

COVER SHEET

4 4 2 9

S.E.C. Registration Number

MANILA MINING CORPORATION

(Company's Full Name)

20TH FLOOR LEPANTO BUILDING
8747 PASEO DE ROXAS
MAKATI CITY

(Business Address: No. Street City / Town / Province)

ODETTE A. JAVIER

Contact Person

815-9447

Company Telephone Number

Not later than April 30

1 2 3 1

Month Day

Fiscal Year

S E C 1 7 A

FORM TYPE

Month Day Year

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total no. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = please use black ink for scanning purposes



Manila Mining Corporation

20th Floor, BA-Lepanto Bldg. 8747 Paseo de Roxas
Makati, Metro Manila, Philippines
P.O. Box 1460 Makati • Telephones: 815-9447 • 812-7241
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14 April 2015

DIRECTOR VICENTE GRACIANO P. FELIZMENIO, JR.
Markets and Securities Regulation Department
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA
Mandaluyong City


Dear Director Felizmenio,

This refers to our SEC Form 17-A.

Our Chairman of the Board and Chief Executive Officer ("CEO") is presently out of the country and has not signed the SEC Form 17-A which we are submitting herewith. We are requesting that our report be considered as timely submitted and in full compliance with your rules and regulations. We will submit next week the report duly signed by our CEO.

Thank you.

Very truly yours,


ODETTE A. JAVIER
Assistant Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

AMENDED SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2014**
2. SEC Identification Number : **4429**
3. BIR Tax Identification number : **050-000-164-442V**
4. Exact name of registrant as specified in its charter

MANILA MINING CORPORATION

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

6. Industry Classification Code: (SEC Use Only)

Mining

7. Address of registrant's principal office:

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

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

(632) – 815-9447

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

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

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

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

Yes [x]

No []

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

Philippine Stock Exchange

Classes "A" & "B"

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

The aggregate market value of the voting stock held by non-affiliates of the Company as of December 31, 2014 was P3,893,801,830.55

Business and General Information

Business

MMC was incorporated in 1949 to engage in the mining and exploration of metals. It is an affiliate of Lepanto Consolidated Mining Company, which, directly and through its wholly-owned subsidiaries, Lepanto Investment and Development Corporation and Shipside, Incorporated, owns 22.7 % of MMC's outstanding capital.

MMC started mining operations in Placer, Surigao del Norte in 1981. From 1982 to 2001 when it suspended mining operations, MMC produced a total of 761,835 ounces gold and 261,720 ounces silver. During its 4 years of copper operations from 1997-2001, MMC produced a total of 19,810,616 lbs. copper.

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

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

Company	Date of Incorporation	Authorized Capital Stock	Subscribed Capital Stock	Ownership of the Company
Manila Mining Corporation (MMC)	June 3, 1949	P2.6 Billion	P2.01 Billion	4,323 Stockholders
Kalaya-an Copper-Gold Resources, Inc.	May 31, 2007	P10 Million	P2.5 million	95% owned by MMC; 5% by Philex Mining Corporation

Marketability of Products

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

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

Government Approvals/Cost and Effects of Compliance with Environmental Laws

Operations are currently suspended. Nonetheless, the Company, in compliance with Environmental Regulations, spent a total of P8,491,590 in 2014 (P11,520,782 in 2013) for tailings pond and mine rehabilitation. It maintains a Mine Rehabilitation Fund in compliance with DENR regulations.

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

Subsidiary

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

Research and Development Activities

The company spent P5,152,080 in 2014 for the further rehabilitation and equipping of the MMC Assay Laboratory to industry standards and to provide timely laboratory support considering the increasing number of core samples produced by the drilling operations.

Employees

MMC had a total of 91 employees, 5 employees in Makati and 86 employees at Placer, Surigao del Norte as of the end of 2014; 9 of them were managerial employees, 18 were supervisors, 42 were rank-and-file and 17 were project employees. Subject to the completion of the feasibility study and pursuant thereto, the company may hire additional employees this year for the Placer Project.

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

Mining Properties

The Company has a Mineral Production Sharing Agreement over a 211.5 ha. area located in Placer, Surigao del Norte, referred to as MPSA No. 253-2007-XIII. It has an Exploration Permit (EP) covering 2,462.91 hectares in Placer, Surigao del Norte. A portion of the area covered by the said EP, known as Parcel VI, has been assigned to a wholly-owned subsidiary, Kalayaan Copper-Gold Resources, Inc. ("Kalayaan"). Thus, there are now two EPs, EP No. XIII-014A in the name of MMC covering 2,176.28 hectares and EP No. XIII-014B covering 286.63 hectares in the name of Kalayaan, both subject of applications for third renewal.

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

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

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

Description of Property

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

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

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

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

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

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

Business Risks

i) Net Losses

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

ii) Geology Risks

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

iii) Risks Relating to Mining Tenements

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

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

iv) Metal Prices

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

v) Risk on Environmental Legislation

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

Market for Registrant's Common Equity and Related Matters

The Company's securities are listed on the Philippine Stock Exchange. Hereunder are the quarterly market prices of said securities from 2012-2014:

Manila Mining "A"

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	April 13, 2015
Low	0.057	0.029	0.024	0.012	0.016	0.018	0.017	0.014	0.014

High	0.058	0.033	0.026	0.013	0.017	0.019	0.018	0.015	0.014
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Manila Mining "B"

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	April 13, 2015
Low	0.059	0.030	0.026	0.014	0.016	0.018	0.017	0.014	0.014
High	0.059	0.035	0.027	0.014	0.017	0.019	0.018	0.015	0.015

Securities, Shareholders and Public Ownership

As of March 31, 2015, the company had 4,312 shareholders. There were approximately 3,159 and 1,222 holders of common "A" and common "B" shares, respectively. As of the same date, Total Public Ownership constituted 77.93% of the outstanding shares.

Top 20 "A" and "B" Stockholders of the Company (as of March 31, 2015)

	<u>Name</u>	<u>"A" Shares</u>	<u>%</u>	
1	F. Yap Securities, Inc.	27,526,686,096	17.70	
2	Lepanto Consolidated Mining Company	20,479,027,104	13.17	
3	F. Yap Securities	3,328,839,991	2.14	
4	Lepanto Investments & Dev. Corp.	1,390,313,541	0.89	
5	Bryan Yap	1,945,977,139	1.25	
6	Christine Yap	1,861,557,111	1.20	
7	Patrick Resources Corporation	1,301,152,163	0.84	
8	Paulino Yap	1,064,905,731	0.68	
9	Coronet Property Holdings Corp.	833,093,546	0.54	
10	Paulino Yap	890,763,764	0.57	
11	Emma Yap	799,516,109	0.51	
12	A/C-CKY FYSI	754,994,507	0.49	
13	Ventura Resources Corporation	718,565,954	0.46	
14	Zamcore Resources Corporation	707,395,421	0.45	
15	Lindsay Resources Corporation	651,542,763	0.42	
16	Pacita Yap	678,551,292	0.44	
17	Paul Yap Jr.	580,769,812	0.37	
18	Paul Yap Jr.	532,907,891	0.34	
19	A/C B. Y. FYSI	524,193,274	0.34	
20	Arlene K. Yap	1,945,977,139	457,065,671	0.29

	<u>Name</u>	<u>"B" Shares</u>	<u>%</u>
1	F. Yap Securities, Inc.	14,600,041,056	14.10
2	F. Yap Securities, Inc.	12,477,721,842	12.05
3	Lepanto Consolidated Mining Company	12,045,531,915	11.63
4	F. Yap Securities	9,495,835,411	9.17
5	Lepanto Investment & Dev. Corp.	5,037,619,533	4.86
6	F. Yap Securities	1,665,206,615	1.61

7	Bryan Yap	1,124,317,007	1.09
8	Paulino Yap	1,019,720,824	0.98
9	Cresencio Yap	950,612,016	0.92
10	Coronet Property Holdings Corp.	851,662,573	0.82
11	Pacita Yap	824,539,227	0.80
12	Paulino Yap	787,396,304	0.76
13	David Go Securities Corp.	590,574,844	0.57
14	Emma Yap	529,116,591	0.51
15	Cresencio Yap	504,155,049	0.49
16	Christine Karen Yap	492,917,544	0.48
17	Christine Yap	461,919,918	0.45
18	Emma Yap	433,448,272	0.42
19	Martasio Perez	251,735,175	0.24
20	Shipside, Inc.	232,893,997	0.22

Submission of Matters to a Vote of Security Holders

No matter was submitted by the Company during the fourth quarter of 2014 to a vote of security holders.

