COVER SHEET

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OCEANAGOLD (PHILIPPINES), INC.

(Company's Full Name)

DIDIPIO MINE, DIDIPIO, KASIBU, NUEVA VIZCAYA

(Business Address: No. Street/City/Province

KARINA P. DULINAYAN
Contact Person

+639178612279
Company Telephone Number

1 2	3 1		**SEC FORM 17-Q**		0 6	3rd Monday
Month	*Day*		FORM TYPE		*Month*	*Day*
Fiscal Year					Annual Meeting	

-
Secondary License Type, If Applicable

Dept. Requiring this Doc.

Not applicable
Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2024**

2. Commission identification number: **A199602982**

3. BIR Tax Identification No.: **004-870-171-00000**

4. Exact name of issuer as specified in its charter: **OCEANAGOLD (PHILIPPINES), INC.**

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

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

7. Address of issuer's principal office: **Didipio Mine, Didipio, Kasibu, Nueva Vizcaya, Philippines**
   Postal Code: **3703**

8. Issuer's telephone number, including area code: **+639178612279**

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	**2,280,000,000 (as of March 31, 2024)**

Amount of Debt Outstanding: **N/A**

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 class/es of securities listed therein:

    Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:
    (a) 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 [ ]

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

    Yes [ ] No [**X**]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed interim financial statements of OCEANAGOLD (PHILIPPINES), INC. ("OGP" or the "Company") as of and for the period ended March 31, 2024 (with comparative figures as of December 31, 2023 and for the period ended March 31, 2023) and notes to unaudited condensed interim financial statements are hereto attached as **Annex "B".**

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

The information required by Part III, Paragraph (A)(2) of "Annex C, as amended" is attached hereto as **Annex "A".**

PART II – OTHER INFORMATION

We set forth below the developments on significant contracts and legal proceedings as disclosed in OGP's Final Prospectus dated 24 April 2024.

1. **Significant Contracts**

   - The Company's agreement with the Bangko Sentral ng Pilipinas with respect to the sale of a minimum of 25% of gold doré at market value pursuant to the Financial or Technical Assistance Agreement ("FTAA") is in final stages of negotiation. The Company also completed a competitive open-tender for the sale of copper concentrate from the Didipio Mine and a new offtake agreement for copper concentrate was entered into by the Company with Transamine SA and Transamine Far East Limited effective April 1, 2024.

   - The Company issued a letter dated March 15, 2024 to ABC Refinery for the extension of the agreement covering refining and treatment of gold doré for another year, or from April 1, 2024 to March 31, 2025.

2. **Legal Proceedings**

On May 14, 2024, the Company received summons from the Regional Trial Court Branch 30 – Bambang, Nueva Vizcaya (the "Summons") for the case entitled "*Rev. Bishop Jose Elmer I. Mangalinao, et. al. versus Exec. Sec. Lucas P. Bersamin, Sec. Ma. Antonia Yulo-Loyzaga, et. al.*". The Summons is in relation to the report in news outlets on April 23, 2024 that Bishop Jose Elmer Mangalinao, Didipio Earth-Savers Multi- Purpose Association Inc. ("DESAMA"), and Alyansa ng Magsasaka para sa Kalikasan ng Kasibu ("AMKKAS") filed on April 22, 2024. A petition with the Regional Trial Court in Bayombong, Nueva Vizcayaseeks to cancel the Addendum and Renewal Agreement of the FTAA. The Company will file its Answer and participate in the proceedings.

[Signature page follows.]

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.

Issuer: **OCEANAGOLD (PHILIPPINES), INC.**

Signature and Title: **Joan D. Adaci-Cattiling**
President

Date: May 31, 2024

Signature and Title: **Cherrie Lou B. Burabod**
Treasurer

Date: May 31, 2024

ANNEX "A"

Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim financial statements of the Company as at and for the period ended March 31, 2024 (with comparative figures as at December 31, 2023 and for the period ended March 31, 2023) included as Annex B, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein and should be read in conjunction with those unaudited condensed interim financial statements. All amounts are in United States dollars ("$") unless otherwise indicated.

RESULTS OF OPERATIONS

Production Performance and Key Performance Indicators table

		March 31 2024	December 31 2023	March 31 2023
Gold Produced	koz	26.3	42.8	33.0
Copper Produced	kt	3.0	3.8	3.5
Total Material Mined	kt	454	448	429
Waste Mined	kt	39	51	40
Ore Mined	kt	415	397	389
Ore Mined Grade - Gold	g/t	1.72	3.15	2.28
Ore Mined Grade – Copper	%	0.45	0.61	0.51
Mill Feed	kt	942	1,015	1,053
Mill Feed Grade – Gold	g/t	0.98	1.43	1.09
Mill Feed Grade – Copper	%	0.36	0.42	1.09
Gold Recovery	%	88.6	91.7	88.8
Copper Recovery	%	88.4	90.2	88.0

Didipio reported a 12MMA Total Recordable Injury Frequency Rate ("TRIFR") of 0.4 per 200,000 hours worked at the end of the first quarter, the same as the 0.4 per 200,000 hours worked recorded at the end of the fourth quarter. There was 1 recordable injury in the first quarter at Didipio, the same as in the previous quarter.

First quarter gold production of 26,300 ounces decreased by 39% over the previous quarter and was 20% lower than the corresponding period in 2023. The decrease from the previous quarter was due to the first quarter mine plan being primarily focused on mining the comparatively lower grade monzonite ore as opposed to the higher-grade Breccia ore mined in the previous quarter and the corresponding period in 2023. This is in line with the mine scheduling sequence for the underground. Mill throughput was also lower in the first quarter compared to the prior quarter and corresponding period in 2023, mainly driven by a planned five-day process plant shutdown in February 2024. First quarter copper production was 3,000 tonnes, which was 22% lower than the previous quarter and 14% lower than the corresponding period in 2023 for the same reasons as mentioned above.

Total material mined for the first quarter of 454,000 tonnes was 1% higher than the previous quarter and 6% higher than the corresponding period in 2023, reflecting a focus on continued productivity and volume increase initiatives across the mine.

