CR05386-2024

# 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
   Jun 30, 2024
2. SEC Identification Number
   A1996-02982
3. BIR Tax Identification No.
   004-870-171-000
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 principal office
   Didipio Mine, Didipio, Kasibu, Nueva Vizcaya
   Postal Code
   3703
8. Issuer's telephone number, including area code
   09178612279
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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 |

11. Are any or all of registrant's securities listed on a Stock Exchange?

(•) Yes ( ) No

If yes, state the name of such stock exchange and the classes 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 SRC 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 that the registrant was required to file such reports)

(•) Yes ( ) No

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

(•) Yes ( ) No



OCEANAGOLD DIDIPIO MINE

# OceanaGold (Philippines), Inc.

# OGP

**PSE Disclosure Form 17-2 - Quarterly Report**
***References: SRC Rule 17 and***
***Sections 17.2 and 17.8 of the Revised Disclosure Rules***

| | |
|---|---|
| **For the period ended** | Jun 30, 2024 |

| | |
|---|---|
| **Currency (indicate units, if applicable)** | USD (IN MILLIONS) |

**Balance Sheet**

| | Period Ended | Fiscal Year Ended (Audited) |
|---|---|---|
| | Jun 30, 2024 | Dec 31, 2023 |
| **Current Assets** | 112.2 | 136.1 |
| **Total Assets** | 712.2 | 746.3 |
| **Current Liabilities** | 100 | 132.4 |
| **Total Liabilities** | 106 | 138.7 |
| **Retained Earnings/(Deficit)** | 604 | 608.4 |
| **Stockholders' Equity** | 606.2 | 607.6 |
| **Stockholders' Equity - Parent** | N/A | N/A |
| **Book Value per Share** | 0.27 | 1.05 |

**Income Statement**

| | Current Year (3 Months) | Previous Year (3 Months) | Current Year-To-Date | Previous Year-To-Date |
|---|---|---|---|---|
| **Gross Revenue** | 68.8 | 88.3 | 160.9 | 180.8 |
| **Gross Expense** | 51.1 | 60.4 | 124.3 | 122.7 |
| **Non-Operating Income** | - | - | - | - |
| **Non-Operating Expense** | (0.5) | (0.4) | (1.0) | (1.0) |
| **Income/(Loss) Before Tax** | 17.2 | 27.5 | 35.6 | 57.1 |
| **Income Tax Expense** | (3.0) | (7.0) | (9.9) | (14.5) |
| **Net Income/(Loss) After Tax** | 14.2 | 20.5 | 25.7 | 42.6 |
| **Net Income Attributable to Parent Equity Holder** | 14.2 | 20.5 | 25.7 | 42.6 |
| **Earnings/(Loss) Per Share (Basic)** | 0.01 | 0.04 | 0.01 | 0.07 |
| **Earnings/(Loss) Per Share (Diluted)** | 0.01 | 0.04 | 0.01 | 0.07 |

| | Current Year (Trailing 12 months) | Previous Year (Trailing 12 months) |
|---|---|---|
| **Earnings/(Loss) Per Share (Basic)** | 0.01 | - |
| **Earnings/(Loss) Per Share (Diluted)** | 0.01 | - |

| Other Relevant Information |
| --- |
| - |

**Filed on behalf by:**

| | |
| --- | --- |
| **Name** | Dyann Rabaya |
| **Designation** | Compliance Officer |

# COVER SHEET

A 1 9 9 6 0 2 9 8 2

O C E A N A G O L D ( P H I L I P P I N E S ) ,
I N C .

(Company's Full Name)

D I D I P I O M I N E , D I D I P I O ,
K A S I B U , N U E V A V I Z C A Y A

(Business Address: No. Street/City/Province

| KARINA P. DULINAYAN | +639178612279 |
|---|---|
| Contact Person | 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

| | Not applicable |
|---|---|
| Dept. Requiring this Doc. | Amended Articles Number/Section |

Total Amount of Borrowings

| 11 | | |
|---|---|---|
| Total No. of Stockholders | Domestic | Foreign |

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To be accomplished by SEC Personnel concerned

File Number

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**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: **June 30, 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 Postal Code
   **Didipio Mine, Didipio, Kasibu, Nueva Vizcaya, Philippines** **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 June 30, 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 [ X ] No [ ]

## 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 June 30, 2024 (with comparative figures as of December 31, 2023 and for the period ended June 30, 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 legal proceedings as disclosed in OGP's Final Prospectus dated 24 April 2024.

> 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.*", a petition with the Regional Trial Court in Bayombong, Nueva Vizcaya seeks to cancel the Addendum and Renewal Agreement of the Financial or Techincal Assistance Agreement ("FTAA"). . The RTC denied the Petitioners' application for Temporary Environmental Protection Order against the Company and the Company filed its Answer following receipt of summons. The case to determine the merits of the Petitioner's allegations is currently in the early stages of the RTC process.

*[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: 31 July 2024

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

Date: 31 July 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 June 30, 2024 (with comparative figures as at December 31, 2023 and for the period ended June 30, 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

#### Health and Safety

Tragically, there was a fatality at Didipio during the second quarter. Preliminary findings from the investigation indicate that an employee fell from heights while working in the paste plant at the Didipio operation. This is Didipio's only fatality since 2012. Everyone working at the Company is deeply saddened by the loss of a colleague and the family of the deceased is being supported at this time by the Company. Subsequently, in mid-July, a contractor sustained serious head injuries whilst attempting to remove a metal blockage from a jaw crusher and is currently in a critical condition in hospital – the investigation into this incident is underway.

Management remains of the view that all operations have the right safety programs and procedures to achieve a safe workplace and remains committed to implementing and adhering to the two primary programs which strive to prevent fatalities and life altering injuries, and reduce the number and severity of injuries generally:

- OurSafe Behaviours – which encourages everyone at the Company to have their safety and that of their colleagues at the forefront of their mind, make commitments to behaviours that reinforce the target work environment, and empower them to speak up when they see risks. Didipio has now trained more than 80% of all site workers including contractors in the OurSafe Behaviours Program. Site onboarding processes have been updated with the OurSafe Behaviours Program to support new starters; and

- Stop and Think – equips workers with a toolkit to make assessments of their exposure to critical and high risks and the required critical controls are effectively implemented prior to commencing tasks. Sites are conducting training awareness for all workers focused on critical hazards and critical controls, supported by revised booklets and posters.