Recent Sales of Unregistered or Exempt Securities

The Company sold shares pursuant to a 1:8 preemptive rights offer in April, 2010, totaling 13,429,141,954 "A" and 8,946,398,197 "B" common shares at P0.15 per share, raising P335 million.

During the period July 2012 to December 2013, a total of 768,000,000 "A" and 512,000,000 "B" common shares were exercised by the grantees, covering the first, second, third and fourth tranches of the 8th Stock Option Awards.

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

Dividends Policy

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

Independent Public Accountant

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

Representatives of SGV & Co. will be present at the Annual Meeting on April 27, 2015 to give statements in response to queries on issues they can shed light on.

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

Audit and Audit Related Fees

For the audit of the financial statements for year 2013, SGV & Co. billed the Company the sum of P330,000. The agreed fee for services rendered in 2014 was P350,000 plus VAT and out of pocket expenses.

SGV & Co. also reviewed the utilization of the proceeds of the Company's 1:3.56 SRO pursuant to the PSE's conditions for listing, for which the Company paid the amount of P100,000.00 based on a contract dated June 24, 2014.

Audit Committee's Approval Policies and Procedures

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

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

Directors and Executive Officers of the Company

<u>Directors</u> (each with term of office of 1 year)	<u>Age</u>	<u>Citizenship</u>	<u>Period Served</u>
FELIPE U. YAP	77	Filipino	Since 1976
EDUARDO A. BANGAYAN (Independent)	63	-do-	Since 1989
ETHELWOLDO E. FERNANDEZ	87	-do-	Since 2001
RODOLFO S. MIRANDA (Independent)	71	-do-	Since 2009
DOUGLAS JOHN KIRWIN	64	Australian	Since 2013
BRYAN U. YAP	42	-do-	Since 1994
RENE F. CHANYUNGCO	62	-do-	Since 2004
PATRICK K. YAP	36	-do-	Since 2005
STEPHEN Y. YAP	45	-do-	Since 2013

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

Business Experience in the Last Five (5) Years

Mr. **Felipe U. Yap** became the Chairman of the Company in 1992. He is also the Chairman and Chief Executive Officer of Lepanto Consolidated Mining Company and Far Southeast Gold Resources, Inc. He is the Chairman of the Board of Prime Orion Philippines, Inc. and Zeus Holdings, Inc. and a Director of, among others, Manila Peninsula Hotel, Inc., Cyber Bay Corporation and Philippine Associated Smelting and Refining Corp. (PASAR). He was the Chairman of the Board of Governors of the Philippine Stock Exchange from March 2000 to March 2002.

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

Mr. **Eduardo A. Bangayan** has been involved in real estate and coconut oil/copra production for the past five (5) years. He is currently the President of the Summit World Group of Companies.

Atty. **Ethelwoldo E. Fernandez** rejoined the Company as Corporate Secretary and Director in 2001, the same year he was reappointed Corporate Secretary of Lepanto Consolidated Mining Company (Lepanto). He was, from 1993 to 2003, Of Counsel to the law firm Sycip Salazar Hernandez & Gatmaitan, which is the principal retained counsel of the Company. He was elected to the Board of Lepanto in 2007. Atty. Fernandez is the Senior Vice President-Legal and Corporate Secretary of Oriental Petroleum & Mineral Resources Corporation.

Mr. **Rene F. Chanyungco** joined the Company in 1977 as Executive Assistant to the President. He eventually became Asst. Treasurer, then Vice President-Treasurer, until his promotion in 1997 as Senior Vice President-Treasurer. He was the Chief Finance Officer of Lepanto Consolidated Mining Company from 2004 to March 2008.

Mr. **Douglas John Kirwin** was the Exploration Manager of Ivanhoe Mines from 1995 (when it was known as Indochina Goldfields Ltd) until 2012. He was the Vice President of the

Society of Economic Geology from 2009 to 2011, where he continues to serve as an honorary lecturer. He is now semi-retired with a part time consulting business.

Mr. Patrick K. Yap was appointed President of Philippine Fire and Marine Insurance Corporation in April 2008. He is also the President of BA-Lepanto Condominium Corporation and Yapster e-Conglomerate, Inc. He is the Executive Vice President of Zamcore Realty Corporation and Vice President of Alliance Textile Mills, Inc.

Mr. Stephen Y. Yap since 2002 has been the Vice President for Operations of Tutuban Properties, Inc.

Mr. Rodolfo S. Miranda is a Certified Public Accountant. He retired in 2002 as Vice President-Controller of Lepanto Consolidated Mining Company and Controller of Manila Mining Corporation.

Atty. Pablo Ayson, Jr. was appointed Vice President in November 2006. He is also a Vice President of Lepanto Consolidated Mining Company.

Ms. Ma. Lourdes B. Tuason is the Vice President and Treasurer of Lepanto Consolidated Mining Company; Treasurer of Far Southeast Gold Resources, Inc., Philippine Fire and Marine Insurance Corporation, Shipside, Inc., Diamond Drilling Corporation of the Philippines and Lepanto Investment and Development Corporation; Vice President of Diamant Boart Philippines, Inc.

Atty. Odette A. Javier has been the Company's Assistant Corporate Secretary since 1993. She is the Vice President-Assistant Corporate Secretary of Lepanto Consolidated Mining Company. She is a Director of Lepanto Investment and Development Corporation.

Mr. Knestor Jose Y. Godino joined the company as Asst. Vice President for Human Resource in January 2013. He has been with Lepanto Consolidated Mining Company since 2006.

Significant Employees

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

Family Relationships

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

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

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

There is no material pending legal proceeding against the Company.

Certain Relationships and Related Transactions

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

The Parent Company provides cash advance and pays expenses on behalf of its 95%-owned subsidiary, KCGRI. This is presented in the Parent Company's statements of financial position under "Receivables" account.

Intercompany transactions are eliminated in the consolidated financial statements. The Group's related party transactions, which are under terms that are no less favorable than those arranged with third parties, are as follows:

		Amount/ Volume	Outstanding Balance	Terms	Conditions
<i>Receivables</i>					
	2014	P70,567	P946,454	On demand; non-interest bearing	Unsecured, no impairment, no guarantee
<i>KCGRI; Subsidiary</i>	2013	P82,883	P875,887	On demand; non-interest bearing	Unsecured, no impairment, no guarantee

LCMC holds a 19.60% equity interest in the Parent Company. It provided cash advances and paid expenses on behalf of the Parent Company. DDCP, a wholly-owned subsidiary of LCMC, provides various drilling services to the Parent Company.

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

	2014		
	Amount/ Volume	Outstanding Balance	Terms
<i>Amounts owed to related parties</i>			
<i>LCMC; Under common control</i>	P2,033,518	P3,764,095	On demand; non-interest bearing

Contract Deposits

<i>DDCP; Under common control</i>	P268,874,433	P268,874,433	On demand; non-interest bearing
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2013				
	Amount/ Volume	Outstanding Balance	Terms	Conditions
<i>Amounts owed to related parties</i>				
LCMC; <i>Under common control</i>	₱1,160,479	₱1,730,577	On demand; non-interest bearing	Unsecured, no guarantee
DDCP; <i>Under common control</i>	53,178,203	35,585,717	On demand; non-interest bearing	Unsecured, no guarantee
		₱37,316,294		

Total compensation of the Group's key management personnel in 2014, 2013 and 2012, which pertains to short-term benefits, amounted to ₱2,262,450, ₱2,446,950 and ₱2,432,450, respectively. There were no post-employment benefits for the Group's key management personnel in 2014, 2013 and 2012.