Total ore mined for the first quarter of 415,000 tonnes was 5% higher than the previous quarter and 7% higher than the corresponding period in 2023.

Mill feed for the first quarter of 942,000 tonnes was 7% lower than the previous quarter and 11% lower than the corresponding period in 2023 primarily due to a planned shutdown mentioned above.

Mill feed grade for the first quarter was 0.98 g/t gold and 0.36% copper, which was lower than the previous quarter due to the lower grade of the underground ore processed. Mill feed composition for the first quarter was approximately 39% from underground ore and 61% from surface stockpiles.

Gold and copper recoveries during the first quarter of 88.6% and 88.4%, respectively, were lower than the previous quarter due to the decreased feed grades.

Financial Performance and Key Performance Indicators table

		March 31 2024	December 31 2023
Gold Sales	koz	31.8	39.7
Copper Sales	kt	3.2	3.9
Average Gold Price Received	$/oz	2136	2039
Average Copper Price Received	$/lb	3.9	3.8
Cash Costs[1]	$/oz	742	549
AISC[1]	$/oz	946	737
Unit Costs			
Mining Cost[2]	$/t mined	34.42	38.83
Processing Cost	$/t milled	9.06	6.78
G&A Cost	$/t milled	11.12	10.08

1 See "Non-PFRS Information"
2 Mining unit costs include allocation of any capitalized mining costs.

Mining unit costs were 11% lower than the previous quarter mainly due to no major overhaul costs incurred and higher tonnes mined during the period. Mining unit costs were consistent with the corresponding period in 2023.

Processing unit costs were 34% higher than the previous quarter and 31% higher than the corresponding period in 2023, reflecting lower tonnes milled and higher costs associated with the planned five-day process plant shutdown.

G&A unit costs were 10% higher than the previous quarter and 45% higher than the corresponding period in 2023, mainly related to inventory optimization program spend and associated inventory obsolescence recognition. G&A unit costs were also impacted by lower tonnes milled during the quarter.

First quarter All-In Sustaining Cost (AISC) was $946 per ounce and Cash Costs were $742 per ounce. The 28% quarter-on-quarter increase in AISC was mainly due to lower gold sales in addition to increased processing costs due to the planned plant shutdown and increased G&A costs. The full year guidance for AISC of $750 to $850 per ounce remains unchanged.

Net Income – Three months ended March 31, 2024 compared with three months ended March 31, 2023

(Unaudited)	March		Horizontal Analysis	
$M, except percentage amounts	**2024**	**2023**	**Amount**	**%**
Revenue	92.1	92.5	(0.4)	(0.4%)
Cost of sales	(54.6)	(53.8)	(0.8)	1.5%
Gross Income	**37.5**	**38.7**	**(1.2)**	**(3.1%)**
General and administrative expenses	(18.3)	(7.7)	(10.6)	137.7%
Other operating (expenses) income, net	(0.3)	(0.8)	0.5	62.5%
Income from operations	**18.9**	**30.2**	**(11.3)**	**(37.4%)**
Finance costs, net	(0.5)	(0.6)	0.1	(16.7%)
Income before income tax	**18.4**	**29.6**	**(11.2)**	**(37.8%)**
(Provision for) benefit from income	(6.9)	(7.5)	0.6	(8.0%)
Net Income	**11.5**	**22.1**	**(10.6)**	**(48.0%)**

For the three months ended March 31, 2024, the Company produced 26,312 ounces of gold and 3,015 tonnes of copper, which is in-line with the Company's full-year plan and 2024 guidance. Gold sales for the same quarter totaled 31,863 ounces of gold and 3,180 tonnes of copper. The Company remains on track to deliver on its 2024 guidance.

The Company sold 33% of the first quarter's total gold dòre production to BSP.

General and administration expenses for the first quarter increased by 138% compared to the corresponding quarter in 2023, the $10.6 million increase is primarily due to the $9.3 million accrual for Additional Government Share which was not required during the first half of 2023.

The following table provides the calculation of the Additional Government Share for the three months ended March 31, 2024 and 2023:

$M – unaudited	**2024**	**2023**
Gross mining revenue	90.5	91.3
Less: Allowable deductions	(45.0)	(38.8)
Less: Amortization deduction	(3.3)	(3.3)
Net Revenue per the FTAA	42.2	49.2
Entitlement share	60%	60%
Total Government Share (60% of Net Revenue per the FTAA)	**25.3**	**29.5**
Deduct: Production taxes	(6.7)	(15.2)
Deduct: Income tax	(9.3)	(0.1)
Carried forward balance utilization (deduction)	-	(14.2)
Additional Government Share	**9.3**	**-**

The Didipio mine is held under an FTAA entered into with the Republic of the Philippines in June 1994. The Philippine Government confirmed the renewal of the FTAA for an additional 25-year period, or until June 2044, with the execution of the Addendum and Renewal Agreement of the FTAA.

Under the FTAA, "Net Revenue" is the gross mining revenues derived from operations, less allowable deductions and an amortization deduction. The Philippine Government is entitled to 60% of the Net Revenue of the mine less taxes and fees paid to the Government.

The Additional Government Share liability was recognized on a life of project basis for the first time in 2023. The share amounts are payable within four months of year-end and, in April 2024, the Company paid the $20.3 million relating to the 2023 accrual.

OUTLOOK AND GUIDANCE

In 2024, the Company expects to produce 120,000 to 135,000 ounces of gold, 12,000 to 14,000 tonnes of copper, achieve an AISC of $750 to $850 per ounce sold, and expend growth capital of $10 million to $15 million. Exploration expenditure at Didipio in 2024 will focus on extension and conversion drilling in the underground as well as planned regional exploration activities.

