651 pounds in 1Q2024, 16% lower compared with 5,531,450 pounds in 1Q2023 due mainly to lower tonnage, ore grades and metal recovery. Gold production was 22% lower at 7,803 ounces in 1Q2024, compared with 10,062 ounces in 1Q2023, as a result of lower tonnage, ore grade and metal recovery.

Break-even Production and Operating Cost Per Unit

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

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

In 1Q2024, total production costs (including depletion, depreciation and amortization) on a per unit basis slightly increased to Php920 per tonne (based on total production costs of Php1.459 billion) for 1Q2024 from Php837 per tonne (based on total production costs of Php1.428 billion) in 1Q2023. Total Production Cost per Tonne increased due to higher production costs despite lower tonnage which reflected that the Company's cost structure consisted predominantly of fixed costs particularly labor cost and maintenance costs thus the lower tonnage production did not cause total production to decrease.

Total operating costs (consisting of total production costs, smelting charges, excise taxes, and royalties) also increased to Php1,104 per tonne in 1Q2024 from Php1,055 per tonne in 1Q2023. The increase in cost per tonne was mainly attributable to higher production costs yet lower tonnage. Total operating costs for purposes of computing the break-even costs amounted to Php1.750 billion in 1Q2024, higher compared with Php1.800 billion in 1Q2023.

Using co-production method, the operating cost applicable to gold produced amounted to US\$1,864 per ounce in 1Q2024 compared with US\$1,507 per ounce in 1Q2023, while operating cost applicable to copper produced amounted to US\$3.62 per pound in 1Q2024 compared with US\$3.19 per pound in 1Q2023. Under co-production method, the total cost is allocated proportionately based on the revenue contribution of each product considering there is no physical basis that can be used in allocating costs between the two metals. Due to the significant increase in copper prices, costs allocated to copper based on its revenue contribution consequently increased against last year.

Exploration Activities

The Company is cognizant that exploration in itself is a speculative endeavour, and mineral exploration and mining operations can be hampered by force majeure and other unforeseen circumstances beyond the Company's control. To mitigate the impact of these external factors and other contingencies, the Company banks on its ability to successfully explore and/or acquire reserves, design and construct efficient processing facilities, operate and manage its projects, and provide effective financial controls and management. To ensure the optimization of value from its natural resource properties and the long-term sustainability of operations, the Company

pursues and invests in viable exploration activities and operational enhancements on a constant basis. In recent years, exploration activities focused mostly on regulatory requirements under the exploration permits or confirmatory drilling related to possible mine life extension.

In 1Q2024, the amount spent on mining exploration, including that of Silangan Project amounted to Php654 million, comprising mainly of Php635 million for development and construction works of the Silangan Project compared with Php153 million in 1Q2023. As of March 31, 2024, total deferred exploration costs amounted to Php31.453 billion, comprising 68% of the Company's Total Assets, compared with Php30.722 billion (68% of the Company's Total Assets) as of December 31, 2023.

Subsidiaries and Related Party Transactions

The Company's significant related party transactions as of March 31, 2024 and December 31, 2023, which are under terms that are no less favorable than those arranged with third parties, and account balances are as follows:

a) Advances from Philex Mining to SMMCI and SMECI

Philex Mining, owning directly and indirectly 100% of SMMCI and SMECI, provides the funds to SMMCI, through SMECI since 2011 and directly thereafter, for the Silangan project's expenditures since the Company's acquisition of Anglo American's interest in the Silangan Project in 2009. These advances, which were intended to be converted into equity, amounting to Php3.785 billion as of March 31, 2024 and as of December 31, 2023. In December 2022, portion of the PMC advances to SMECI and SMMCI amounted to Php792 million and Php1.459 billion, respectively, were settled.

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

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

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

The carrying value of loans payable amounted to Php6.327 billion and Php6.250 billion as of March 31, 2024 and December 31, 2023, respectively.

c) Investment in SMECI and SMMCI

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

Subsequently, SMECI invested the net proceeds in SMMCI to support the capital expenditures and development of the Silangan Project in exchange for 38,609 SMMCI shares.