Following the above two incidents, the Company intends to take action on:

- ensuring learnings from the recent incidents are reflected in both of the above safety programs' design, focus and delivery;

- increasing the level of training in hazard identification, particularly in relation to stored energy; and
- increasing the level of in-field coaching for the identification of critical and high risk tasks and application of critical controls at Didipio.

Didipio reported a 12MMA TRIFR of 0.2 at the end of the second quarter compared to the 0.4 recorded at the end of the first quarter. There were 3 recordable injuries in the second quarter compared to 1 during the previous quarter and 4 recordable injuries for the year to date period.

**Production Performance and Key Performance Indicators table**

| | | Quarter ended June 30 | | Horizontal analysis | | Year-to-date ended June 30 | | Horizontal analysis | | March 31 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **2024** | **2023** | **Amount** | **%** | **2024** | **2023** | **Amount** | **%** | **2024** |
| Gold Produced | koz | **23.1** | 32.2 | (9.1) | (28%) | **49.4** | 65.2 | (15.8) | (24%) | 26.3 |
| Copper Produced | kt | **2.8** | 3.4 | (0.6) | (18%) | **5.8** | 6.9 | (1.1) | (16%) | 3.0 |
| Total Material Mined | kt | **442** | 415 | 27 | 7% | **896** | 844 | 52 | 6% | 454 |
| Waste Mined | kt | **26** | 32 | (6) | (19%) | **65** | 72 | (7) | (10%) | 39 |
| Ore Mined | kt | **415** | 383 | 32 | 8% | **830** | 772 | 58 | 8% | 415 |
| Ore Mined Grade - Gold | g/t | **1.57** | 2.31 | (0.74) | (32%) | **1.64** | 2.30 | (0.66) | (29%) | 1.72 |
| Ore Mined Grade - Copper | % | **0.44** | 0.49 | (0.05) | (10%) | **0.44** | 0.56 | (0.12) | (21%) | 0.45 |
| Mill Feed | kt | **828** | 1,019 | (191) | (19%) | **1,770** | 2,072 | (302) | (15%) | 942 |
| Mill Feed Grade - Gold | g/t | **0.97** | 1.09 | (0.12) | (11%) | **0.98** | 1.09 | (0.11) | (10%) | 0.98 |
| Mill Feed Grade - Copper | % | **0.37** | 0.38 | (0.01) | (3%) | **0.37** | 0.38 | (0.01) | (3%) | 0.4 |
| Gold Recovery | % | **89.5** | 89.9 | (0.4) | (0%) | **89.0** | 89.4 | (0.4) | (1%) | 88.6 |
| Copper Recovery | % | **90.4** | 88.2 | 2.2 | 3% | **89.4** | 88.1 | 1.3 | 2% | 88.4 |

Second quarter gold production was 23,100 ounces and copper production was 2,800 tonnes. Gold production was 12% lower than the previous quarter and 28% lower than the corresponding period in 2023.

Production during the quarter was impacted by lower grade mined from the underground as a result of re-sequencing and re-design of the higher grade Breccia stopes to help manage underground geotechnical risk. The outcome of the re-design is smaller stopes which take longer to sequence, but result in greater total long term mining recovery of the high grade stopes. Production was also impacted due to access of a high grade Breccia stope being pushed into the third quarter as a consequence of the investigation into the fatality at the paste plant. During the quarter, a new underground loader was added to the mining fleet, with another additional loader and an additional underground truck expected to arrive in the third quarter of 2024. This additional equipment is part of the initiative to increase ore tonnes mined from underground and will help mitigate the effects of the re-sequencing of the high-grade Breccia stopes.

Lower milled tonnes for the quarter compared to the prior quarter and corresponding period in 2023 was primarily due to unplanned maintenance downtime related events through the period.

**Financial Performance and Key Performance Indicators table**

| | | Quarter ended June 30 | | Horizontal analysis | | Year-to-date ended June 30 | | Horizontal analysis | | March 31 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **2024** | **2023** | **Amount** | **%** | **2024** | **2023** | **Amount** | **%** | **2024** |
| Gold Sales | koz | **18.9** | 32.7 | (13.8) | (42%) | **50.7** | 66.3 | (15.6) | (24%) | 31.8 |
| Copper Sales | kt | **2.2** | 3.5 | (1.3) | (37%) | **5.4** | 6.7 | (1.3) | (19%) | 3.2 |
| Average Gold Price Received | $/oz | **2,531** | 1,941 | 590 | 30% | **2,283** | 1,950 | 333 | 17% | 2,136 |
| Average Copper Price Received | $/lb | **4.58** | 3.67 | 0.91 | 25% | **4.18** | 3.97 | 0.21 | 5% | 3.90 |
| Cash Costs[1] | $/oz | **874** | 608 | 266 | 44% | **791** | 591 | 200 | 34% | 742 |
| AISC[1] | $/oz | **1,250** | 741 | 508 | 69% | **1,059** | 662 | 397 | 60% | 946 |
| **Unit Costs** | | | | | | | | | | |
| Mining Cost[2] | $/t mined | **36.31** | 32.75 | 3.56 | 11% | **35.35** | 33.35 | 2.00 | 6% | 34.42 |
| Processing Cost | $/t milled | **8.12** | 6.98 | 1.14 | 16% | **8.62** | 6.96 | 1.66 | 24% | 9.06 |
| G&A Cost | $/t milled | **12.63** | 7.51 | 5.12 | 68% | **11.83** | 7.58 | 4.25 | 56% | 11.12 |

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

Mining unit costs were 5% higher than the previous quarter as a result of increased maintenance and repair costs on the drilling fleet and underground loader refurbishments. This expenditure is expected to continue as midlife refurbishment continues in the mobile fleet to optimize reliability and operational efficiency. Mining unit costs were 11% higher than the corresponding period in 2023 due to increased planned refurbishments of critical mining equipment during 2024 and increased development meters to safely increase underground production rates.

Processing unit costs were 10% lower than the previous quarter as a result of a reduction in maintenance and consumables. Processing unit costs were 16% higher than the corresponding period in 2023, reflecting lower milled tonnes.

G&A unit costs were 14% higher than the previous quarter mainly as a result of an inventory obsolescence provision. G&A unit costs were 68% higher than the corresponding period in 2023, with the aforementioned provision, Provincial Development Fund ("PDF") expenditure, and services spend on Supervisory training program impacting the year to date period.

Didipio's second quarter All-In Sustaining Cost (AISC) of $1,250 per ounce was 32% higher than the previous quarter and 69% higher than the corresponding period in 2023 due to lower gold sales, including 4,200 ounces produced but not sold at the end of the second quarter. AISC[1] excludes the positive adjustment to the Additional Government Share related to the FTAA at Didipio of $9.3 million for the second quarter, resulting in a nil accrual year to date.