STATEMENTS OF FINANCIAL POSITION

(Unaudited)	March 31	December 31	Horizontal Analysis	
$M	**2024**	**2023**	**Amount**	**%**
Current assets	165.5	136.1	29.4	21.6%
Non-current assets	608.8	610.2	(1.4)	(0.2%)
Total Assets	**774.3**	**746.3**	**27.9**	**4.1%**
Current liabilities	145.9	132.4	13.5	10.2%
Non-Current liabilities	6.3	6.2	0.1	1.6%
Total Liabilities	**152.2**	**138.7**	**13.5**	**9.7%**
Total Shareholders' Equity	**622.1**	**607.6**	**14.5**	**2.4%**

Current assets increased by 21.6% to $165.5 million as at March 31, 2024 from December 31, 2023 primarily due to $24.9 million increase in receivables due to the higher gold price and timing of sales and a $10.6 million increase in cash (refer to Liquidity and Capital Resources).

Non-current assets as at March 31, 2024 is consistent with December 31, 2023, a net impact of capital additions being more than offset by amortization during the period.

Current liabilities increased by 10.2% to $145.9 million as at March 31, 2024 from December 31, 2023 primarily due to a $13.5 million increase in trade payables and other current liabilities due to recognition of the Additional Government Share of $9.3 million and accrual of the Q1 income taxes payable.

Shareholders' Equity has increased by $14.5 million due to the net income during the period and $3.0 million in new shares that the Company issued on various dates in January and February 2024 with the issuance of an additional 1,702,499,997 common shares to the Company's parent company, OceanaGold (Philippines) Holdings, Inc. ("OGPHI") and to the three independent directors, thereby increasing the Company's outstanding capital stock from 577,500,000 common shares to 2,280,000,000 common shares and share capital to $4.3 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of liquidity are cash flows from operations and borrowings from affiliates. As of March 31, 2024, the Company had cash balance of $27.6 million.

The Company's principal requirements for liquidity are for purchases of consumables and spares, payment of operating expenses, addition to mining assets, repayment of loans from related parties, payment of cash dividends, and other working capital requirements. The Company expects that the cash flows generated from operations will continue to be sufficient to cover operating expenses and current liabilities. Subject to market and operating conditions, the Company anticipates that all cash flow and liquidity requirements will be satisfied by cash flows from operations for at least the following 12 months.

The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from cash flows from operations. It may also, from time to time, seek other sources of funding depending on its financing needs and market conditions.

A summary of cash flow movements for the three months ended March 31, 2024 and 2023 is shown below:

	March 31	March 31	Horizontal Analysis	
$M - unaudited	**2024**	**2023**	**Amount**	**%**
Net cash provided by operating activities	16.5	24.7	8.2	33.2%
Net cash used in investing activities	(9.2)	(1.8)	(7.4)	(411.1%)
Net cash provided by (used in) financing activities	3.0	(29.0)	32.0	110.3%

Cash flows provided by operating activities in the first quarter of 2024 of $16.5 million were $8.2 million lower than the corresponding quarter in 2023 due to an increase in general and administrative expenses, partially offset by working capital movements due to timing of receivables and trade payables.

Cash flows used in investing activities for the first quarter of $9.2 million were $7.4 million higher than the corresponding quarter in 2023 due to higher spend on additions to mining assets due to timing of capital projects.

Cash flows provided by financing activities for the first quarter of $3.0 million consisted of proceeds from the issuance of shares while the $29.0 million outflow in the correspond quarter of 2023 related to the repayment of borrowings.

KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Company uses. Production data analyses are employed by comparisons and measurements based on the current period against the previous period, and corresponding period of the previous year. Financial data analyses are employed by comparisons and measurements based on the current period against the corresponding period of the previous year.

Earnings per share and book value per share

Earnings per share is calculated by dividing the net income attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury stocks, if any. Earnings per share for the three months ended March 31, 2024 and 2023 is calculated as follows:

		March 31	March 31	Horizontal Analysis	
		2024	2023	Amount	%
Net income	$M	11.5	22.1	(10.6)	(48.1%)
Weighted average number of common shares outstanding	Millions of shares	2,280.0	577.5	1,702.5	294.8%
Basic and diluted earnings per share	**$/share**	**0.01**	**0.04**	**(0.03)**	**(75.0%)**

Book value per share is calculated by dividing Total equity attributable to equity holders of the Company less Preferred Equity by the total number of shares outstanding. Book value per share for the period ended March 31, 2024 and December 31, 2023 is calculated as follows:

		March 31	December 31	Horizontal Analysis	
		2024	2023	Amount	%
Total Equity	$M	622.1	607.6	14.5	2.4%
Weighted average number of common shares outstanding	Millions of shares	2,280.0	577.5	1,702.5	294.8%
Book value per share	**$/share**	**0.27**	**1.05**	**(0.78)**	**(74.0%)**

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET AND OTHER FINANCIAL RISKS

Market Risk

Market risk is the risk that changes in market prices, such as metals prices, foreign exchange rates, interest rates and other market prices, will affect the Company's income or the value of its holdings of financial instruments. The Company's mining operations are exposed to various types of market risks in the ordinary course of business, including price risk, currency risk and cash flow and fair value interest risk.

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customer and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions. Credit risk arises from cash in banks, receivables (excluding advances to employees subject to liquidation), deposits, restricted cash in the form of funds and advances to related parties.

Liquidity Risk

Liquidity risk relates to the failure of the Company to discharge its obligations and commitments arising from short-term payables. OceanaGold Corporation and other related parties from time to time provide financial assistance through advances to support daily working capital requirements, as well as necessary exploration and development activities for the Company.

Cash calls are made based on maturity analysis of liabilities to third parties as prepared by management, and are made in Peso, U.S. dollars and Australian dollars since the Company's payables are substantially denominated in these currencies, which minimize impact of fluctuations in foreign exchange rates between actual receipt and settlement dates.

The Company's aims to maintain a balance between continuity of funding and flexibility through the use of advances and loans from related parties. The Company considers its available funds and liquidity in managing long-term financial requirements. For its short-term funding, the Company's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debt and maturing obligations.