Summary Compensation Table

	2013 Total (All Cash)	Basic Salary	Bonus (13 th month In the case of executive officers)	Others (Per Diem of Directors)
Felipe U. Yap, Chairman)	P2,446,950	P2,446,950	P185,150	P40,000
Bryan U. Yap, President)				
Rene F. Chanyungco,)				
Sr. Vice Pres./Treasurer)				
Teodoro Ablang, Jr.)				
Vice Pres./Resident Manager)				
Pablo Ayson, Jr. Vice Pres.)				
	P2,472,950	P2,472,950	P185,150	P66,000
	2014 (Total)			
Felipe U. Yap, Chairman)	P2,262,450	P2,071,800	P172,650	P18,000
Bryan U. Yap, President)				
Rene F. Chanyungco,)				
Sr. Vice Pres./Treasurer)				
Teodoro Ablang, Jr.)				
Vice Pres./Resident Manager)				
Pablo Ayson, Jr. Vice Pres.))				
All officers and directors	P2,268,450	P2,071,800	P172,650	P24,000
	2015 (Estimate)			
Executive officers listed above	P534,950	P421,800	P35,150	P 78,000
All officers and directors	P582,950	P421,800	P35,150	P126,000

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

Compensation of Directors/Committee Members

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

Voting Trusts and Change in Control

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

***Security Ownership**

Following are the holders of more than 5% of the outstanding capital stock as of March 31, 2015:

Title of Class	Name/Address of Record Owner**	Relationship to Issuer	Name of Beneficial Owner	Citizenship	A Shareholdings	%	B Shareholdings	%
A & B	F. Yap Securities, Inc. Unit 2301/2302 Tektite Tower I, Exchange Rd., Ortigas Center, Pasig City	Principal Stockholder	same	Filipino	30,855,526,087	19.85	27,077,762,898	26.14
A & B	Lepanto Cons. Mining Co. 21/F Lepanto Bldg., Paseo de Roxas, Makati City	Principal Stockholder	same	-do-	26,231,562,807	16.87	15,429,108,295	14.90
A & B	*Lepanto Investment & Development Corporation 21/F Lepanto Bldg., Paseo de Roxas, Makati City	Subsidiary of Principal Stockholder	same	-do-	1,481,975,190	0.95	5,037,619,533	4.86

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

* - 100% owned subsidiary of Lepanto Consolidated Mining Company

Equity Ownership of Foreigners

As of March 31, 2015, the record date, none of the "A" shares and 5% of the "B" shares were held by foreigners.

****Directors and Executive Officers** (as of March 31, 2015)

Title of Class	Beneficial Owner	Position	Amount and Nature of Beneficial Ownership (Class A / Class B)	Citizenship	Percentage of Shares (Class A / Class B)
A & B	Felipe U. Yap	Chairman of the Board	265,625,176 / 223,177,636	Filipino	0.171 / 0.216
A & B	Bryan U. Yap	Director/President	2,941,721,049 / 1,670,734,557	-do-	1.892 / 1.613
A & B	Ethelwoldo E. Fernandez	Director/Corp. Sec.	16,422,471 / 15,748,315	-do-	0.011 / 0.015
A & B	Rene F. Chanyungco	Director/SVP/Treasurer	39,240,449 / 29,780,888	-do-	0.025 / 0.029
B	Rodolfo S. Miranda***	Director	- / 3,842,697	-do-	nil / 0.004
A & B	Eduardo A. Bangayan***	Director	7,566,975 / 35,441,945	-do-	0.005 / 0.034
A & B	Patrick K. Yap	Director/SVP	60,551,930 / 32,791,011	-do-	0.039 / 0.032
A & B	Stephen Y. Yap	Director	1,280,898 / -	-do-	nil
A & B	Pablo T. Ayson, Jr.	Vice President	15,728,270 / 14,513,370	-do-	0.010 / 0.014
A & B	Ma. Lourdes B. Tuason	Asst. Treasurer	37,388,257 / 40,060,862	-do-	0.024 / 0.039
A & B	Odette A. Javier	Asst. Corp. Sec.	15,073,314 / 8,145,126	-do-	0.010 / 0.008
	Aggregate as a group		3,400,598,789 / 2,074,236,408		2.219 / 2.002

** - All of record and directly owned.

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

The Board of Directors approved the grant of the 8th Stock Option Awards ("Grant") to selected directors, officers and employees of the Company and of its affiliates, covering a total 1.6 billion common shares from unissued capital stock. The option is exercisable within 5 years, to the extent of 20% of the Grant every year, from the SEC approval of the Grant. The price of the option is 80% of the average of the closing prices of MMC "A" and "B" shares for the ten trading days preceding the Board's approval of the Grant, i.e., October 26 to November 9, 2009, which is P0.02 per share. The Grant constitutes 0.8%, more or less, of the outstanding capital stock of the Company. The Grant was approved by the SEC as on July 8, 2010 and by the PSE on October 20, 2010. As of end 2013 a total of 768,000,000 A and 512,000,000 B common shares have been exercised by the grantees, covering the first, second, third and fourth tranches of the Grant. As of end 2014 a total of 49,200,000 A and 32, 800,000 B common shares have been cancelled.

2015 Plan of Operation

The company will continue exploration activities, i.e., geo-mapping, drilling, resource modeling towards the completion of Ore Reserve estimates for the Placer Project. New areas are also being targeted for drilling within the year to increase the ore resource. All activities will be funded out of the proceeds of the 1:3.56 stock rights offering in 2014.

For the Kalayaan Project, the exploration database is being reviewed by partner Philex Mining Corporation with a view to completing a project pre-feasibility study.

Management's Discussion and Analysis of Financial Condition and Results of Operations for 2014, 2013 & 2012

2014

The Company undertook a 1:3.56 stock rights offering in June 2014 ("2014 SRO") which raised P683 million to fund the company's exploration projects, working capital and settlement of payables.

In 2014, total income amounted to P464,052 compared with P713,863 in 2013. The 2014 income consisted of interest income of P382,713 and proceeds from the sale of obsolete materials and spare parts, amounting to P81,339. However, there was an interest cost on retirement benefits obligation of P617,201 which was booked as a deduction from Income in 2014; and of P873,632 booked similarly as a deduction from Income in 2013.

Administration and overhead costs (inclusive of depreciation) amounted to P11,466,316 in 2014, compared with P12,823,111 in 2013. Net loss (after provision for income tax) for the year amounted to P11.80 million, versus P12.30 million for 2013.

Cash balance in 2014 amounted to P71,314,681, much higher than the 2013 balance on account of the 2014 SRO. Prepayments increased to P370.88 million from P97.09 million on account of contract deposits for drilling services and advance payment to claim owners and miscellaneous deposits.

Mine exploration costs increased to P1,302.81 million from P1,206.58 million, an increase of 8% as a result of the continuing exploration activities.

Available for sale investments decreased by 21% to P22.06 million from P27.92 million due to a decrease in the fair value of quoted securities.

Accounts payables and accruals decreased by 64% to P140.97 million from P387.25 million as a result of payments made to suppliers/contractors out of the SRO proceeds. Nontrade payables increased to P3.76 from P1.73 million due to unpaid charges for the year. Pension liability decreased by 16% to P11.05 from P13.13 million pursuant to actuarial assumptions.

As a result of the 2014 SRO, the company's stockholders' equity increased by 27% to P3,097.71 million from P2,435.97 last year.

2013

Total income amounted to P0.71 million compared with P3.99 million in 2012, both of which were earned from deposits and money market placements. Administration, depreciation and finance costs totaled P13.70 million compared with P12.95 million last year. Net loss for the year amounted to P12.30 million, compared with P8.67 million for 2012.

Cash and Cash Equivalents amounted to P6.57 million, 95.53% lower than 2012 due to the continuing exploration activities. Receivables increased to P12.78 million from P1.51 million consisting mainly of stock option receivables in relation to the 8th stock options awards. Prepayments increased by 23.30% to P97.09 million from P78.74 million on account of the recognition of input VAT for all purchases during the year. Property and equipment increased to P2,721.15 million from P2,450.64 million as a result of the continuing exploration activities. Available for sale investments decreased by 61.95% to P27.92 million from P73.37 million mainly due to a decrease in the fair value of quoted securities.

Accounts payables and accruals increased by 68.35% to P387.25 million from P230.03 million representing contractors' and suppliers' accounts. Nontrade payables increased to P1.73 million from P0.57 million due to unpaid charges of an affiliate. Pension liability decreased by 15.82% to P13.13 million from P15.60 million in compliance with actuarial assumptions.

2012

For the year 2012, total income amounted to P3.99 million, which was purely interest income earned from bank deposits and money market placements. Income last year amounted to P21.34 million, consisting of interest income of P12.42 million and forex gains amounting to P8.90 million. Administration and Depreciation costs totaled P13.49 million compared with P19.72 million last year. Net loss for the year amounted to P9.05 million compared with the net income of P4.52 million in 2011. The income in 2011 was on account of the sale by MMC to Philex Mining Corporation of 5% of MMC's interest in Kalayaan Copper Gold Resources, Inc (KCGRI), for which MMC was paid \$25 million. The gain from the sale was recorded as revenue in MMC's income statements but was reflected in the equity section of the consolidated financial statements.