In December 2022, PMC subscribed additional shares from SMECI consisting of 101,471 new shares with total subscription price of Php2.649 billion which proceeds was used by SMECI to settle its liabilities and additional subscription of 33,708 shares in SMMCI.

d) Loans Granted by Philex Mining to PXP Energy Corporation

In March 2022, PXP Energy Corporation (PXP Energy) issued Promissory Notes covering two loans from Philex Mining amounting to US\$375,000 and US\$225,000 or a total of US\$600,000. The loans are payable on demand and subject to an interest of 3.5% p.a. over LIBOR (6 months), payable quarterly. As of March 31, 2024, total loans receivable from PXP Energy amounted to Php31 million.

Known Trends, Events, or Uncertainties

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

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

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

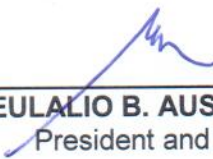
PART II - OTHER INFORMATION

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

SIGNATURES

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

PHILEX MINING CORPORATION
(Issuer)



EULALIO B. AUSTIN, JR.
President and CEO



ROMEO B. BACHOCO
Chief Finance Officer



PARALUMAN M. NAVARRO
Assistant Vice President
Corporate Finance

Date: May 8, 2024

PHILEX MINING CORPORATION
AND SUBSIDIARIES

UNAUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
March 31, 2024

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, except Par Value per Share)

		March 31 2024 (Unaudited)		December 31 2023 (Audited)
Current Assets				
Cash and cash equivalents	P	2,848,932	P	3,814,350
Accounts receivable - net		822,089		405,641
Inventories - net		1,596,359		1,245,128
Other current assets - net		1,409,601		737,399
Total Current Assets		6,676,981		6,202,519
Noncurrent Assets				
Deferred exploration costs		31,453,490		30,721,524
Investment in associates - net		3,572,269		3,575,019
Property, plant and equipment - net		3,574,684		3,356,714
Pension asset - net		179,185		180,388
Financial assets measured at fair value through other comprehensive income (FVOCI)		177,394		177,394
Other non current assets		643,666		1,197,785
Total Noncurrent Assets		39,600,688		39,208,824
TOTAL ASSETS	P	46,277,669	P	45,411,342
LIABILITIES AND EQUITY				
Current Liabilities				
Loans payable	P	2,587,040	P	1,882,580
Accounts payable and accrued liabilities		2,882,755		2,768,034
Subscription payable		2,767		2,767
Income tax payable		69,049		41,638
Dividends payable		203,552		224,257
Total Current Liabilities		5,745,163		4,919,276
Noncurrent Liabilities				
Loans and bonds payable		7,339,100		7,246,489
Deferred tax liabilities - net		1,509,331		1,555,037
Provision for losses and mine rehabilitation costs		2,342		2,342
Total Noncurrent Liabilities		8,850,773		8,803,868
Total Liabilities		14,595,936		13,723,144
Equity Attributable to Equity Holders of the Parent Company				
Capital Stock - P1 par value		5,782,399		5,782,399
Additional paid-in capital		2,885,163		2,885,163
Retained Earnings				
Unappropriated		9,294,466		9,287,207
Appropriated		10,500,000		10,500,000
Net unrealized gain (loss) on financial assets measured at FVOCI and derivative		66,622		80,346
Equity conversion option		857,863		857,863
Equity reserves		367,655		367,655
Net revaluation surplus		1,849,971		1,849,971
Effect of transactions with non-controlling interests		77,892		77,892
		31,682,031		31,688,496
Non-controlling Interests		(298)		(298)
Total Equity		31,681,733		31,688,198
TOTAL LIABILITIES & EQUITY	P	46,277,669	P	45,411,342

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

(Amounts in Thousands, except Earnings Per Share)