**Exploration**

Second quarter exploration expenditure totaled $0.8 million, comprising 6,814 metres of resource conversion drilling of Panel 3, extensional exploration drilling of Panel 4, and Napartan drilling as part of our regional exploration Drilling focuses on orebody extension around and below the previous intercepts of the mineralized Monzonite Porphyry and Balut Dyke north of the Syenite and follow-up drilling of the Eastern Breccia and Feldspar Porphyry.

Drilling targeting the gold-copper mineralized dyke identified in artisanal workings at Napartan in the northern area of the FTAA continued with two additional drill holes completed. Follow-up work is planned in the third quarter including geophysical surveys, to further focus the next phase of drilling.

During 2024 there are 27,900 metres of drilling planned from underground at Didipio focusing on resource conversion and extension drilling within Panels 3 and 4, as well as a total of 3,000 metres from surface, outside of the Didipio mine, focused on testing new targets such as Napartan.

**Projects**

With the completion of the underground optimization work in the fourth quarter of 2023, Pre-Feasibility Study ("PFS") technical report is in progress and on track for a target release date in the first quarter of 2025. The PFS will focus on identifying uplift requirements to support an optimized underground mining production rate of approximately 2.5 million tonnes per annum. The PFS will also identify the preferred process plant operational throughput rate for the optimized underground operation and evaluate process plant augmentation requirements to scale to, and sustain, the already permitted 4.3 million tonnes per annum processing rate.

**Social Performance**

In May 2024, the Company remitted $1.8 million to the Provincial Development Fund ("PDF") to fund projects aligned with the provincial development plans of the two host provinces of Nueva Vizcaya and Quirino. Some of the projects include internet access and connectivity to approximately one hundred geographically isolated and disadvantaged Barangays, provision of solar powered irrigation to farmers utilizing water pumps and support for educational supplies of students. The PDF is one of the four community development programs implemented by the Company.

## Net Income

| (Unaudited) | Quarter ended June 30 | | Horizontal analysis | | Year-to-date ended June 30 | | Horizontal analysis | |
|---|---|---|---|---|---|---|---|---|
| $M, except percentage amounts | **2024** | **2023** | **Amount** | **%** | **2024** | **2023** | **Amount** | **%** |
| Revenue | 68.8 | 88.3 | (19.6) | (22%) | 160.9 | 180.8 | (19.9) | (11%) |
| Cost of sales | (41.6) | (52.9) | (11.3) | (21%) | (96.2) | (106.8) | (10.5) | (10%) |
| **Gross Income** | **27.2** | **35.4** | **(8.2)** | **(23%)** | **64.7** | **74.0** | **(9.4)** | **(13%)** |
| General and administrative expenses | (8.5) | (7.6) | 0.9 | 12% | (26.8) | (15.3) | 11.6 | 76% |
| Other operating (expenses) income, net | (1.0) | 0.1 | 1.1 | 805% | (1.3) | (0.6) | 0.7 | 113% |
| **Income from operations** | **17.7** | **27.9** | **(10.2)** | **(37%)** | **36.6** | **58.1** | **(21.7)** | **(37%)** |
| Finance costs, net | (0.5) | (0.4) | 0.1 | 47% | (1.0) | (1.0) | - | - |
| **Income before income tax** | **17.2** | **27.5** | **(10.3)** | **(38%)** | **35.6** | **57.1** | **(21.7)** | **(38%)** |
| (Provision for) benefit from income | (3.0) | (7.0) | (4.0) | (57%) | (9.9) | (14.5) | (4.7) | (32%) |
| **Net Income** | **14.2** | **20.5** | **(6.3)** | **(31%)** | **25.7** | **42.6** | **(17.1)** | **(40%)** |

For the second quarter ended June 30, 2024, the Company produced 23,100 ounces of gold and 2,800 tonnes of copper. Gold sales for the same quarter totaled 18,900 ounces of gold and 2,200 tonnes of copper.

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

Other operating expenses for the second quarter increased by $1.1 million in compared to the corresponding quarter in 2023 is primarily due to $0.8 million increase in value-added taxes and $0.1 million, net effect of foreign currency translations.

General and administration expenses for the second quarter increased by 12% compared to the corresponding quarter in 2023, the slight increase of $0.9 million is primarily due to higher Management Fee and Outside Services offset by the decrease of $6.7 million accrual for Additional Government Share which was not required during the second half of 2023.

## FTAA — Additional Government Share

| (Unaudited) | Quarter ended June 30 | | Year-to-date ended June 30 | |
|---|---|---|---|---|
| **$M** | **2024** | **2023** | **2024** | **2023** |
| Gross mining revenue | 67.9 | 87.1 | 158.4 | 178.4 |
| Less: Allowable deductions[1] | (53.3) | (44.1) | (98.3) | (82.9) |
| Less: Amortization deduction[2] | (3.2) | (3.3) | (6.5) | (6.6) |
| **Net Revenue per the FTAA** | **11.4** | **39.7** | **53.6** | **88.9** |
| Entitlement share | 60% | 60% | 60% | 60% |

| | | | | |
|---|---|---|---|---|
| **Total Government Share (60% of Net Revenue per the FTAA)** | **6.9** | **23.8** | **32.2** | **53.3** |
| Deduct: Free-carried interest | (2.6) | - | (2.6) | - |
| Deduct: Production taxes | (10.3) | (5.2) | (17.0) | (20.4) |
| Deduct: Income tax | (4.2) | (0.1) | (13.5) | (0.2) |
| Carried-forward balance utilization (deduction) | 0.9 | (18.5) | 0.9 | (32.7) |
| **Additional Government Share** | **(9.3)** | **-** | **-** | **-** |

1 Allowable deductions under the Financial or Technical Assistance Agreement ("FTAA") include expenses attributed to exploration, development and commercial production, which includes, expenses relating to mining, processing, exploration, capitalized pre-stripping, royalties, rehabilitation, marketing, administration, community and social development, depreciation and amortization and interest charged on borrowings.

2 The FTAA Addendum and Renewal Agreement modified the amortization of unrecovered pre-operating costs to instead be deducted across a fixed period of 13 years commencing in 2021.

3 All taxes and fees paid to the Philippine Government, including corporate income tax and indirect taxes such as excise, local business, property and withholding taxes, are deducted from the Government's 60% share of Net Revenue.