Cash and Cash Equivalents amounted to P147.06 million, 72.11% lower than 2011 due to the continuing exploration activities. Non-trade receivables decreased by 8.32% to P0.94

million from P1.02 million last year mainly due to collection and liquidation of receivables. Subscription receivables decreased by 88.26% to P0.57 million from P4.84 million as payments were received in relation to the 2010 stock rights offering and the 8th stock options awards. Materials and supplies increased by 13.07% to 25.74 million from 22.76 million due to acquisition of materials for exploration and assaying activities. Prepayments increased by 48.36% to P78.74million from P53.08 million on account of the recognition of input VAT for all purchases during the year. Property and equipment increased to P2,453.30 million from P2041.65 million as a result of the continuing exploration activities. Available for sale investments decreased by 33.06% to P73.37 million from P109.60 million mainly due to decrease in the fair value of quoted securities.

Accounts payables and accruals increased by 38.91% to P229.46 million from P165.19 million representing contractors' and suppliers' accounts. Nontrade payables decreased by 70.97% to P0.57 million from P1.96 million due to payment. Pension liability increased by 26.98% to P12.16 million from P9.55 million in compliance with actuarial assumptions.

Key performance indicators, contingent obligations and known trends

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

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

Compliance with Leading Practices on Corporate Governance

MMC has revised its Corporate Governance Manual to comply with SEC regulations and institutionalize the principles of good governance in the entire organization. Pursuant to the said Revised Manual, the Company's Board of Directors have constituted the following committees: Audit Committee; Compensation and Remuneration Committee and the Nomination Committee. The Board of Directors is composed of highly qualified and competent individuals. The performance and qualifications of nominees are reviewed by the Nomination Committee. All directors and senior officers have attended seminars on corporate governance. Through regular board and committee meetings, compliance with the principles of good governance are monitored.

The performance of managers is also reviewed periodically and senior officers report to the Board of Directors. Regular meetings are held in the head office and in the mine to keep concerned officers apprised of any developments concerning exploration work, finances, safety programs, community relations and environmental programs, and good governance, legal and human resource matters as well as of the company's compliance with pertinent regulations. Please see attached Annual Corporate Governance Report.

No deviation from the Company's Manual on Corporate Governance has been noted by the Company.

Financial Statements

Attached as Exhibit "A" hereof, are the Company's Audited Financial Statements for 2014 covered by the Statement of Management's Responsibility and the Auditor's Report signed by Ms. Eleanore A. Layug, with the following exhibits:

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

Reports on Form 17-C

<u>Date of Report</u>	<u>Subject</u>
March 10, 2014	Annual Stockholders' Meeting
March 25, 2014	List of Stockholders as of Record Date
April 28, 2014	Results of Annual Stockholders' Meeting
April 28, 2014	Results of Organizational Meeting
July 22, 2014	Amendment of the Code of the Corporate Governance
Nov. 12, 2014	Resignation of Vice President & Resident Manager
Dec. 23, 2014	Resignation of a Director

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on April 14, 2015.

Manila Mining Corporation
Issuer

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

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

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

MARIO L. LAVENTE
Financial Controller
SSS No. 07-0756353-6

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

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

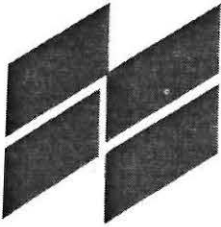
MAKATIVITY

APR 14 2015

SUBSCRIBED AND SWORN TO before me this ____ day of April 2015 at Makati City.

Doc. No. 499
Page No. 101
Book No. 14
Series of 2015.

ATTY. GERVASIO S. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
PTR NO. 4748512 / 01/05-2015/MAKATI
IBP NO. 656155 LIFETIME MEMBER
APPT. NO. M-38/2016 / ROLL NO. 40061
MCLE: 0011225 JAN. 7, 2013



Manila Mining Corporation

20th Floor, BA-Lepanto Bldg. 8747 Paseo de Roxas
Makati, Metro Manila, Philippines
P.O. Box 1460 Makati • Telephones: 815-9447 • 812-7241
Fax: 819-3786 • 751-6317

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

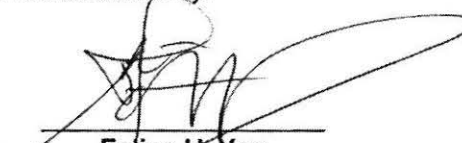
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

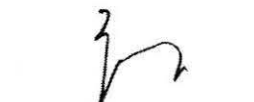
The management of Manila Mining Corporation is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

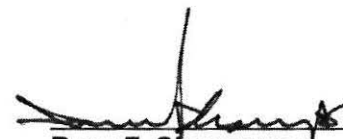
The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

Sycip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders for the period December 31, 2014 and 2013, has examined the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed this 23rd day of March 2015 at Makati City.


Felipe U. Yap
Chairman of the Board
and Chief Executive Officer
SSS#06-0091101-0


Bryan U. Yap
President
SSS#33-3067339-5


Rene F. Chanyungco
Chief Finance Officer
SSS#03-4793502-9

MAKATI CITY
SUBSCRIBED AND SWORN TO before me this MAR 31 2015 day of March 2015 at Makati City.

Doc. No. 197
Page No. 54
Book No. 141
Series of 2015.

ATTY. GER VACIO ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
ATD 06 4749610 101 DE 2015 MAKATI

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4	4	2	9						
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Company Name

M	A	N	I	L	A		M	I	N	I	N	G		C	O	R	P	O	R	A	T	I	O	N		A	N	D	
S	U	B	S	I	D	I	A	R	Y																				

Principal Office (No./Street/Barangay/City/Town/Province)

2	0	t	h		F	l	o	o	r	,		L	e	p	a	n	t	o		B	u	i	l	d	i	n	g	,		
P	a	s	e	o		d	e		R	o	x	a	s	,		M	a	k	a	t	i		C	i	t	y				

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

mis@manilamining.com

Company's Telephone Number/s

(632) 815-9447

Mobile Number

N/A

No. of Stockholders

4,389

Annual Meeting
Month/Day

4/28

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ms. Josephine Subido

Email Address

**johc.subido@
manilamining.com**

Telephone Number/s

(632) 815-9447

Mobile Number

N/A

Contact Person's Address

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

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



**MANILA MINING COMPANY AND SUBSIDIARY
ANNUAL AUDITED FINANCIAL REPORT
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Manila Mining Corporation and Subsidiary which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

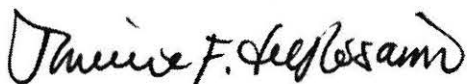
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Manila Mining Corporation and Subsidiary as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Jaime F. del Rosario

Partner

CPA Certificate No. 56915

SEC Accreditation No. 0076-AR-3 (Group A),
March 21, 2013, valid until March 20, 2016

Tax Identification No. 102-096-009

BIR Accreditation No. 08-001998-72-2012,
April 11, 2012, valid until April 10, 2015

PTR No. 4751273, January 5, 2015, Makati City

March 23, 2015

MANILA MINING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash (Note 4)	₱71,314,681	₱6,571,015
Receivables (Note 5)	12,816,481	12,783,507
Inventories - at cost (Note 6)	26,762,711	26,834,212
Prepayments and other current assets (Note 7)	370,877,217	97,093,047
Total Current Assets	481,771,090	143,281,781
Noncurrent Assets		
Available-for-sale (AFS) financial assets (Note 8)	22,057,270	27,919,700
Property and equipment (Note 9)	1,504,442,080	1,517,229,564
Mine exploration costs (Note 10)	1,302,813,612	1,206,581,470
Other noncurrent assets (Note 11)	8,891,065	8,890,719
Total Noncurrent Assets	2,838,204,027	2,760,621,453
TOTAL ASSETS	₱3,319,975,117	₱2,903,903,234
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 12)	₱140,966,577	₱387,248,921
Nontrade payables (Note 13)	3,764,095	1,730,577
Total Current Liabilities	144,730,672	388,979,498
Noncurrent Liabilities		
Deferred tax liability - net (Note 17)	66,479,656	65,822,880
Retirement benefits obligation (Note 16)	11,051,659	13,131,936
Total Noncurrent Liabilities	77,531,315	78,954,816
Total Liabilities	222,261,987	467,934,314
Equity Attributable to Equity Holders of the Parent Company (Note 18)		
Capital stock (Note 18)	2,595,502,255	2,026,232,209
Additional paid-in capital	617,625,955	508,636,853
Deficit	(1,025,911,532)	(1,014,125,610)
Effect of transaction with non-controlling interests (NCI; Note 1)	954,621,275	954,621,275
Cumulative changes in fair values of AFS financial assets		
(Note 8)	(45,484,722)	(39,622,292)
Remeasurement gain on retirement benefits obligation	1,248,337	111,724
	3,097,601,568	2,435,854,159
Equity Attributable to NCI	111,562	114,761
Total Equity	3,097,713,130	2,435,968,920
TOTAL LIABILITIES AND EQUITY	₱3,319,975,117	₱2,903,903,234

See accompanying Notes to Consolidated Financial Statements.