NON-PFRS FINANCIAL INFORMATION

Throughout this MD&A, the Company has provided measures prepared according to Philippine Financial Reporting Standards as well as some non-PFRS performance measures. As non-PFRS performance measures do not have a standardized meaning prescribed by PFRS, they are unlikely to be comparable to similar measures presented by other companies. The Company provides these non-PFRS measures as they are used by certain investors to evaluate the Company's performance. Accordingly, such non-PFRS measures are intended to provide additional information and should not be considered in isolation, or a substitute for measures of performance in accordance with PFRS.

These measures are used internally by the Company's Management to assess the performance of the business and make decisions on the allocation of resources and are included in this MD&A to provide greater understanding of the underlying performance of the operations. Investors are cautioned not to place undue reliance on any non-PFRS financial measures included in this MD&A.

Cash Costs and AISC

Cash Costs are a common financial performance measure in the gold mining industry; however, it has no standard meaning under PFRS. Management uses this measure to monitor the performance of its mining operations and its ability to generate positive cash flows, both on an individual site basis and an overall company basis. Cash Costs include mine site operating costs plus indirect taxes and selling cost net of by-product sales and are then divided by ounces sold. In calculating Cash Costs, the Company includes copper and silver by-product credits as it considers the cost to produce the gold is reduced as a result of the by-product sales incidental to the gold production process, thereby allowing Management and other stakeholders to assess the net costs of gold production. The measure is not necessarily indicative of cash flow from operations under PFRS or operating costs presented under PFRS.

Management believes that the AISC measure provides additional insight into the costs of producing gold by capturing all of the expenditures required for the discovery, development and sustaining of gold production and allows the Company to assess its ability to support capital expenditures to sustain future production from the generation of operating cash flows, both on an individual site basis and an overall company basis while maintaining current production levels. Management believes that, in addition to conventional measures prepared in accordance with PFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow per ounce sold. AISC is calculated as the sum of cash costs, capital expenditures and exploration costs that are sustaining in nature and corporate G&A costs. AISC is divided by ounces sold to arrive at AISC per ounce.

The following table provides a reconciliation of consolidated Cash Costs and AISC:

$M, except per oz amounts	**March 31 2024**	**March 31 2023**
Cash costs of sales	36.1	30.8
By-product credits	(28.2)	(31.5)
Royalties	1.4	1.7
Indirect taxes	5.6	5.6
Inventory adjustments	4.8	6.8
Freight, treatment and refining charges	3.9	6.0
Total Cash Costs (net)	**23.6**	**19.4**
Sustaining and leases	4.6	(0.1)
Pre-strip and capitalized mining	1.9	0.2
Onsite exploration and drilling	-	0.2
Total AISC	**30.1**	**19.7**
Gold sales (koz)	31.8	33.6
Cash Costs ($/oz)	**742**	**574**
AISC ($/oz)	**946**	**585**

OTHER MATTERS

As at March 31, 2024, except as discussed above, there were no material events or uncertainties known to the management that had a material impact on past performance, or that would have a material impact on future operations, in respect of the following:

a) 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;

b) 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;

c) known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's net sales/revenues/income from continuing operations;

d) material commitments for capital expenditures not reflected in the Company's financial statements;

e) significant seasonality or cyclicality in its business operation that would have material effect on the Company's financial condition or results of operation;

f) other significant elements of income or loss that did not arise from the Company's continuing operations;

g) 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; and

h) line items in the Company's financial statements not already explained for causes either above or in the Notes to the Unaudited Financial Statements other than due to the usual period-to-period fluctuations in amounts natural in every business operation.

ANNEX “B”

Unaudited condensed interim financial statements of
OCEANAGOLD (PHILIPPINES), INC.
as at and for the period ended March 31, 2024
(with comparative figures as at December 31, 2023
and for the period ended March 31, 2023)
and notes to unaudited financial statements

OCEANAGOLD (PHILIPPINES), INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at March 31, 2024 and December 31, 2023
(All amounts in millions of U.S. dollars - unaudited)

	Notes	March 31 2024	December 31 2023
ASSETS			
Current assets			
Cash	5	27.6	17.0
Receivables	6	75.4	53.2
Inventories	7	54.4	57.7
Prepayments and other current assets		8.1	8.2
Total current assets		165.5	136.1
Non-current assets			
Inventories, net of current portion	7	85.2	89.6
Mining assets, net	8	262.0	259.3
Property, plant and equipment, net	10	189.6	193.7
Deferred income tax assets, net		28.1	27.5
Other non-current assets		43.9	40.1
Total non-current assets		608.8	610.2
Total assets		**774.3**	**746.3**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other current liabilities	9	129.3	120.8
Due to related parties	11	0.3	3.0
Lease liabilities, current portion		0.1	-
Income tax payable		16.2	8.6
Total current liabilities		145.9	132.4
Non-current liabilities			
Lease liabilities, net of current portion		0.2	-
Provision for rehabilitation cost		4.2	4.3
Retirement benefit obligation		1.9	1.9
Total non-current liabilities		6.3	6.2
Total liabilities		**152.2**	**138.7**
Equity			
Share capital		4.3	1.2
Other reserves		(2.1)	(2.1)
Retained earnings		619.9	608.4
Total equity		622.1	607.6
Total liabilities and equity		**774.3**	**746.3**

OCEANAGOLD (PHILIPPINES), INC.
CONDENSED INTERIM STATEMENTS OF TOTAL COMPREHENSIVE INCOME
For the three months ended March 31, 2024 and 2023
(All amounts in millions of U.S. dollars, except per share amounts - unaudited)

		Three months ended March 31	
	Notes	**2024**	**2023**
Revenue		92.1	92.5
Cost of sales		(54.6)	(53.8)
Gross income		**37.5**	**38.7**
General and administrative expenses	12	(18.3)	(7.7)
Other operating expenses, net		(0.3)	(0.8)
Income from operations		**18.9**	**30.2**
Finance costs, net		(0.5)	(0.6)
Income before income tax		**18.4**	**29.6**
(Provision for) benefit from income tax		(6.9)	(7.5)
Net income and total comprehensive income		**11.5**	**22.1**
Earnings per share			
Weighted average number of common shares outstanding (in millions):		2,280.0	557.5
Basic and diluted earnings per share		**0.01**	**0.04**