The Didipio mine is held under a 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 FTAA Addendum and Renewal Agreement.

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.

### FTAA — Initial Public Offering

As per the terms of the FTAA Addendum and Renewal Agreement, the Company completed a secondary offering of all of its common shares and public listing of 20% of the common shares on the Philippine Stock Exchange, Inc. ("PSE") on May 13, 2024 for gross proceeds of $106.0 million with costs to date associated with the listing of $4.1 million. The OGP shares are traded under the symbol 'OGP' on the PSE.

## GUIDANCE

The Company expects to produce between 120,000 to 135,000 ounces of gold, 12,000 to 14,000 tonnes of copper, at an AISC[1] of $750 to $850 per ounce sold and invest growth capital of $10 million to $15 million.

At Didipio, production is expected to increase in the second half with the planned addition of new mining equipment that will drive increased production from underground. Gold production is expected to be around the low end of its 2024 production guidance range, primarily due to Breccia stope redesign.

## STATEMENTS OF FINANCIAL POSITION

| (Unaudited) | June 30 | December 31 | Horizontal analysis | |
|---|---|---|---|---|
| $M | 2024 | 2023 | Amount | % |
| Current assets | 112.2 | 136.1 | (23.9) | (18%) |
| Non-current assets | 600.0 | 610.2 | (10.2) | (2%) |
| **Total Assets** | **712.2** | **746.3** | **(34.1)** | **(5%)** |
| Current liabilities | 100.0 | 132.4 | (32.4) | (24%) |
| Non-Current liabilities | 6.0 | 6.3 | (0.3) | (4%) |
| **Total Liabilities** | **106.0** | **138.7** | **(32.7)** | **(24%)** |
| **Total Shareholders' Equity** | **606.2** | **607.6** | **(1.4)** | **(0%)** |

Current assets decreased by 18% to $112.3 million as at June 30, 2024 from December 31, 2023 primarily due to $48.3 million decrease in receivables from collections from customers due to timing and an increase in cash of $14.4 million (refer to Liquidity and Capital Resources section).

Non-current assets as at June 30, 2024 are consistent with December 31, 2023, a net impact of capital additions being slightly more than offset by amortization during the six month period.

Current liabilities decreased by 25% to $100.0 million as at June 30, 2024 from December 31, 2023 primarily due to a $27.1 million decrease in trade payables and other current liabilities in relation to the first Additional Government Share payment of $20.3 million relating to 2023 accrual.

Shareholders' Equity has decreased by $1.4 million due to the dividend payment of $30.0 million during the previous quarter which is partially offset by year-to-date net income of $25.7 million. In addition, the Company issued $3.0 million of common shares during the first quarter of 2024. The new issuances resulted in 1.7 million additional common shares to the Company's majority shareholder: OceanaGold (Philippines) Holdings, Inc. ("OGPHI") and its three independent directors, thereby increasing the Company's outstanding capital stock to 2,280 million common shares with share capital valued at $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 June 30, 2024, the Company had cash balance of $31.4 million.

The Company's principal requirements for liquidity are for purchase of consumables and spares, payment of operating expenses, additions 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 is shown below:

| $M – unaudited | Year-to-date ended June 30 | | Horizontal analysis | |
|---|---|---|---|---|
| | 2024 | 2023 | Amount | % |
| Net cash provided by operating activities | 59.7 | 77.3 | (17.6) | (23%) |
| Net cash used in investing activities | (18.6) | (7.7) | 10.9 | 142% |
| Net cash used in financing activities | (27.3) | (59.0) | (31.7) | (54%) |

Cash flows provided by operating activities in the six months ended June 30, 2024 of $59.7 million were $17.6 million lower than the corresponding period in 2023 due to an increase in general and administrative expenses, partially offset by the working capital movements due to timing of collections of receivables and payments of trade payables.

Cash flows used in investing activities for the six months ended June 30, 2024 of $18.6 million were $10.9 million higher than the corresponding period in 2023 due to higher spend on additions to mining assets (see discussions in Production Performance and Key Performance Indicators section).

Cash flows used in financing activities for the six months ended June 30, 2024 of $27.3 million consisted of repayment of borrowings and payment of dividends while the $59.0 million outflow in the corresponding period 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 and six months ended June 30, 2024 and 2023 is calculated as follows:

| | | Quarter ended June 30 | | Horizontal analysis | | Year-to-date ended June 30 | | Horizontal analysis | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2024 | 2023 | Amount | % | 2024 | 2023 | Amount | % |
| Net income | $M | 14.2 | 20.5 | (6.3) | (31%) | 25.7 | 42.6 | (16.9) | (40%) |
| Weighted average number of common shares outstanding | Millions of shares | 2,280 | 577.5 | 1,702.5 | 295% | 1,712.5 | 577.5 | 1,135.0 | 197% |
| **Basic and diluted earnings per share** | **$/share** | **0.01** | **0.04** | **(0.03)** | **(75%)** | **0.01** | **0.07** | **(0.05)** | **(71%)** |

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 June 30, 2024 and December 31, 2023 is calculated as follows:

| | | June 30 | December 31 | Horizontal analysis | |
|---|---|---|---|---|---|
| | | 2024 | 2023 | Amount | % |
| Total equity | $M | 606.2 | 607.6 | (1.4) | (0%) |
| Number of common shares outstanding | Millions of shares | 2,280 | 577.5 | 1,702.5 | 295% |
| **Book value per share** | **$/share** | **0.27** | **1.05** | **(0.78)** | **(74%)** |

## 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 Philippine 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 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 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 ("PFRS") 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:

| | **Quarter ended June 30** | | **Year-to-date ended June 30** | |
|---|---|---|---|---|
| **$M, except per oz amounts** | **2024** | **2023** | **2024** | **2023** |
| **Cash costs of sales** | **35.5** | **31.2** | **71.6** | **62.0** |
| By-product credits | (23.3) | (29.3) | (51.5) | (60.8) |
| Royalties | 1.6 | 1.7 | 3.0 | 3.4 |
| Indirect taxes | 4.8 | 5.1 | 10.4 | 10.7 |
| Inventory adjustments | (5.4) | 5.5 | (0.6) | 12.3 |
| Freight, treatment and refining charges | 3.3 | 5.6 | 7.2 | 11.6 |
| **Total Cash Costs (net)** | **16.5** | **19.8** | **40.1** | **39.2** |
| Sustaining and leases | 5.3 | 2.4 | 9.9 | 2.3 |
| Pre-strip and capitalized mining | 1.8 | 1.8 | 3.7 | 2.0 |
| Onsite exploration and drilling | - | 0.2 | - | 0.4 |
| **Total AISC** | **23.6** | **24.2** | **53.7** | **43.9** |
| Gold sales (koz) | 18.9 | 32.7 | 50.7 | 66.3 |
| **Cash Costs ($/oz)** | **874** | **608** | **791** | **591** |
| **AISC ($/oz)** | **1,250** | **741** | **1,059** | **662** |