MANILA MINING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2014	2013	2012
OTHER INCOME (CHARGES)			
Interest cost on retirement benefits obligation (Note 16)	(P617,201)	(P873,632)	(P986,682)
Interest income (Note 4)	382,713	713,863	3,995,144
Income on inventory obsolescence (Note 6)	81,339	-	-
	(153,149)	(159,769)	3,008,462
ADMINISTRATION AND OVERHEAD COSTS (Note 14)	(11,466,316)	(12,823,111)	(11,961,148)
LOSS BEFORE INCOME TAX	(11,619,465)	(12,982,880)	(8,952,686)
PROVISION FOR (BENEFIT FROM) DEFERRED INCOME TAX (Note 17)	169,656	(678,992)	(281,224)
NET LOSS	(P11,789,121)	(P12,303,888)	(P8,671,462)
Net loss attributable to:			
Equity holders of the Parent Company	(P11,785,922)	(P12,299,604)	(P8,667,783)
NCI	(3,199)	(4,284)	(3,679)
	(P11,789,121)	(P12,303,888)	(P8,671,462)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that may be reclassified subsequently to consolidated statements of comprehensive income:</i>			
Changes in fair values of AFS financial assets (Note 8)	(P5,862,430)	(P45,450,300)	(P36,228,500)
<i>Items that will not be reclassified to consolidated statements of comprehensive income:</i>			
Remeasurement gain on retirement obligations, net of tax	1,136,613	3,312,361	1,296,422
TOTAL COMPREHENSIVE LOSS	(P4,725,817)	(P42,137,939)	(P34,932,078)
Total comprehensive loss attributable to:			
Equity holders of the Parent Company	(P4,722,618)	(P42,133,655)	(P34,928,399)
NCI	(3,199)	(4,284)	(3,679)
	(P4,725,817)	(P42,137,939)	(P34,932,078)
EARNINGS (LOSS) PER SHARE (Note 19)			
Basic and diluted loss per share	(P0.00010)	(P0.00006)	(P0.00004)

See accompanying Notes to Consolidated Financial Statements.



MANILA MINING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 and 2012

	Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 18)			Additional Paid-in Capital	Remeasurement Gain (Loss) on Retirement Obligation	Effect of transaction with NCI	Cumulative Changes in Fair Values of AFS Financial Assets (Note 8)	Deficit	NCI	Total
	Issued	Subscribed	Subscription Receivable							
Balances at January 1, 2012	₱2,017,181,162	₱3,017,451	(₱366,405)	₱502,173,727	(₱4,497,059)	₱954,621,275	₱42,056,508	(₱993,158,223)	₱122,724	₱2,521,151,160
Issuance and subscription of shares (Note 18)	2,270,000	(2,279,626)	—	9,626	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	(8,667,783)	(3,679)	(8,671,462)
Other comprehensive income (loss), net of tax	—	—	—	—	1,296,422	—	(36,228,500)	—	—	(34,932,078)
Total comprehensive income (loss)	—	—	—	—	1,296,422	—	(36,228,500)	(8,667,783)	(3,679)	(43,603,540)
Balances at December 31, 2012	2,019,451,162	737,825	(366,405)	502,183,353	(3,200,637)	954,621,275	5,828,008	(1,001,826,006)	119,045	2,477,547,620
Issuance and subscription of shares (Note 18)	1,760,000	4,649,627	—	6,453,500	—	—	—	—	—	12,863,127
Net loss	—	—	—	—	—	—	—	(12,299,604)	(4,284)	(12,303,888)
Other comprehensive income (loss), net of tax	—	—	—	—	3,312,361	—	(45,450,300)	—	—	(42,137,939)
Total comprehensive income (loss)	—	—	—	—	3,312,361	—	(45,450,300)	(12,299,604)	(4,284)	(54,441,827)
Balances at December 31, 2013	2,021,211,162	5,387,452	(366,405)	508,636,853	111,724	954,621,275	(39,622,292)	(1,014,125,610)	114,761	2,435,968,920
Issuance and subscription of shares (Note 18)	569,349,273	(80,000)	773	108,989,102	—	—	—	—	—	678,259,148
Net loss	—	—	—	—	—	—	—	(11,785,922)	(3,199)	(11,789,121)
Other comprehensive income (loss), net of tax	—	—	—	—	1,136,613	—	(5,862,430)	—	—	(4,725,817)
Total comprehensive income (loss)	—	—	—	—	1,136,613	—	(5,862,430)	(11,785,922)	(3,199)	(16,514,938)
Balances at December 31, 2014	₱2,590,560,435	₱5,307,452	(₱365,632)	₱617,625,955	₱1,248,337	₱954,621,275	(₱45,484,722)	(₱1,025,911,532)	₱111,562	₱3,097,713,130

See accompanying Notes to Consolidated Financial Statements.



MANILA MINING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(P11,619,465)	(P12,982,880)	(P8,952,686)
Adjustments for:			
Depreciation (Notes 9 and 14)	4,110,909	4,244,955	4,219,646
Retirement benefits costs (Note 16)	1,816,315	2,263,307	2,035,692
Interest income (Note 4)	(382,713)	(713,863)	(3,995,144)
Operating loss before working capital changes	(6,074,954)	(7,188,481)	(6,692,492)
Decrease (increase) in:			
Receivable	(32,974)	(1,335,808)	4,357,258
Inventories - at cost	71,501	(1,092,906)	(2,976,465)
Prepayments and other current assets	(273,784,170)	(18,349,420)	(25,668,350)
Increase (decrease) in accounts payable and accrued expenses	(246,282,344)	157,218,557	64,446,651
Net cash generated (used in) from operations	(526,102,941)	129,251,942	33,466,602
Interest received	382,713	713,863	3,995,144
Income taxes paid	-	-	(178,361)
Net cash flows from (used in) operating activities	(525,720,228)	129,965,805	37,283,385
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment (Note 9)	(3,163,333)	(72,490,477)	(94,288,083)
Increase in mine exploration costs (Notes 9 and 10)	(84,392,234)	(202,261,060)	(321,587,170)
Retirement benefits paid (Note 16)	(2,272,859)	-	-
Decrease (increase) in other noncurrent assets	(346)	216,505	(264,383)
Net cash flows used in investing activities	(89,828,772)	(274,535,032)	(416,139,636)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares (Note 18)	678,259,148	2,923,127	-
Receipts (payments) of nontrade payables	2,033,518	1,160,479	(1,393,994)
Cash flows from (used in) financing activities	680,292,666	4,083,606	(1,393,994)
NET INCREASE (DECREASE) IN CASH	64,743,666	(140,485,621)	(380,250,245)
CASH AT BEGINNING OF YEAR	6,571,015	147,056,636	527,306,881
CASH AT END OF YEAR	P71,314,681	P6,571,015	P147,056,636

See accompanying Notes to Consolidated Financial Statements.



MANILA MINING CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General Information, Status of Operations and Authorization for Issue of the Consolidated Financial Statements

Manila Mining Corporation

Manila Mining Corporation (the Parent Company; the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 20, 1949, primarily to carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in precious and semi-precious metals, ores, minerals and their by-products. The Parent Company's shares are listed and traded on the Philippine Stock Exchange (PSE). On April 16, 1999, the SEC approved the extension of the Parent Company's corporate term for another fifty (50) years upon expiration of its original term on May 30, 1999. Lepanto Consolidated Mining Company (LCMC), a publicly listed Company, and its subsidiaries, has 19.60% equity interest in the Parent Company.

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

Kalayaan Copper-Gold Resources, Inc. (KCGRI)

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

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

Status of Operations

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

On November 5, 1997, the BOI approved the Parent Company's application for registration of its copper flotation project under E.O. No. 226 on a non-pioneer status. On June 9, 2000, the BOI likewise approved the Parent Company's application for the modernization program of the copper flotation project under a preferred non-pioneer status. As a registered enterprise, the Parent Company is entitled to certain incentives and tax benefits which include, among others, income tax holiday for a period of 4 years from February 23, 1998, the actual start of commercial operations.