OCEANAGOLD (PHILIPPINES), INC.
STATEMENT OF CHANGES IN EQUITY
For the three months ended March 31, 2024 and 2023
(All amounts in millions of U.S. dollars - unaudited)

		Other Reserves		Retained Earnings		
	Share Capital	Translation adjustment	Retirement benefit obligation remeasurement	Unappropriated	Appropriated	Total Equity
Balance at January 1, 2024	**1.3**	**(1.7)**	**(0.4)**	**608.4**	**-**	**607.6**
Comprehensive income	-	-	-	11.5	-	11.5
Transactions with shareholders						
Issued shares	3.0	-	-	-	-	3.0
Balance at March 31, 2024	**4.3**	**(1.7)**	**(0.4)**	**619.9**	**-**	**622.1**
Balance at January 1, 2023	**1.3**	**(1.7)**	**(0.1)**	**533.9**	**49.6**	**583.0**
Comprehensive income	-	-	-	22.1	-	22.1
Balance at March 31, 2023	**1.3**	**(1.7)**	**(0.1)**	**556.0**	**49.6**	**605.1**

OCEANAGOLD (PHILIPPINES), INC.
STATEMENT OF CASH FLOW
For the three months ended March 31, 2024 and March 31, 2023
(All amounts in millions of U.S. dollars, unless otherwise stated – unaudited))

	Three months ended March 31	
	2024	**2023**
Operating activities		
Income before provision for income tax	18.4	29.6
Adjustments for:		
Unrealized foreign exchange loss	(0.4)	(0.5)
Depreciation and amortization	10.4	11.0
Interest expense	0.4	0.6
Direct write-off of input vat	-	0.5
Accretion expense	(0.1)	0.1
Provision for inventory obsolescence	0.4	-
Interest income	(0.1)	(0.1)
Gain on asset retirement obligation adjustment	0.1	-
Operating income before working capital changes	29.1	41.2
Changes in working capital:		
Receivables	(22.1)	(7.2)
Inventories	7.4	8.5
Prepayments and other current assets	0.1	(3.0)
Other non-current assets	(3.8)	(3.0)
Due to related parties	(2.7)	-
Trade payables and other current liabilities	8.8	(11.3)
Net cash generated from operations	16.8	25.2
Interest paid	(0.4)	(0.6)
Income tax paid	-	-
Interest received	0.1	0.1
Net cash flows provided by operating activities	16.5	24.7
Investing activities		
Additions to mining assets and property, plant, and equipment	(9.2)	(1.8)
Net cash used in investing activities	(9.2)	(1.8)
Financing activities		
Payment of borrowings	-	(29.0)
Proceeds from issue of shares	3.0	-
Net cash provided by/(used) in financing activities	3.0	(29.0)
Net increase (decrease) in cash	**10.3**	**(6.2)**
Cash, beginning	17.0	22.5
Effects of foreign exchange rate changes in cash	0.3	0.3
Cash, ending	**27.6**	**16.7**

1. Corporate information

The Company was incorporated in the Philippines and is registered with the Philippine Securities and Exchange Commission with its primary purpose to include, among others, activities involving large-scale exploration, development and utilization of mineral resources.

The Company is currently operating the Didipio Mine under the FTAA and the Addendum and Renewal Agreement of the FTAA, which were executed on June 20, 1994, and July 14, 2021, respectively. The Company's registered office address, also its principal place of business, is located at the Didipio Mine, Didipio, Kasibu Nueva Vizcaya.

As of March 31, 2024 and prior to listing on May 13, 2024, the Company was a wholly-owned subsidiary of OceanaGold (Philippines) Holdings, Inc. ("OGPHI"), a company incorporated and doing business in the Philippines. The ultimate parent is OceanaGold Corporation ("OGC"), a company domiciled in British Columbia, Canada and listed on the Toronto Stock Exchange where the common shares trade under the symbol "OGC".

2. Basis of preparation

The unaudited condensed interim financial statements of the Company have been prepared in accordance with PFRS, as applicable to the preparation of interim condensed financial statements including Philippine Accounting Standards ("PAS") 34. Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted.

The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee ("PIC"), Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"), which have been approved by the Financial and Sustainability Reporting Standards Council and adopted by the SEC.

The financial statements have been prepared under the historical cost convention, except for the fair value measurement of plan assets and trade receivables at fair value through profit or loss ("FVPL").

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

(All amounts in millions of U.S. dollars, unless otherwise stated – unaudited))

3. Accounting policies

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

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

4. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Areas of estimation and judgement that have the most significant effect on the amounts recognized in the financial statements are disclosed in the notes to the Company's consolidated financial statements for the year ended December 31, 2023.

5. Cash

The carrying amounts of the Company's cash are denominated in the following currencies consisting of cash in bank:

	March 31 2024	**December 31 2023**
PHP	4.7	0.5
USD	22.9	16.5
	27.6	**17.0**

The total maximum credit risk is equivalent to carrying amount of cash in banks.

6. Receivables

	March 31 2024	**December 31 2023**
Trade receivables	34.1	36.4
Due from related parties	40.5	16.0
Advances to employees	0.8	0.8
	75.4	**53.2**

Trade receivables are receivables from sale of copper concentrate which are recorded at provisional prices and revalued each period until final settlement and remaining receivable from sale of doré based on transaction price.

(All amounts in millions of U.S. dollars, unless otherwise stated – unaudited))

Aging of Trade Receivables:

As at March 31, 2024

	Current	30 - 60 days	Over 60 days	Total
Trafigura Pte. Ltd.	33.5	-	-	33.5
Bangko Sentral ng Pilipinas	0.6	-	-	0.6
Total	**34.1**	**-**	**-**	**34.1**

As at December 31, 2023

	Current	30 - 60 days	Over 60 days	Total
Trafigura Pte. Ltd.	36.4	-	-	36.4
Total	**36.4**	**-**	**-**	**36.4**

Due from related parties are advances made to finance ad-hoc working capital requirements. These short-term working capital advances are non-interest bearing and are intended to be payable on demand. The amounts due from related parties were repaid in full on May 10, 2024.