**OTHER MATTERS**

As at June 30, 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 June 30, 2024**
**(with comparative figures as at December 31, 2023**
**and for the period ended June 30, 2023)**
**and notes to unaudited financial statements**

**OCEANAGOLD (PHILIPPINES), INC.**
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**
As at June 30, 2024 and December 31, 2023
(All amounts in millions of U.S. dollars - unaudited)

| | Notes | June 30 2024 | December 31 2023 |
|---|---|---|---|
| **Current assets** | | | |
| Cash | 5 | 31.4 | 17.0 |
| Receivables | 6 | 4.8 | 53.2 |
| Inventories | 7 | 63.4 | 57.7 |
| Prepayments and other current assets | 8 | 12.6 | 8.2 |
| Total current assets | | 112.2 | 136.1 |
| **Non-current assets** | | | |
| Inventories, net of current portion | 7 | 81.7 | 89.6 |
| Mining assets, net | 9 | 262.6 | 259.3 |
| Property, plant and equipment, net | 10 | 188.5 | 193.7 |
| Deferred income tax assets, net | | 28.5 | 27.5 |
| Other non-current assets | 11 | 38.7 | 40.1 |
| Total non-current assets | | 600.0 | 610.2 |
| **Total assets** | | **712.2** | **746.3** |
| **Current liabilities** | | | |
| Trade payables and other current liabilities | 12 | 93.7 | 120.8 |
| Due to related parties | 13 | 3.6 | 3.0 |
| Lease liabilities, current portion | | 0.1 | - |
| Income tax payable | | 2.6 | 8.6 |
| Total current liabilities | | 100.0 | 132.4 |
| **Non-current liabilities** | | | |
| Lease liabilities, net of current portion | | 0.1 | 0.1 |
| Provision for rehabilitation cost | | 4.0 | 4.3 |
| Retirement benefit obligation | | 1.9 | 1.9 |
| Total non-current liabilities | | 6.0 | 6.3 |
| **Total liabilities** | | **106.0** | **138.7** |
| **Equity** | | | |
| Share capital | | 4.3 | 1.3 |
| Other reserves | | (2.1) | (2.1) |
| Retained earnings | | 604.0 | 608.4 |
| Total equity | | 606.2 | 607.6 |
| **Total liabilities and equity** | | **712.2** | **746.3** |

**OCEANAGOLD (PHILIPPINES), INC.**
**CONDENSED INTERIM STATEMENTS OF TOTAL COMPREHENSIVE INCOME**
For the six and three months ended June 30, 2024 and 2023
(All amounts in millions of U.S. dollars, except per share amounts - unaudited)

| | | Year-to-date ended June 30 | | Quarter ended June 30 | |
|---|---|---|---|---|---|
| | **Notes** | **2024** | **2023** | **2024** | **2023** |
| Revenue | 14 | 160.9 | 180.8 | 68.8 | 88.3 |
| Cost of sales | 15 | (96.2) | (106.8) | (41.6) | (52.9) |
| **Gross income** | | **64.7** | **74.0** | **27.2** | **35.4** |
| General and administrative expenses | 16 | (26.8) | (15.3) | (8.5) | (7.6) |
| Other operating expenses, net | | (1.3) | (0.6) | (1.0) | 0.1 |
| **Income from operations** | | **36.6** | **58.1** | **17.7** | **27.9** |
| Finance costs, net | | (1.0) | (1.0) | (0.5) | (0.4) |
| **Income before income tax** | | **35.6** | **57.1** | **17.2** | **27.5** |
| Provision for income tax | | (9.9) | (14.5) | (3.0) | (7.0) |
| **Net income and total comprehensive income** | | **25.7** | **42.6** | **14.2** | **20.5** |
| | | | | | |
| **Earnings per share** | | | | | |
| Weighted average number of common shares outstanding (in millions): | | 1,712.5 | 577.5 | 2,280.0 | 577.5 |
| **Basic and diluted earnings per share** | | **0.02** | **0.07** | **0.01** | **0.04** |

**OCEANAGOLD (PHILIPPINES), INC.**
**STATEMENT OF CHANGES IN EQUITY**
For the six months ended June 30, 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 | - | - | - | 25.6 | - | 25.6 |
| Dividends paid | - | - | - | (30.0) | - | (30.0) |
| **Transactions with shareholders** | | | | | | |
| Issued shares | 3.0 | - | - | - | - | 3.0 |
| **Balance at June 30, 2024** | **4.3** | **(1.7)** | **(0.4)** | **604.0** | **-** | **606.2** |
| **Balance at January 1, 2023** | **1.3** | **(1.7)** | **(0.1)** | **533.9** | **49.6** | **583.0** |
| Comprehensive income | - | - | - | 42.7 | - | 42.7 |
| **Balance at June 30, 2023** | **1.3** | **(1.7)** | **(0.4)** | **576.6** | **49.6** | **625.7** |

**OCEANAGOLD (PHILIPPINES), INC.**
**STATEMENT OF CASH FLOW**
For the six months ended June 30, 2024 and June 30, 2023
(All amounts in millions of U.S. dollars, unless otherwise stated – unaudited)