The two (2) BOI certificates of registration are currently suspended in view of the suspension of the Parent Company's operations.

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



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

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

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

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

The investment and mining climate have improved since 2001 as a result of the 2004 Supreme Court ruling upholding the validity of the Philippine Mining Act of 1995. The Parent Company holds excellent properties and should be able to realize significant benefits over the long-term. The Parent Company's Kalaya-an Project is among the mineral exploration projects under the Ten Point Legacy of the President of the Philippines for the years 2004 - 2010.

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

In April 2010, the Parent Company offered to its shareholders as of record date of March 10, 2010, the right to subscribe to one (1) share for every eight (8) shares held, at an offer price of ₱0.015 per share, covering 22,375,540,151 common shares consisting of 13,429,141,954 Class "A" shares and 8,946,398,197 Class "B" shares. Total capital stock issued and subscribed from the stock rights offering amounted to ₱330,659,280, net of transaction costs. Proceeds from the issuance of stock rights were used to settle debts and fund exploration projects.

On June 8, 2010, the SEC approved the increase in authorized capital stock to 260 billion shares at par value of ₱0.01 per share divided into 156 billion Class "A" and 104 billion Class "B" shares (see Note 18).

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

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



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

On the other hand, Manila Mining Corporation (MMC) is a holder of a valid and existing MPSA No. 253-2007-XIII granted on August 10, 2007 for a period of 25 years from issuance thereof or until August 10, 2032, consisting of 211.5000 hectares (has.) located in Placer, Surigao del Norte.

In addition, MMC also filed applications for MPSA, designated as Application for Production Sharing Agreement (APSA) No. 0006-X (AMD.) filed on September 14, 1992 consisting of 1,580 has.; and APSA No. 0007(X) filed on November 26, 1992, consisting of 4,793.8500 has., located in Cabadbaran City, Agusan del Norte; and applications for conversion covering its mining lease contracts granted under the old mining law namely, APSA No. XIII-083 filed on February 21, 2003 consisting of 530 has.; APSA No. 000107-XIII filed February 17, 2011, consisting of 265.5000 has., all situated in Placer, Surigao del Norte. All these applications were already endorsed by the Mine and Geosciences Bureau (MGB) Regional Office in Surigao City to Director of MGB, for final evaluation and approval by the DENR Secretary.

The second renewal of EP No. XIII-014-A under the name of MMC was granted on April 28, 2010 valid until April 28, 2012. Prior to its expiration, an application for another renewal was filed by MMC on April 25, 2012 for the purpose of completing the feasibility study, consisting of 2,176.2810 has. also in Placer, Surigao del Norte and is awaiting approval by the Director of MGB.

On April 30, 2014, the PSE Board of Directors approved the application covering the Offer Shares of 56,926,927,347 with offer price of ₱683,123,128. The offer period was from June 16, 2014 to June 20, 2014.

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

Authorization for Issue of the Consolidated Financial Statements

The consolidated financial statements of the Parent Company and Subsidiary (the Group) as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 were authorized for issue by the BOD on March 23, 2015.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis, except for AFS financial assets that have been measured at fair value. The consolidated financial statements are presented in Philippine peso, the Parent Company's and the Subsidiary's functional and presentation currency. All amounts are rounded to the nearest peso, except when otherwise indicated. The consolidated financial statements provide comparative information in respect of the previous period.



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

Statement of Compliance

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

Basis of Consolidation

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

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Parent Company controls an investee if and only if the Parent Company has all of the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the Parent Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statement of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries are deconsolidated from the date on which control ceases.

Subsidiaries

Subsidiaries are entities over which the parent company has control.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.



Sale of NCI of KCGRI

The Parent Company sold to Philex a total of 125,000 shares of stock of KCGRI, representing a 5% interest in KCGRI, for a consideration of US\$25 million.

The sale brought down the total number of shares owned and controlled by the Parent Company as at December 31, 2011 to 95%. The net proceeds was accounted for as an equity transaction and resulted to an increase in equity amounting to ₱954,621,275 recognized as "Effect of transaction with non-controlling interests" in the equity section of the consolidated statement of financial position.

NCI

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

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recognized in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with the prior year, except for the adoption of the following new and amended Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) which were adopted as at January 1, 2014:

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 27, *Separate Financial Statements*)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group since it does not qualify to be an investment entity under PFRS 10.
- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. The amendments have no effect on the Group, since none of the entities in the Group has any offsetting agreement.



- *PAS 36, Impairment of Assets - Recoverable Amount Disclosures for Nonfinancial Assets (Amendments)*
These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGU) for which impairment loss has been recognized or reversed during the period. The application of the amendments has no effect on the Group's consolidated financial statements.
- *PAS 39, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)*
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. The amendments have no effect on the Group as the Group has no novation of derivatives and any derivatives accounted for under hedge accounting during the current or prior periods.
- *Philippine Interpretation IFRIC 21, Levies (IFRIC 21)*
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group's consolidated financial statements.
- *Annual Improvements to PFRSs (2010-2012 cycle)*
In the 2010-2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group's consolidated financial statements.
- *Annual Improvements to PFRSs (2011-2013 cycle)*
In the 2011-2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

Standards and Interpretations Issued but not yet Effective

The Group will adopt the following standards and interpretations enumerated below when these became effective:

Effective Date to be Determined

- *PFRS 9, Financial Instruments - Classification and Measurement (2010 version)*
PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition.



A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Securities and Exchange Commission and the FRSC have deferred the effectivity of this interpretation until the final revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval of the BOA.

Effective in 2015

- *PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*
The amendments apply to contributions from employees or third parties to defined benefit plans. Where contributions are linked to service, they should be attributable to periods of service as a negative benefit. These amendments clarify that, if the amount of the contribution is independent of the number of year of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group since the Group has no benefit plans with contributions from employees or third parties.



Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material effect to the Group. They include:

- *PFRS 2, Share-based Payment - Definition of Vesting Condition*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
- A performance condition may be a market or non-market condition.
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The amendment does not apply to the Group as it has no share-based payment.

- *PFRS 3, Business Combinations - Accounting for Contingent Consideration in a Business Combination*

The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39 (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

- *PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar".
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- *PAS 24, Related Party Disclosures - Key Management Personnel*

The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.



Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material effect to the Group. They include:

- *PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
 - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
 - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- *PFRS 13, Fair Value Measurement - Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable).
- *PAS 40, Investment Property*
The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective in 2016

- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.
- *PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments)*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.



- **PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- **PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments will not have any impact on the Group's consolidated financial statements.

- **PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)**

The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- **PFRS 14, *Regulatory Deferral Accounts***

PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing PFRS preparer, this standard would not apply.



Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material effect to the Group. They include:

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- *PFRS 7, Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.
- *PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.
- *PAS 19, Employee Benefits - Regional Market Issue Regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- *PAS 34, Interim Financial Reporting - Disclosure of Information "Elsewhere in the Interim Financial Report"*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

- *PFRS 9, Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)*
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach.



Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for nonfinancial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by the BOA. The adoption of PFRS 9 is not expected to have any significant effect on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version)
In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

The following new standard issued by the IASB has not yet been adopted by the FRSC.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The amendment does not apply to the Group as it has no revenue from contracts with customers.

The revised, amended and additional disclosures or accounting changes provided by the standards and interpretations will be included in the consolidated financial statements in the year of adoption, if applicable.

Summary of Significant Accounting Policies

Presentation of Consolidated Financial Statements

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



Cash

Cash includes cash on hand and with banks.

Financial Instruments

Date of Recognition

Financial instruments are recognized in the consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial Recognition and Classification of Financial Instruments

Financial instruments are recognized initially at fair value. The initial measurement of financial instruments, except for those financial assets and liabilities is at FVPL. On initial recognition, the Group classifies its financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets, as appropriate.

Financial liabilities, on the other hand, are classified as financial liability at FVPL and other financial liabilities, as appropriate. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at each reporting period.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

As at December 31, 2014 and 2013, the Group does not have financial instruments at FVPL and HTM investments.

Fair Value Measurement

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

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

Subsequent Measurement

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

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading designated as AFS investments or designated as at FVPL. This accounting policy relates to the parent company statements of financial position captions "Cash" and "Receivables", which arise primarily from sale and other types of receivables. Loans and receivables are classified as current when these are expected to be realized within one (1) year, after the end of the reporting period or within the Company's normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent. Receivables are recognized initially at fair value, which normally pertains to the billable amount.