	Three Months ended			
	March 31			
	2024		2023	
REVENUES (Note 5)	P	1,737,740	P	2,105,356
COSTS AND EXPENSES				
Production costs		1,263,594		1,260,757
Depletion, depreciation and amortization		195,075		167,081
Excise taxes and royalties		111,475		145,168
General and administrative expenses		72,893		63,338
		1,643,037		1,636,345
INCOME FROM OPERATIONS		94,703		469,011
OTHER (CHARGES) INCOME				
Interest income		14,945		5,134
Foreign exchange (losses) gains - net		(1,304)		26,234
Share in net losses of associates		(2,750)		(5,372)
Others - net		4,532		(16,022)
		15,422		9,973
INCOME BEFORE INCOME TAX		110,125		478,985
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current		27,418		121,750
Deferred		(32,009)		(32,338)
		(4,591)		89,412
NET INCOME	P	114,716	P	389,573
Net Income Attributable to:				
Equity holders of the Parent Company		114,716		389,573
Non-controlling interests		-		-
	P	114,716	P	389,573
BASIC/DILUTED EARNINGS PER SHARE	P	0.020	P	0.067

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

	Three Months ended			
	March 31			
	2024		2023	
NET INCOME	P	114,716	P	389,573
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Unrealized loss on fair value of hedging instruments		(13,724)		(17,622)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement of pension obligation (net of tax) and others		-		(3,888)
		(13,724)		(21,510)
TOTAL COMPREHENSIVE INCOME	P	100,991	P	368,063
Total Comprehensive Income Attributable to:				
Equity holders of the Parent Company		100,991		368,063
Non-controlling interests		-		-
	P	100,991	P	368,063

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

	Three Months ended			
	March 31			
	2024		2023	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P	110,125	P	478,985
Adjustments for:				
Depletion, depreciation and amortization		198,834		169,347
Unrealized foreign exchange losses (gains) and others - net		43,871		(40,455)
Share in net losses of associates		2,750		5,372
Interest income		(14,945)		(5,134)
Operating income before working capital changes		340,636		608,116
Decrease (increase) in:				
Accounts receivable		(416,448)		(79,451)
Inventories		(351,231)		127,921
Other current assets		(69,764)		(174,711)
Other noncurrent assets		(48,320)		(5,077)
Increase (Decrease) in:				
Accounts payable and accrued liability		98,381		107,836
Non current liabilities		(44,503)		(29,241)
Cash generated from operations		(491,249)		555,393
Interest paid		30,720		31,368
Net cash flows generated from (used in) operating activities		(460,529)		586,760
CASHFLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment		(654,073)		(181,793)
Increase in deferred exploration costs and other noncurrent assets		(394,699)		(153,367)
Net cash flows used in investing activities		(1,048,772)		(335,159)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availment of Short-Term Loan		732,160		-
Payments of:				
Medium-Term Loan		(55,911)		(14,157)
Capitalized interest expenses		(16,716)		(14,157)
Dividends		(115,648)		(115,603)
Net cash flows generated from (used in) financing activities		543,885		(129,760)
EFFECT OF EXCHANGE RATE CHANGES				
ON CASH AND CASH EQUIVALENTS				
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(965,417)		121,841
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		3,814,350		3,925,296
CASH AND CASH EQUIVALENTS AT END THE PERIOD	P	2,848,932	P	4,047,137

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock	Additional Paid-in Capital	Retained Earnings		Net Unrealized Gain (Loss) on financial assets measured at FVOCI and Derivative	Equity Conversion Option	Equity Reserves	Net revaluation Surplus	Effect of transaction with Non-controlling Interest	Sub-total	Non-controlling Interest	Total
BALANCES AT DECEMBER 31, 2023	5,782,399	2,885,163	9,287,207	10,500,000	80,346	857,863	367,655	1,849,971	77,892	31,688,496	(298)	31,688,198
Net income			114,716							114,716		114,716
Prior year adjustments on Retained Earnings			8,192							8,192		8,192
Other comprehensive income (loss):												
Items to be reclassified to profit and loss in subsequent periods:												
Net Unrealized Gain on financial assets measured at FVOCI and Derivative					(13,724)					(13,724)		(13,724)
Total comprehensive income			122,908		(13,724)					109,184		109,184
Declaration of dividends			(115,648)							(115,648)		(115,648)
BALANCES AT MARCH 31, 2024 (Unaudited)	5,782,399	2,885,163	9,294,467	10,500,000	66,622	857,863	367,655	1,849,971	77,892	31,682,032	(298)	31,681,733
BALANCES AT DECEMBER 31, 2022	5,782,399	2,885,163	8,493,736	10,500,000	54,870	857,863	367,655	1,849,971	77,892	30,869,549	(292)	30,869,257
Net income			389,573							389,573		389,573
Other comprehensive income (loss):												
Items to be reclassified to profit and loss in subsequent periods:												
Net Unrealized Gain on financial assets measured at FVOCI and Derivative					(17,622)					(17,622)		(17,622)
Items not to be reclassified to profit and loss in subsequent periods:												
Remeasurement of pension obligation (net of tax) and others			(3,888)							(3,888)		(3,888)
Total comprehensive income			385,685		(17,622)					368,063		368,063
Declaration of dividends			(115,648)							(115,648)		(115,648)
BALANCES AT MARCH 31, 2023 (Unaudited)	5,782,399	2,885,163	8,763,773	10,500,000	37,248	857,863	367,655	1,849,971	77,892	31,121,964	(292)	31,121,671