| | Six months ended June 30 | |
|---|---|---|
| | **2024** | **2023** |
| **Operating activities** | | |
| Income before provision for income tax | 35.5 | 57.2 |
| Adjustments for: | | |
| Unrealized foreign exchange gain | (0.1) | (0.3) |
| Gain from disposal of mining assets and property, plant and equipment | - | - |
| Depreciation and amortization | 20.2 | 22.0 |
| Interest expense | 1.0 | 0.9 |
| Direct write-off of input value added taxes | 1.4 | 0.6 |
| Accretion expense | 0.1 | 0.1 |
| Provision for inventory obsolescence | 1.0 | 0.1 |
| Interest income | (0.3) | (0.2) |
| Operating income before working capital changes | 58.8 | 80.4 |
| Changes in working capital: | | |
| Receivables | 28.4 | 7.9 |
| Inventories | 1.3 | 16.2 |
| Prepayments and other current assets | (4.4) | (4.7) |
| Other non-current assets | - | (8.7) |
| Due to related parties | 18.5 | (0.1) |
| Trade payables and other current liabilities | (25.3) | (13.0) |
| Net cash generated from operations | 77.3 | 78.0 |
| Interest paid | (0.9) | (0.9) |
| Income tax paid | (17.0) | - |
| Interest received | 0.3 | 0.2 |
| Net cash flows provided by operating activities | 59.7 | 77.3 |
| **Investing activities** | | |
| Proceeds from disposal of mining assets and property, plant, and equipment | - | 0.1 |
| Additions to mining assets and property, plant, and equipment | (18.6) | (7.8) |
| Net cash used in investing activities | (18.6) | (7.7) |
| **Financing activities** | | |
| Payment of borrowings | (0.3) | (59.0) |
| Proceeds from issue of shares | 3.0 | - |
| Payment of dividends | (30.0) | - |
| Net cash provided by/(used) in financing activities | (27.3) | (59.0) |
| **Net increase (decrease) in cash** | **13.8** | **10.6** |
| Cash, beginning | 17.0 | 22.5 |
| Effects of foreign exchange rate changes in cash | 0.6 | 0.3 |
| **Cash, ending** | **31.4** | **33.4** |

## 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.

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.

## 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 PFRS 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 financial statements are presented in U.S. Dollar, the Company's functional and presentation currency, rounded off to the nearest millions, except when otherwise indicated.

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 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 financial statements for the year ended December 31, 2023.

## 5. Cash

All cash are in banks amounting to $31.4 million and $17.0 million as of June 30, 2024 and December 31, 2023, respectively. The total maximum credit risk is equivalent to carrying amount of cash in banks. The carrying amounts of the Company's cash are denominated in the following currencies consisting of cash in bank:

| | **June 30 2024** | **December 31 2023** |
|---|---|---|
| PHP | 8.9 | 0.5 |
| USD | 22.5 | 16.5 |
| | **31.4** | **17.0** |

## 6. Receivables

| | **June 30 2024** | **December 31 2023** |
|---|---|---|
| Trade receivables | 2.2 | 36.4 |
| Due from related parties (Note 13) | 1.9 | 16.0 |
| Advances to employees | 0.7 | 0.8 |
| | **4.8** | **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 June 30, 2024**

| | Current | 30 - 60 days | Over 60 days | Total |
|---|---|---|---|---|
| Bangko Sentral ng Pilipinas | 0.5 | - | - | 0.5 |
| Transamine SA | 1.7 | - | - | 1.7 |
| **Total** | **2.2** | **-** | **-** | **2.2** |

**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

| | June 30 2024 | December 31 2023 |
|---|---|---|
| **Current** | | |
| *At net realizable value* | | |
| Consumables and spares | 27.0 | 27.6 |
| Allowance for inventory obsolescence | (1.6) | (0.6) |
| | **25.4** | **27.0** |
| *At cost* | | |
| Ore stockpile | 23.1 | 23.6 |
| Concentrates | 13.7 | 4.7 |
| Gold on hand | 1.2 | 2.4 |
| | **63.4** | **57.7** |
| **Non-current** | | |
| *At cost* | | |
| Ore stockpile | 81.7 | 89.6 |
| **Total Inventories** | **145.2** | **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:

| | June 30 2024 | December 31 2023 |
|---|---|---|
| Beginning | 0.6 | 0.5 |
| Provision for obsolescence | 1.0 | 0.1 |
| **Ending** | **1.6** | **0.6** |

As at June 30, 2024 the Company classified $81.7 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 June 30, 2024 and December 31, 2023.

## 8. Prepayments and other current assets

| | June 30 2024 | December 31 2023 |
|---|---|---|
| Prepayments | 4.2 | 3.5 |
| Advances | 4.6 | 4.7 |
| Prepaid taxes | 3.8 | - |
| | **12.6** | **8.2** |

As at June 30, 2024 and December 31, 2023, prepayments include Tax Credit Certificates ("TCCs") amounting to $3.2 million from Bureau of Internal Revenue.

Advances represent deposits and payments made to suppliers, contractors or vendors arising from contractual agreements for purchases made by the Company.

Prepaid taxes represent advance payment of local business taxes and creditable withholding taxes which can be applied against future tax liabilities.

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

## 9. 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 | 0.2 | 18.3 | (0.4) | 18.1 |
| Transfers | - | (4.9) | - | (4.9) |
| June 30, 2024 | 15.1 | 473.8 | 2.7 | 491.6 |
| **Accumulated amortization** | | | | |
| As at January 1, 2024 | - | (216.2) | (2.9) | (219.1) |
| Amortization (Note 15) | - | (9.9) | - | (9.9) |
| June 30, 2024 | - | (226.1) | (2.9) | (229.0) |
| **Net book value as at June 30, 2024** | **15.1** | **247.7** | **(0.2)** | **262.6** |

| | Deferred exploration | Mine and mining properties | Rehabilitation Asset | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| As at January 1, 2023 | 14.6 | 432.4 | 2.9 | 449.9 |
| Additions | 0.3 | 10.3 | - | 10.6 |
| Adjustment | - | - | 0.2 | 0.2 |
| Transfers | - | (8.1) | - | (8.1) |
| Reclassification at recoverable cost | - | 25.8 | - | 25.8 |
| December 31, 2023 | 14.9 | 460.4 | 3.1 | 478.4 |
| **Accumulated amortization** | | | | |
| As at January 1, 2023 | - | (194.0) | (2.9) | (196.9) |
| Amortization (Note 15) | - | (22.2) | - | (22.2) |
| December 31, 2023 | - | (216.2) | (2.9) | (219.1) |
| **Net book value as at December 31, 2023** | **14.9** | **244.2** | **0.2** | **259.3** |

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)