Advances to employees are realized through liquidations.

7. Inventories, net

	March 31 2024	December 31 2023
Current		
At net realizable value		
Consumables and spares	26.5	27.6
Allowance for inventory obsolescence	(0.2)	(0.6)
	26.3	**27.0**
At cost		
Ore stockpile	23.2	23.6
Concentrates	3.8	4.7
Gold on hand	1.1	2.4
	54.4	**57.7**
Non-current		
At cost		
Ore stockpile	85.2	89.6
Total Inventories	**139.6**	**147.3**

All inventories are stated at the lower of cost or net realizable value.

(All amounts in millions of U.S. dollars, unless otherwise stated – unaudited))

Movement in the allowance for obsolescence of consumables and spares for the periods ended:

	March 31 2024	December 31 2023
Beginning	0.6	0.5
Provision for obsolescence	(0.4)	(0.1)
Ending	**0.2**	**0.6**

As at March 31, 2024 the Company classified $85.2 million of ore stockpile inventory (December 2023: $89.6 million) as non-current as management assessed that these are not expected to be processed and sold within 12 months after end of the reporting period. All consumables and spares inventory are classified as current as at March 31, 2024 and December 31, 2023.

8. Mining Assets

	Deferred exploration	Mine and mining properties	Rehabilitation Asset	Total
Cost				
As at January 1, 2024	14.9	460.4	3.1	478.4
Additions	0.1	8.9	-	9.0
Adjustment	-	-	(0.1)	(0.1)
Transfers	-	(1.0)	-	(1.0)
March 31, 2024	15.0	468.3	3.0	486.3
Accumulated amortization				
As at January 1, 2024	-	(216.2)	(2.9)	(219.1)
Amortization during the period	-	(5.2)	-	(5.2)
March 31, 2024	-	(221.4)	(2.9)	(224.3)
Net book value as at March 31, 2024	**15.0**	**246.9**	**0.1**	**262.0**

Deferred exploration costs pertain to exploration of other tenements within the FTAA region. Mine and mine properties include costs related to underground project. The Company assesses the Didipio project at the reporting period to determine whether there are indicators of impairment, the Company did not recognize any impairment loss as at the reporting period.

(All amounts in millions of U.S. dollars, unless otherwise stated – unaudited))

9. Trade Payables and Other Current Liabilities

	March 31 2024	December 31 2023
Trade payables and accrued expense	39.9	41.9
Royalty	58.8	57.4
Payable to government agencies	0.8	1.0
Government share accrual	29.6	20.3
Others	0.2	0.2
	129.3	**120.8**

Accrued royalties pertain to royalties equivalent to a certain percentage based on the net smelter return as required by the FTAA contract.

The FTAA Addendum requires an additional allocation of 0.5% to the Provincial Development Fund ("PDF") and 1% to the Community Development Fund ("CDF") based on preceding year's gross mining revenue with the goal of assisting in the development of other communities outside of the host and neighboring communities covered by the Social Development and Management Program.

As at March 31, 2024 and December 31, 2023, details of PDF and CDF outstanding are as follows:

	March 31 2024	December 31 2023
CDF	1.9	1.3
PDF	0.5	-
	2.4	1.3

10. Property, Plant and Equipment

	Office, Furniture and Equipment	Vehicles	Buildings and leasehold improvements	Roads and Dams	Plant and Equipment	Mining Equipment	Total
Cost							
January 1, 2024	31.3	39.3	59.2	68.2	191.0	45.6	434.6
Transfers	0.4	0.2	0.2	0.2	-	0.1	1.1
March 31, 2024	31.7	39.5	59.4	68.4	191.0	45.7	435.7
Accumulated depreciation and amortization							
January 1, 2024	28.1	34.8	34.1	30.8	100.9	12.2	240.9
Depreciation	0.4	0.3	0.9	0.9	1.9	0.8	5.2
March 31, 2024	28.5	35.1	35.0	31.7	102.8	13.0	246.1
Net book values as at March 31, 2024	**3.2**	**4.4**	**24.4**	**36.7**	**88.2**	**32.7**	**189.6**

(All amounts in millions of U.S. dollars, unless otherwise stated – unaudited))

As of March 31, 2024 and December 31, 2023, management assessed that there was no impairment indicators on property, plant and equipment and consequently, the Company did not recognize any impairment losses.

11. Related party transactions

In the normal course of business, the Company transacts with entities which are considered related parties. The table below summarizes the Company's transactions and balances with its related parties:

	Transactions		Outstanding balances	
	March 31	**December 31**	**March 31**	**December 31**
Related party	**2024**	**2023**	**2024**	**2023**
Advances to:				
Immediate parent company	20.1	0.1	20.2	0.1
Entities under common control	4.3	19.5	20.3	15.9
			40.5	**16.0**
Loans and interest:				
OceanaGold (Singapore) Pte. Ltd.				
Interest	-	-	(0.3)	(0.3)
	-	**-**	**(0.3)**	**(0.3)**
Management fee:				
OGL	-	9.6	-	(2.7)
	-	**9.6**	**(0.3)**	**(3.0)**

Advances to and from related parties

Advances to and from related parties are made to finance respective short-term working capital requirements. These are non-interest bearing and payable on demand. Also, receivables are guaranteed by OGC.

Management Fees

Management fees pertain to charges for administrative and technical support extended by the parent company, which are expected to be settled in cash and payable within 60 days.

(All amounts in millions of U.S. dollars, unless otherwise stated – unaudited))

12. General and administrative expenses

	MAR 31 2024	MAR 31 2024
Additional Government share	9.3	-
Taxes and licenses	5.9	5.6
Management Fee	2.0	1.8
Registration and filing fees	0.5	-
Outside services	0.3	-
Salaries, wages and other benefits	0.2	0.2
Others	0.1	0.1
	18.3	**7.7**

Others represents bank charges, utilities, rental, office supplies and other administrative expenditure.