AFS Financial Assets

AFS investments are nonderivative financial assets that are either designated in this category or not classified in any of the other categories. AFS financial assets are those purchased and held indefinitely and may be sold as the need arises. They are included in noncurrent assets unless management intends to dispose of the investment within one (1) year from the end of the reporting period. Included in this category are equity investments in quoted instruments and private companies other than associates, which is shown as a separate line item in the consolidated statements of financial position.



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

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

Other Financial Liabilities

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Impairment of Financial Assets

The Group assesses at the end of the reporting period whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost

The Group first assesses whether objective evidence of impairment, such as age analysis and status of counterparty, exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial asset with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The factors in determining whether objective evidence of impairment exist, include, but are not limited to, the length of the Group's relationship with the debtors, their payment behavior and known market factors. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



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

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

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

AFS Financial Assets Carried at Fair Value

For AFS financial assets, the Group assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of comprehensive income is removed from "Other comprehensive income" and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in "Other comprehensive income".

Derecognition of Financial Instruments

Financial Asset

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

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



Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial Liability

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

Capital Stock

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

Deficit

Deficit represents accumulated losses of the Group.

OCI

Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the statement of comprehensive income for the year in accordance with PFRS.

Loss Per Share

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

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

Dividend Distribution

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



Inventories

Parts and supplies are stated at the lower of cost and net realizable value (NRV). Cost of parts and supplies on hand are determined at moving average. Parts and supplies in-transit are valued at invoice cost. NRV is the replacement cost. In determining the NRV, the Group considers any adjustments necessary for obsolescence.

Prepayments and Other Current Assets and Other Noncurrent Assets

The Company's prepayments and other current assets include contract deposits, miscellaneous deposits, excess creditable input Value-Added Tax (VAT) and prepaid royalties. These are classified as current since the Company expects to realize or consume the assets within twelve (12) months after the end of the reporting period. Otherwise, these are classified as other noncurrent assets.

Input VAT

Input VAT represents VAT imposed on the Company by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations. Deferred input VAT represents input VAT on purchase of capital goods exceeding one million pesos. The related input VAT is recognized over 5 years or the useful life of the capital goods, whichever is shorter. Input VAT is stated at its estimated NRV.

Contract Deposits

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

Property and Equipment

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

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing funds.

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



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

Land is recorded at cost less any impairment in value.

Depletion of mine and mining properties is computed based on ore extraction over the estimated volume of proved and probable ore reserves as estimated by the Group's geologist and certified by an independent geologist.

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

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

The assets' residual values, if any, and useful lives and methods of depletion and depreciation are reviewed and adjusted, if appropriate, at the reporting period. 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated statement of comprehensive income.

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

Mine Exploration Costs

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

In evaluating if expenditures meet the criteria to be capitalized, several different sources of information are utilized. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Once commercial reserves are established, exploration and evaluation assets are tested for impairment and transferred to mine and mining properties. No amortization is charged during the exploration and evaluation phase. If the area is found to contain no commercial reserves, the accumulated costs are expensed.



Impairment of Nonfinancial Assets

Nonfinancial Receivables, Prepayments and Other Current Assets and Other Noncurrent Assets

The Company provides allowance for impairment losses on nonfinancial receivables, prepayments and current assets and other noncurrent assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease the nonfinancial assets.

Property and Equipment

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

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

Mine Exploration Costs

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

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

Provisions

General

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



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

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

Provision for Mine Rehabilitation Cost and Decommissioning

Provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the financial reporting date.

The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is classified as interest accretion in the consolidated statements of comprehensive income. At the time of establishing the provision, a corresponding asset is capitalized, where it gives rise to a future benefit, and depreciated over future production from the operations to which it relates.

The provision is reviewed on an annual basis for changes to obligations or legislation or discount rates that affect change in cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate, and the adjusted cost of the asset is depreciated prospectively.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each financial reporting date and the cost is charged to the consolidated statement of comprehensive income.

Rehabilitation trust funds committed for use in satisfying environmental obligations are included within "Other noncurrent assets" in the consolidated statement of financial position.

Revenue Recognition

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

Interest Income

Interest income is recognized as it accrues using EIR method.

Other Income

Other income is recognized when earned.

Costs and Expenses

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



Retirement Benefit Obligations

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined retirement benefits liability or asset
- Remeasurements of net defined retirement benefits liability or asset

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

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined retirement benefits liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods. Remeasurements recognized in OCI after the initial adoption of Revised PAS 19 are not closed to any other equity account.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined retirement benefits liability, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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



Termination Benefit

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

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

Employee Leave Entitlement

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

Share-based Payment Transactions

The officers and employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled ending on the date on which the relevant employees become fully entitled to the award ("the Vesting Date"). The cumulative expense recognized for equity-settled transactions at each reporting period until the Vesting Date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Foreign Currency Transactions

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



Income Taxes

Current Income Tax

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

Deferred Income Tax

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in foreign subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused net operating loss carryover (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused NOLCO can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in foreign subsidiaries and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable income will be available against which the temporary differences can be utilized.

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

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

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



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

Segment Reporting

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

Contingencies

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

Events After the End of the Reporting Period

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statement in accordance with PFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statement and related notes. The estimates and assumptions used in the consolidated financial statement are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statement. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statement as they become reasonably determinable. Actual results could differ from such estimates.

Judgments

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

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Parent Company and the Subsidiary has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Parent Company and the Subsidiary operate. It is the currency that mainly influences the revenues and expenses of the Parent Company and the Subsidiary.



The functional currency of the Group has been determined by the management based on the currency that most faithfully represents the primary economic environment in which the individual company operates and it is the currency that mainly influences the underlying transactions, events and conditions relevant to the individual companies within the Group.

Classification of Financial Instruments

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the statements of financial position.

The Group classified its equity investments as AFS financial assets, since it were purchased not for the purpose of selling and repurchasing in the near term. These are held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. The Group does not intend to dispose the investments within twelve (12) months from the reporting period.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date, that have the most significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are as follows:

Estimating Allowance for Inventory Obsolescence

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

Inventories, at lower of cost or NRV, amounted to ₱26,762,711 and ₱26,834,212 as at December 31, 2014 and 2013, respectively, net of allowance for inventory obsolescence of ₱48,747,492 and ₱48,829,958 as at December 31, 2014 and 2013, respectively (see Note 6).

Estimating Impairment of AFS Financial Assets

The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "Significant" or "Prolonged" requires judgment. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities. "Significant" is evaluated against the original cost of the investment and "Prolonged" against the period in which the fair value has been below its original cost.

The carrying amounts of AFS financial assets amounted to ₱22,057,270 and ₱27,919,700 as at December 31, 2014 and 2013, respectively (see Note 8). The change in the fair value of AFS financial assets is recognized in consolidated other comprehensive income and is accumulated in the equity section of the consolidated statements of financial position under "Cumulative changes in fair values of AFS financial assets". As at December 31, 2014 and 2013, the cumulative changes in fair values of AFS financial assets amounted to ₱45,484,722 and ₱39,622,292, respectively (see Note 8).



Estimating Useful Lives of Property and Equipment

Estimated useful lives of the property and equipment are determined based on the assessment by the end user and the parameters of usage indicated in the Group's manual. The Group estimates the useful lives of property and equipment based on the period over which assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As at December 31, 2014 and 2013, the net book values of the property and equipment, except land and construction in progress, amounted to ₱1,391,877,120 and ₱1,404,912,164, respectively (see Note 9).

Estimating Impairment of Property and Equipment

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

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

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

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

The aggregate net book values of property and equipment amounted to ₱1,504,442,080 and ₱1,517,229,564 as at December 31, 2014 and 2013, respectively, net of allowance for impairment losses of ₱143,272,443 (see Note 9). No provision for impairment loss was recognized in 2014 and 2013.



Estimating Recoverability of Mine Exploration Costs

Mineral property acquisition costs are capitalized until the viability of the mineral interest is determined. Exploration, evaluation and pre-feasibility costs are charged to operations until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized. The Group reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. Mine exploration costs amounted to ₱1,302,813,612 and ₱1,206,581,470, net of allowance for impairment loss of ₱92,028,090 as at December 31, 2014 and 2013, respectively (see Note 10).

Estimating Mineral Reserves and Resources

Mineral reserves and resources estimates for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and extraction and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions.

The estimated recoverable reserves are used in the calculation of depreciation, amortization and testing for impairment, the assessment of life of mine, stripping ratios and forecasting the timing of the payment of provision for mine rehabilitation and decommissioning.