## 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 |
| Additions (CIP) | - | - | 0.2 | - | - | - | 0.2 |
| Transfers | 0.7 | 0.4 | 0.1 | 3.6 | - | 0.1 | 4.9 |
| June 30, 2024 | 32.0 | 39.7 | 59.5 | 71.8 | 191.0 | 45.7 | 439.7 |
| **Accumulated depreciation and amortization** | | | | | | | |
| January 1, 2024 | (28.1) | (34.8) | (34.1) | (30.8) | (100.9) | (12.2) | (240.9) |
| Depreciation (Note 15) | (0.8) | (0.7) | (1.8) | (1.9) | (3.6) | (1.5) | (10.3) |
| June 30, 2024 | (28.9) | (35.5) | (35.9) | (32.7) | (104.5) | (13.7) | (251.2) |
| **Net book values as at June 30, 2024** | **3.1** | **4.2** | **23.6** | **39.1** | **86.5** | **32.0** | **188.5** |

| | Office, Furniture and Equipment | Vehicles | Buildings and leasehold improvements | Roads and Dams | Plant and Equipment | Mining Equipment | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| January 1, 2023 | 28.7 | 36.4 | 58.4 | 65.1 | 181.4 | 41.0 | 411.0 |
| Additions | 2.1 | 3.9 | 0.8 | 0.2 | 7.5 | 2.2 | 16.7 |
| Disposals | - | (1.2) | - | - | - | - | (1.2) |
| Transfers | 0.5 | 0.2 | - | 2.9 | 2.1 | 2.4 | 8.1 |
| December 31, 2023 | 31.3 | 39.3 | 59.2 | 68.2 | 191.0 | 45.6 | 434.6 |
| **Accumulated depreciation and amortization** | | | | | | | |
| January 1, 2023 | (26.8) | (34.8) | (30.5) | (26.2) | (91.1) | (8.0) | (217.4) |
| Depreciation | (1.3) | (1.1) | (3.6) | (4.6) | (9.8) | (4.2) | (24.6) |
| Disposals | - | 1.1 | - | - | - | - | 1.1 |
| December 31, 2023 | (28.1) | (34.8) | (34.1) | (30.8) | (100.9) | (12.2) | (240.9) |
| **Net book values as at December 31, 2023** | **3.2** | **4.5** | **25.1** | **37.4** | **90.1** | **33.4** | **193.7** |

As of June 30, 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.

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

## 11. Other Non-Current Assets

| | June 30 2024 | December 31 2023 |
|---|---|---|
| Input VAT | 41.1 | 42.0 |
| Excise tax | 22.1 | 22.1 |
| | 63.2 | 64.1 |
| Less: Allowance for probable loss | (38.3) | (38.3) |
| | 24.9 | 25.8 |
| Mine rehabilitation funds | 6.4 | 6.7 |
| Restricted deposits | 5.5 | 6.0 |
| Deposits | 1.3 | 1.3 |
| Social development fund | 0.5 | 0.2 |
| | **38.7** | **40.1** |

Excise tax is under protest with the Supreme Court. The restricted deposit amounts as at June 30, 2024 and December 31, 2023 are the outstanding bank deposits in favor of the Court of Tax appeals as a required bond.

## 12. Trade Payables and Other Current Liabilities

| | June 30 2024 | December 31 2023 |
|---|---|---|
| Trade payables and accrued expense | 29.8 | 41.7 |
| Royalty | 60.4 | 57.4 |
| Payable to government agencies | 0.5 | 1.0 |
| Free Carried Interest (“FCI”) (Note 16) | 2.8 | 0.2 |
| Additional Government Share | - | 20.3 |
| Others | 0.2 | 0.2 |
| | **93.7** | **120.8** |

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

Also pursuant to the FTAA contract, addendum claim owners are entitled to a free carried interest of 8% of the Company. The Company has accrued for this entitlement based on dividend declarations in December 2023 and May 2024.

The FTAA Addendum requires an additional allocation of 0.5% to the Provincial Development Fund (“PDF”) and 1.0% 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.

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

## 13. 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** | |
|---|---|---|---|---|
| | **June 30** | **December 31** | **June 30** | **December 31** |
| **Related party** | **2024** | **2023** | **2024** | **2023** |
| Advances to: | | | | |
| Immediate parent company | 0.2 | (0.1) | 0.3 | 0.1 |
| Entities under common control | (20.6) | 19.5 | 1.6 | 15.9 |
| | | | **1.9** | **16.0** |
| Loans and interest: | | | | |
| Entity under common control | | | | |
| Loss on loan modification | - | (6.2) | - | - |
| Repayments | - | 113.8 | - | - |
| Interest | 0.3 | 4.8 | - | (0.3) |
| | | | **-** | **(0.3)** |
| Management fee: | | | | |
| OceanaGold Pty. Ltd. | 7.4 | 6.7 | (3.6) | (2.7) |

*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.

On May 10, 2024, the Company completed loan settlements of related party amounts totaling $1.8 million.

*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)

## 14. Revenue

| | Year-to-date ended | | Quarter ended | |
|---|---|---|---|---|
| | June 30 2024 | June 30 2023 | June 30 2024 | June 30 2023 |
| Copper | 43.5 | 50.0 | 20.1 | 24.0 |
| Gold | 115.6 | 129.0 | 47.8 | 63.3 |
| Silver | 1.8 | 1.8 | 0.9 | 1.0 |
| | **160.9** | **180.8** | **68.8** | **88.3** |

Sale of doré and copper concentrates is net of refining, treatment and other direct costs deducted to determine the transaction price. These are deducted from total market price of the products to arrive at the transaction price since these are expenses to be incurred by the customer in order to transform the concentrates and doré in its marketable form.

## 15. Cost of sales

| | Year-to-date ended | | Quarter ended | |
|---|---|---|---|---|
| | June 30 2024 | June 30 2023 | June 30 2024 | June 30 2023 |
| Supplies and consumables | 30.7 | 26.6 | 15.1 | 13.5 |
| Depreciation and amortization | 20.2 | 22.0 | 9.8 | 11.1 |
| Salaries, wages and other benefits | 10.2 | 8.6 | 5.4 | 4.5 |
| Utilities | 8.7 | 11.2 | 4.1 | 4.3 |
| Outside services | 8.7 | 8.1 | 4.9 | 4.7 |
| Freight costs | 3.7 | 3.5 | 1.4 | 1.7 |
| Royalties | 3.0 | 3.4 | 1.6 | 1.7 |
| Donations | 2.7 | 2.2 | 1.4 | 1.1 |
| Indirect taxes and licenses | 1.6 | 0.6 | 0.9 | 0.3 |
| Insurance expense | 1.3 | 1.2 | 0.7 | 0.6 |
| Repairs and maintenance | 1.3 | 0.7 | 0.7 | 0.5 |
| Others | 1.1 | 1.9 | 0.6 | 1.1 |
| | 93.2 | 90.0 | 46.6 | 45.1 |
| Net change in gold and copper inventories | 3.0 | 16.8 | (5.0) | 7.8 |
| | **96.2** | **106.8** | **41.6** | **52.9** |

Net change in gold and copper inventories pertain to movements and stock adjustments on mining inventories, including provisions and write offs during the year.