13. Subsequent events

- On April 23, 2024, a payment of $20.3 million was completed to the Mines and Geosciences Bureau ("MGB") in respect of the inaugural Additional Government Share accrued for the year ended December 31, 2023 in accordance with the FTAA.
- On May 9, 2024, the Company declared dividends in the amount of $32.6 million, distributed equally in favor of all stockholders of record as of May 9, 2024. The Company's stockholders refer to OceanaGold (Philippines) Holdings, Inc. ("OGPHI") and the independent directors. Payment of dividends was completed on May 10, 2024.
- On May 10, 2024, the Company completed loan settlements of related party amounts totaling $1.8 million.
- As per the terms of the Addendum and Renewal Agreement of the FTAA, OGP successfully completed on May 13, 2024 the listing of its common shares including the initial public offering of 20% of its common shares on the Philippine Stock Exchange, Inc.

Summary of material accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

(a) New and amendment to existing standards and interpretations adopted by the Company

The Company has applied the following amendments for the first time for their annual reporting period commencing January 1, 2023:

Disclosure of accounting policies - Amendments to PAS 1 and PFRS Practice Statement 2

PAS 1, "Presentation of Financial Statements" was amended to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting information' (being information that, when considered together with other information included in the entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The effects of adoption of amendments to PAS 1 and PFRS Practice Statement 2 as at January 1, 2023 are considered in the Summary of material accounting policies and Summary of other accounting policies.

Definition of accounting estimates - Amendments to PAS 8

The amendment to PAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to PAS 12

The amendments to PAS 12, require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets

The cumulative effect of recognizing these adjustments is recognized in the opening balance of retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The adoption did not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations not yet adopted by the Company

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for March 31, 2024 and December 31, 2023 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Receivables and deposits

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and have normal credit terms of 10 days. Trade receivables related to concentrates are initially recorded at the amount of the provisional sales prices, and then subsequently recorded at fair value through revaluation at the prevailing commodity price at each reporting period until final settlement occurs. Changes in the provisional prices are recognized within revenue and separately disclosed as provisional pricing gain or loss. Trade receivables from doré sales are initially measured at original invoice amount less any provision for impairment and subsequently measured at amortized cost using effective interest method less provision for impairment, if any.

Other receivable composed of due from related parties and advances to employees, and deposits are initially recorded at fair value. These receivables are recorded with the objective to collect the contractual cash flows and therefore the Company measures these subsequently at amortized cost using the effective interest method. Any impairment is deducted from the carrying amount of other receivables. These receivables generally arise from transactions partly within and partly outside the usual operating activities of the Company. No changes were made in the classification and measurement of other receivable.

The Company applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for its trade receivables from doré sales. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For trade receivables measured from concentrates, the Company assesses on a forward-looking basis the expected credit losses associated with these financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of loss is recognized as a separate line item in the statement of total comprehensive income, unless deemed immaterial. When a receivable remains uncollectible after the Company has exerted all legal remedies, it is written off against the allowance account for receivables. If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversal of previously recorded impairment provision is based on the result of the management's updated assessment, considering the availability of facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off are recognized as a separate line item in the statement of total comprehensive income, unless deemed immaterial.

Inventories

Inventories, which consist of doré gold, gold in-circuit, concentrates, ore stockpile, and consumables and spares used in the company's operations, are stated at the lower cost or net realizable value (NRV). Inventories are presented as current when these are expected to be processed and sold within 12 months after the end of the reporting period. Otherwise, these are presented as non-current.

Cost of doré gold, gold in-circuit, concentrates, and ore stockpile is determined by the weighted average method and comprises of direct costs and an appropriate portion of fixed and variable overhead costs including depreciation and amortization. NRV of these inventories is the selling price in the ordinary course of business less estimated costs of completion and other costs necessary to make the sale. In the case of consumables and spares, NRV is the value of inventories when sold at the condition at the reporting date or its estimated replacement cost.

Cost of consumables and spares is determined under the moving average method, and comprises the invoice cost, freight, duties and taxes, and other costs incurred in bringing the inventories to their present location and condition.

Inventories are derecognized either when used, sold or written-off. When inventories are used for operations, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. Prior to commencement of commercial operations, these are charged and capitalized to mining assets under the statement of financial position to the extent that these are related to development and commissioning activities.

Provision for impairment of inventories is set-up, if necessary, based on review of movements and current condition of each inventory item. The cost of any write-down of inventory to NRV and all losses of inventories shall be recognized through profit of loss in the period the write-down or loss occurs. The cost of any reversal of any previous write-down shall be recognized as reduction in the amount of inventory recognized as expense in the period in which the reversal occurs.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and amortization, and impairment, if any.

Construction-in-progress is stated at cost, which includes cost of construction, equipment and other direct costs. Costs of assets under construction are accumulated in the accounts until these projects are completed upon which these are classified to the appropriate property accounts. Construction-in-progress is not depreciated and amortized until such time as the relevant assets are completed and put into its intended use.

Depreciation of property, plant and equipment, excluding items presented under plant and equipment and roads and dams and mining equipment, is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years) as follows:

Leasehold improvements	3 or lease term, whichever is shorter
Office machinery and equipment	3
Vehicles	3
Furniture and fittings	3
Computer equipment and software	3
Buildings (excluding ROU asset)	16
Health, safety, and security equipment	3
Maintenance equipment	3

Plant and equipment, mining equipment and roads and dams are depreciated using the units of production method based on estimated economically recoverable reserves to which these relate or written off if the property is abandoned.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

The carrying amount of an item of property, plant and equipment is derecognized on disposal; or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation and amortization are removed from the accounts.

Mining assets

(a) Deferred exploration costs

Deferred exploration costs represent capitalized expenditures related to the acquisition and exploration of mining properties. Exploration costs are stated at cost and are accumulated in respect of each identifiable area of interest. Such costs are only carried forward to the extent that these are expected to be recovered through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active work is continuing. Accumulated costs in relation to an abandoned area are written off against profit or loss in the statements of total comprehensive income in the period in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The Company classifies deferred exploration costs as tangible or intangible according to the nature of the asset acquired or cost incurred and applies the classification consistently. Certain deferred exploration costs are treated as intangible (e.g., license and legal fees), whereas others are tangible (e.g., vehicles). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset. However, using a tangible asset to develop an intangible asset does not change a tangible asset into an intangible asset.