PHILEX MINING CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

		Three Months Ended March 31	
		2024	2023
Current Ratio	Current Assets over Current Liabilities	1.16	1.35
Debt-to-equity Ratio	Total Liabilities over Total Equity	0.46	0.41
Asset-to-equity Ratio	Total Assets over Equity	1.46	1.41
Net Income Ratio	Net Income over Net Revenue	0.07	0.19

PHILEX MINING CORPORATION AND SUBSIDIARIES

SCHEDULE OF ACCOUNTS RECEIVABLE

As of March 31, 2024

(In Thousands)

Accounts Receivable- Trade	P	281,864
Advances to Contractors		408,388
Others		131,837
	P	822,089

AGING OF ACCOUNTS RECEIVABLE - TRADE

As of March 31, 2024

	0-30 days	31-60 days	Total
IXM S.A.	P 93,711	188,154	P 281,864
	P 93,711	P 188,154	P 281,864

PHILEX MINING CORPORATION AND SUBSIDIARIES

SCHEDULE OF LOANS AND BONDS PAYABLE

As of March 31, 2024

(In thousands)

Bonds Payable	P	6,326,780
Loans Payable:		
Banco de Oro	P	956,080
Philippine National Bank		1,574,720
Bank of the Philippine Islands		337,440
Security Bank		731,120
Total	P	9,926,140

PHILEX MINING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

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

1. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Disclosures and Material Accounting Policy Information

Basis of Preparation

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

Statement of Compliance

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements as at and for the year ended December 31, 2023.

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

2. Significant Judgments and Estimates and Assumptions

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

Accounting assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events

that are believed to be reasonable under the circumstances.

Judgments

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

Determination of the Functional Currency

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

Estimates and Assumptions

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

Measurement of Mine Products Revenue

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

Measurement of NRV of Mine Products Inventory

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

Valuation of Financial Instruments

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

Write-down of Carrying Values of Materials and Supplies Inventories

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

of inventories, an allowance for inventory obsolescence is provided.

Impairment of Mine and Mining Properties

The Group assesses, at each reporting date, whether there is an indication that mine and mining properties may be impaired. If any indication exists, or when annual impairment testing for mine and mining properties is required, the Group estimates the mine and mining and properties' recoverable amount. An asset's recoverable amount is the higher of asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Assessments require the use of estimates and assumptions such as future cash flows, discount rates, estimated ore reserves, forecasted metal prices, and production quantities. In assessing value in use, the estimated future cash flows are discounted to their present value using a suitable discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Estimation of Useful Lives of Property, Plant and Equipment

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

Estimation of Ore Reserves

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

Impairment of Deferred Exploration Costs

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

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

Convertible Bonds

The Group's convertible bonds, treated as a compound financial instrument, are separated into liability and equity components based on the terms of the contract. On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or

redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

Provisions for losses

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

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

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

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

3. Segment Information

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

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

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

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

The Group's Core EBITDA for the three months ended March 31, 2024 and 2023 amounted to ₱295,318 and ₱634,964, respectively

The following table shows the Group's reconciliation of core net income to the consolidated net income for the three months ended March 31, 2024 and 2023.