Other costs mainly pertain to social development expenditures and other expenditures attributable to the mine operations.

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

## 16. General and administrative expenses

| | Year-to-date ended | | Quarter ended | |
|---|---|---|---|---|
| | June 30 2024 | June 30 2023 | June 30 2024 | June 30 2023 |
| Additional Government share | - | - | (9.3) | - |
| FCI | 2.6 | - | 2.6 | - |
| Taxes and licenses | 11.2 | 11.1 | 5.3 | 5.5 |
| Management Fee | 7.7 | 3.4 | 5.6 | 1.7 |
| Outside services | 4.7 | 0.2 | 3.9 | 0.2 |
| Salaries, wages and other benefits | 0.5 | 0.4 | 0.3 | 0.2 |
| Others | 0.1 | 0.2 | 0.1 | - |
| | **26.8** | **15.3** | **8.5** | **7.6** |

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

**Additional Government Share**

The table below summarizes the Company's calculation of the additional government share:

| | Year-to-date ended June 30 | | Quarter ended June 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Gross mining revenue | 158.4 | 178.4 | 67.9 | 87.1 |
| Less: Allowable deductions | (98.3) | (82.9) | (53.3) | (44.1) |
| Less: Amortization deduction | (6.5) | (6.6) | (3.2) | (3.3) |
| **Net Revenue per the FTAA** | **53.6** | **88.9** | **11.4** | **39.7** |
| Entitlement share | 60% | 60% | 60% | 60% |
| **Total Government Share (60% of Net Revenue per the FTAA)** | **32.2** | **53.3** | **6.9** | **23.8** |
| Deduct: Free-carried interest | (2.6) | - | (2.6) | - |
| Deduct: Production taxes | (17.0) | (20.4) | (10.3) | (5.2) |
| Deduct: Income tax | (13.5) | (0.2) | (4.2) | (0.1) |
| Carried-forward balance utilization (deduction) | 0.9 | (32.7) | 0.9 | (18.5) |
| **Additional Government Share** | **-** | **-** | **(9.3)** | **-** |

Under the FTAA, "Net Revenue" is the gross mining revenues derived from operations, less allowable deductions and an amortization deduction.

Allowable Deductions under the FTAA include expenses attributed to exploration, development and production which includes, expenses relating to mining, processing, exploration, capitalised pre-stripping, royalties, rehabilitation, marketing, administration, community and social development, depreciation and amortization and interest charged on borrowings.

All taxes and fees paid to the Philippines Government, including corporate income tax and indirect taxes such as excise, local business, property and withholding taxes, are deducted from the Government's 60% share of Net Revenue to arrive at any Additional Government Share payable.

The Additional Government Share was recognized 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.

## 17. Financial Instruments

Due to the short-term nature of the transactions, the carrying values of each financial asset and liability including cash, deposits, trade receivables at amortized cost, due to/from related parties, trade payables and other current liabilities excluding payables to government agencies as at the reporting dates approximate their fair values.

Related party borrowings approximate its fair value based on borrowing rates available to the management for credit agreement with similar maturities and also considering any risk of non-performance. The fair value of the Company's borrowings is estimated by using contractual discounted cash flows, hence, the impact of discounting is not considered significant. The Company does not hold financial instruments traded in an active market which might be affected by quoted market prices at reporting date aside from trade receivables which are provisionally priced and subsequently measured at fair value through profit or loss until settlement. On the other hand, the fair value of lease liabilities is equal to its discounted present value.

The Company's trade receivable FVPL is measured at fair value under Level 2 as prices used in determining the gross carrying amount of receivable is based on the prevailing commodity market price. Trade receivables at FVPL as at June 30, 2024 amounted to $2.2 million (2023 - $36.44 million).

As of June 30, 2024 and December 31, 2023, there were no transfers between levels of fair value measurements.

## 18. Subsequent event

- On July 31, 2024, the Company declared dividends in the amount of $0.0066 per share or $15 million, distributed equally in favor of all stockholders of record as of August 14, 2024 payable on September 11, 2024. The Company's stockholders refer to OGPHI, the independent directors and other public shareholders. Dividend to holders of publicly traded shares will be paid in Philippine Peso based on the PHP:USD exchange rate on the day the payment is processed.

## 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 quarterly reporting period commencing January 1, 2024:

Disclosure of accounting policies - Amendments to PAS 1 and Classification of Liabilities as Current or Non-Current

PAS 1, "Presentation of Financial Statements" amendments clarify that only covenants which the Company will need to comply on or before the reporting date will affect a liability's classification as current or non-current. The amendments require to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure is required to include information about the covenants and the related liabilities. The disclosures must include information about the nature of the future covenants, when compliance is applicable, and the carrying amount of the related liabilities. Said information allows users to understand the nature of the future covenants and to assess the risk that a liability classified as non-current could become repayable within twelve months.

The effects of adoption of amendments to PAS 1 and Classification of Liabilities as Current or Non-Current as at January 1, 2024 is not expected to significantly affect the amounts reported.

Lease Liability in a Sale and Leaseback – Amendments to PFRS 16, "Leases"

The amendment to PFRS 16, "Leases", specifies how the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained. The amendment is intended to improve the requirements for sale and leaseback transactions in PFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions. The Company has no sale and leaseback transaction, hence the amendment does not have a significant effect on the current period.

Supplier Finance Arrangements – PAS 7, "Statement of Cashflows" and PFRS 17, "Financial Instruments: Disclosure".

The amendments to PAS 7, "Statement of Cashflows" clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The Company agrees to settle said amounts with finance providers according to the terms and conditions of the arrangements, either at the same or later date than the finance providers pay the suppliers. Supplier finance arrangements provide the Company with extended payment terms or suppliers with early payment terms, compared to the original payment due dates.

Different terms are used to describe these arrangements, such as supply chain finance, payables finance and reverse factoring arrangements. Arrangements that are solely credit enhancements for the Company, for example, financial guarantees including letters of credit used as guarantees, are not supplier finance arrangements. Similarly, instruments used to settle the amounts owed directly with a supplier, for example, credit cards, are not supplier finance arrangements.

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 June 30, 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 receivables 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 asset's 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, fair value less cost of disposal ("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 events; (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 Board of Directors ("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.

**Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share majority of these criteria.

The Company's management assesses the performance and allocates the resources of the Company as a whole, as all of the Company's activities are considered to be primarily related to the sale of concentrates and doré. Therefore, management considers there is only one operating segment under the requirements of PFRS 8, Operating Segments. Hence, no segment information is presented.