Deferred exploration costs are recognized and reclassified to deferred development costs when the technical feasibility and commercial viability of extracting the resources are demonstrable. Deferred exploration costs are only assessed for impairment and not subjected to depreciation and amortization before reclassification.

(b) Deferred development costs

Deferred development costs pertain to capitalized expenditures incurred to prove technical feasibility and commercial viability of any resources found and to develop ore bodies. Development costs are stated at cost and are capitalized to the extent that these are directly attributable to an area of interest or those that can be reasonably allocated to an area of interest, which may include costs directly related to bringing assets to the location and condition for intended use and costs incurred, net of any revenue generated, during the commissioning period. These costs are capitalized until assets are already available for use or when the Company has already achieved commercial levels of production.
The carrying value of deferred development costs represents total expenditures incurred to date net of revenue from saleable material recognized during the pre-commercial production period, if any. Deduction is only appropriate if it can clearly be shown that the production of the saleable material is directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will be continued. Mine development costs incurred to maintain current production are included in profit or loss.

(c) Mine and mining properties in production

Upon commencement of commercial production, deferred development costs are capitalized as part of mine and mining properties in production. These costs are subject to depletion or amortization, which are computed using the units of production method based on proven and probable reserves.

Development costs including construction-in-progress incurred on an already operating mine area are stated at cost and included as part of mine and mining properties. These pertain to expenditures incurred in sourcing new resources and converting them to reserves, which are not depleted or amortized until such time of completion and the assets become available for use.

(d) Asset retirement obligation

Asset retirement obligation (ARO) represents the net present value of obligations associated with the retirement of mine and mining properties that resulted from acquisition, construction or development and the normal operation of mine and mining properties. ARO is recognized as part of the cost of the related mine and mining properties in production in the period when a legal or constructive obligation is established provided that best estimate can be made. The increase in ARO due to passage of time is recognized as accretion expense. ARO is derecognized when the related asset has been retired or disposed of.

(e) Impairment review

The Company reviews and evaluates its mining assets when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their exploration and development, and upon future profitable production.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount, FVLCD, if available, and value in use, and is recognized through profit or loss. To the extent that impairment occurs, the excess is fully provided in the financial period in which this is determined. Value in use is calculated based on discounted future net cash flows for properties in which a mineral resource has been identified using estimated future production, commodity prices, operating and capital costs and reclamation and closure costs. Value in use for deferred exploration costs is estimated by reference to the timing of exploration and/or development work, work programs proposed, the exploration results achieved to date and the likely proceeds receivable if the Company sold specific properties to third parties.

For mine and mining properties, FVLCD is estimated by reference to cash flow forecasts based on management's best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, closure, restoration and environmental clean-up throughout the LOM of the CGU.

Trade payables and other current liabilities

Trade payables and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

Payables to government agencies and accrual for PDF/CDF and government share are not considered financial liabilities but are recognized and derecognized similarly.

Borrowings

(a) Recognition and measurement

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized through profit or loss as finance cost over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(b) Debt restructuring

A debt modification may be effected by:

- Amending the terms or cash flows of an existing debt instrument;
- Exchanging existing debt for new debt with the same lender; and
- Repaying an existing debt obligation and contemporaneously issuing new debt to the same lender; although this may be a legal extinguishment, the transaction may need to be accounted for as a debt modification.

PFRS 9 requires an entity to determine whether the present value of the new cash flows under the new terms is at least 10% different from the present value of the remaining cash flows of the original liability, using the original effective interest rate. If the difference is 10% or greater, the modification is considered substantial and the existing liability is de-recognized and a new financial liability is recognized.

A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, an entity shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate calculated. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Provisions

Provisions are recognized when: (a) the Company has present legal and constructive obligation as a result of past evets; (b) is probable that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated. Provisions are not recognized for future operating losses.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are derecognized when the obligation is settled, cancelled or has expired.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as accretion expense in the statement of total comprehensive income.

The Company recognizes the estimated costs of mine rehabilitation, which includes among others, restoration of the areas disturbed during development stage and commercial operations, maintenance and monitoring, land reclamation, decommissioning and dismantling of production facilities, and employee and other social costs including residual care, if necessary. The provision is discounted where material and the unwinding of the discount is recognized as accretion expense in the statement of total comprehensive income. At the time of establishing the provision, the corresponding asset is capitalized as where it gives rise to a future benefit and depreciated/amortized over future production from the mine to which it relates. Costs attributed to actual decommissioning/dismantling and restoration/reforestation are capitalized as part of mine and mining properties in production upon commencement of commercial operations.

Changes in the measurement of the estimated costs of mine rehabilitation which results from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, is accounted for as an addition or deduction to the provision recorded and to the cost of rehabilitation asset recognized as part of mining assets to the extent that the addition does not exceed its carrying amount. If a decrease in the provision exceeds the carrying amount of the asset, the excess will be recognized as part of other operating income or finance cost in the statement of total comprehensive income, as applicable. If the adjustment results in an addition to the cost of an asset, the Company considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable and must be accounted for under the impairment criteria.

Current and deferred income tax

Income tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current provision for income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

Equity

(a) Share capital

The Company's share capital is composed of common shares with the amount of proceeds from the issuance or sale of common shares representing the aggregate par value credited to share capital. Proceeds in excess of the aggregate par value of common shares, if any, are credited to share premium. After initial measurement, share capital and share premium are carried at historical cost and are classified as equity in the statement of financial position.

(b) Retained earnings

Retained earnings represent accumulated net profits, net of dividend distributions and other capital adjustments. Retained earnings may be appropriated for expansion projects or programs approved by the BOD. Unappropriated retained earnings are available for dividend declaration to shareholders.

(c) *Dividend distribution*

Dividend distribution to the Company's shareholder is recognized as a liability in the financial statements in the period in which the dividends are approved and declared by the BOD.