	YTD March 31	
	2024	2023
Core Net Income	₱105,274	₱387,897
Non-Recurring gains (losses) :		
Foreign exchange (losses) gains	(1,304)	26,234
Provision for losses		(18,000)
Reversal of deferred tax liability on last year's gain on modification of CN	10,419	-
Net tax effect on foreign exchange losses	326	(6,559)
Net income attributable to parent company	114,716	389,573
Net income attributable to non-controlling interests	-	-
Net income	₱114,716	₱389,573

Core net income per share is computed as follows:

	2024	2023
Core net income	₱105,274	₱387,897
Divided by weighted average number of common shares outstanding	5,782,399,068	4,940,399,068
Core net income per share	₱0.018	₱0.067

4. Financial Risk Management Objectives and Policies and Hedging Activities

Financial Risks Management Objectives and Policies

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

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

Financial Risks

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

Credit and concentration risks

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

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

The table below summarizes the Group's exposure to credit risk for the components of the unaudited consolidated balance sheet as of March 31, 2024:

	March 31, 2024	
Cash and cash equivalents		
Cash with banks	₱	694,806
Short-term deposits		2,153,045
Accounts receivable:		
Trade		281,864
Loans		30,684
Others		499,693
	₱	3,660,091

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

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

Liquidity risk

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

The table below summarizes the maturity profile of the Group's financial assets that can be used by the Group to manage its liquidity risk and the maturity profile of the Group's financial liabilities, based on contracted undiscounted repayment obligations (including interest) as of March 31, 2024:

	March 31, 2024			Total
	On Demand	Within 1 Year	More than 1 Year	
Other financial liabilities:				
Short-term loans payable				
Principal	₱	2,362,080		₱ 2,362,080
Interest		15,900		15,900
Loans payable and bonds payable				
Principal		224,960	7,339,100	7,564,060
Interest		30,037	353,947	383,984
Accounts payable and accrued liabilities		2,122,496		2,122,496
Dividends payable		203,552		203,552
Total undiscounted financial liabilities	₱	203,552	₱ 4,755,473	₱ 7,693,048
			₱ 12,652,072	

Market risks

Foreign currency risk

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

Parent Company is exposed to foreign exchange risk arising from its US Dollar-denominated cash and cash equivalents and trade receivables and loans payable.

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

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

US\$ Appreciate (Depreciate)	Effect on Consolidated Income before Income Tax
6%	(₱107,049)
(6%)	107,049

Equity Price Risk

Equity price risk is the risk where the fair values of investments in quoted equity securities could increase or decrease as a result of changes in the levels of equity indices and in the value of individual stocks. Management monitors the movement of the share prices pertaining to the Group's investments. The Group is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the consolidated statements of financial position as financial assets measured at FVOCI.

The effect on equity, as a result of a possible change in the fair value of the Group's quoted equity instruments held as financial assets measured at FVOCI as at March 31, 2024 that could be brought by changes in equity indices with all other variables held constant is as follows:

Currency	Change in Quoted Prices of Investments Carried at Fair Value	Effect on Equity
Peso	Increase by 1%	₱19.10
	Decrease by 1%	(19.10)

Commodity price risk

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

The table below shows the effect on income before income tax should the change in the prices of copper and gold occur based on the inventory of the Parent Company as of March 31, 2024:

Change in Metal Prices		Effect on Income before Income Tax
Gold:		
Increase by 15%	18%	₱156,569
Decrease by 15%		(156,569)
Copper:		
Increase by 28%	20%	₱206,662
Decrease by 28%		(206,662)

5. Revenues

Adoption of PFRS 15 using modified retrospective approach as of March 31, 2024 and March 31, 2023:

	2024		
	Revenue from contracts with customers	Provisional pricing adjustments	Total Revenue
Gold	₱ 802,089	(13,867)	₱ 788,222
Copper	917,671	18,699	936,370
Silver	13,098	49	13,147
Total			₱ 1,737,740

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

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

6. Basic/Diluted Earnings Per Share

Basic and diluted earnings per share as of March 31, 2024 and 2023 are computed as follows:

	2024	2023
Net income attributable to equity holders of the Parent Company	₱105,274	₱389,573
Divided by weighted average number of common shares outstanding during year	5,782,399,068	5,782,399,068
Basic earnings per share	₱0.020	₱0.067

7. Events After End of Reporting Period

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