As at December 31, 2014 and 2013, mine and mining properties included in property and equipment account amounted to ₱1,341,176,196 (see Note 9).

Estimating Realizability of Deferred Income Tax Assets

The Group reviews the carrying amounts of deferred income tax assets at the reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized.

The Group has recognized deferred income tax assets amounting to ₱63,385,870 and ₱64,042,645 as at December 31, 2014 and 2013, respectively. No deferred income tax assets were recognized for temporary differences amounting to ₱126,665,890 and ₱114,912,975 as at December 31, 2014 and 2013, respectively, since management believes that there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized (see Note 17).



Estimating Provision for Mine Rehabilitation and Decommissioning

The ultimate cost of mine rehabilitation and decommissioning is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in ore reserves or production rates. As a result, there could be significant adjustments to the provision for mine rehabilitation and decommissioning, which would affect future financial results.

The provision for mine rehabilitation and decommissioning costs is based on estimated future costs using information available at the reporting date. To the extent the actual costs differ from these estimates, adjustments will be recorded and the parent company statement of comprehensive income may be impacted. As at December 31, 2014 and 2013, the Parent Company is in the process of evaluating, as such, no provision for mine rehabilitation and decommissioning was recorded (see Note 15).

Determining Retirement Benefit Obligation

The determination of the Group's obligation and cost for retirement and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. These assumptions are described in Note 16 to the consolidated financial statements. Retirement benefit obligation amounted to ₱11,051,659 and ₱13,131,936 as at December 31, 2014 and 2013, respectively (see Note 16).

Estimating Fair Values of Financial Assets and Liabilities

PFRS requires that certain financial assets and liabilities be carried at fair value, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (e.g. foreign exchange rates, interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would directly affect the consolidated statement of comprehensive income.

Estimating Contingencies

The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings (see Note 21).

4. Cash

	2014	2013
Cash on hand	₱110,000	₱110,000
Cash with banks	71,204,681	6,461,015
	₱71,314,681	₱6,571,015

Cash with banks earn interest at the respective bank deposit rates. Total interest income amounted to ₱382,713, ₱713,863 and ₱3,995,144 in 2014, 2013 and 2012, respectively.

The Parent Company has US dollar (US\$) denominated cash with banks amounting to US\$4,589 and US\$5,570 as at December 31, 2014 and 2013, respectively (see Note 22).



5. Receivables

	2014	2013
Stock options receivable	₱9,780,000	₱9,940,000
Nontrade	3,610,378	3,298,080
Advances to officers and employees	–	119,324
	13,390,378	13,357,404
Less allowance for impairment losses	573,897	573,897
	₱12,816,481	₱12,783,507

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

Nontrade receivables which is noninterest bearing comprise mainly of receivables from subcontractors and other third parties. Nontrade receivables are collectible on demand.

Advances to officers and employees pertain to cash advances made by employees for the operations of the Group which are generally subject to liquidation.

Based on the assessment done by the management, the Group recognized an allowance for specifically identified accounts amounting to ₱573,897 and ₱569,506 as at December 31, 2014 and 2013. Receivables which were not individually significant and individually significant receivables for which no specific impairment were recognized were assessed and subjected to collective assessment. Based on assessment done by the management, the Group has not recognized any provision for receivables which were assessed collectively.

6. Inventories

	2014	2013
At NRV:		
Mill materials, hardware and other supplies	₱7,198,223	₱7,228,936
At cost:		
Machinery and automotive parts	19,386,275	19,375,804
Fuel, oil and lubricants	178,213	229,472
	19,564,488	19,605,276
	₱26,762,711	₱26,834,212

Cost of mill materials, hardware and other supplies amounted to ₱55,945,715 and ₱56,058,894 as at December 31, 2014 and 2013, respectively.

Movements in allowance for inventory obsolescence in 2014 and 2013 are as follows:

	2014	2013
Balances at beginning of year	₱48,829,958	₱48,856,467
Reversal	(82,466)	(26,509)
Balances at end of year	₱48,747,492	₱48,829,958



Reversal of allowance for inventory obsolescence resulted to other income amounting to ₱81,339. The remaining amount of ₱1,127 pertains to adjustment in amount of obsolete items as a result of the inventory count.

There were no inventories recognized as expense in 2014, 2013 and 2012.

7. Prepayments and Other Current Assets

	2014	2013
Contract deposits	₱268,874,434	₱—
Input VAT	95,774,698	92,269,583
Prepaid royalties	4,718,179	4,461,899
Miscellaneous deposits	1,509,906	361,565
	₱370,877,217	₱97,093,047

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

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

Prepaid royalties are advance payments to claim owner while miscellaneous deposits are advance payments made to suppliers of services.

8. AFS Financial Assets

	2014	2013
Quoted instruments	₱14,557,270	₱20,419,700
Unquoted instruments	7,500,000	7,500,000
	₱22,057,270	₱27,919,700

The unrealized loss on the temporary decline in fair value of these investments amounting to ₱45,484,722 and ₱39,622,292 as at December 31, 2014 and 2013, respectively, are shown as separate component in the consolidated statements of changes in equity.

Quoted AFS financial assets pertain to investment on common shares of various local public companies. The fair value on the quoted instrument is based on the exit market price as at December 31, 2014 and 2013.

Unquoted AFS financial assets pertains to investment in private company which have no fixed maturity date or coupon rate and are carried at cost. Fair values of these investments cannot be reliably determined as they have no available exit market price.

As at December 31, 2014, the Group has no intention to dispose its unquoted equity shares.



Movement of AFS financial assets are as follows:

	2014	2013
Balance at beginning of year	₱27,919,700	₱73,370,000
Change in fair value of AFS financial assets	(5,862,430)	(45,450,300)
Balance at end of year	₱22,057,270	₱27,919,700

There was no dividend income earned from the quoted equity instruments in 2014, 2013 and 2012.
There was no impairment loss recognized in 2014, 2013 and 2012.



9. Property and Equipment

	2014				
	Mine and Mining Properties	Machinery and Equipment	Building and Improvements	Furniture, Office and Other Equipment	Construction In-progress
Cost:					
Balances at beginning of year	₱2,406,500,518	₱817,171,462	₱110,520,402	₱106,023,348	₱7,270,713
Additions	-	549,108	-	2,366,665	-
Balances at end of year	2,406,500,518	817,720,570	110,520,402	108,390,013	7,270,713
Accumulated depreciation, and amortization:					
Balances at beginning of year	1,065,324,322	661,062,048	80,787,166	84,857,587	-
Depreciation	-	6,349,346	1,610,854	7,990,617	-
Balances at end of year	1,065,324,322	667,411,394	82,398,020	92,848,204	-
Allowance for impairment losses	-	125,501,962	17,706,056	64,425	-
Net book values	₱1,341,176,196	₱24,807,214	₱10,416,326	₱15,477,384	₱7,270,713
					₱1,504,442,080

	2013				
	Mine and Mining Properties	Machinery and Equipment	Building and Improvements	Furniture, Office and Other Equipment	Construction In-progress
Cost:					
Balances at beginning of year	₱2,355,537,996	₱796,397,856	₱108,582,418	₱96,740,782	₱7,270,713
Additions	50,962,522	1,373,643	-	8,959,372	-
Transfers	-	19,399,963	1,937,984	323,194	-
Balances at end of year	2,406,500,518	817,171,462	110,520,402	106,023,348	7,270,713
Accumulated depreciation, and amortization:					
Balances at beginning of year	1,065,324,322	651,834,875	77,776,513	78,030,147	-
Depreciation	-	9,227,173	3,010,653	6,827,440	-
Balances at end of year	1,065,324,322	661,062,048	80,787,166	84,857,587	-
Allowance for impairment losses	-	125,501,962	17,706,056	64,425	-
Net book values	₱1,341,176,196	₱30,607,452	₱12,027,180	₱21,101,336	₱7,270,713
					₱1,517,229,564



Total depreciation of property and equipment charged to operations amounted to ₱4,110,909, ₱4,244,955 and ₱4,219,646 in 2014, 2013 and 2012, respectively (see Note 14). Depreciation of property and equipment except mill machinery and equipment amounting to ₱11,839,908, ₱14,820,311 and ₱9,720,133 were capitalized in 2014, 2013 and 2012, respectively, as part of mine exploration costs.

Construction in-progress consists mainly of expenditures for the preparation of commercial operations of the Company. The projects are intended for the building of process plant. Construction in-progress includes cost of various projects at different percentages of completion as at December 31, 2014 and 2013.

The allowance for impairment losses represent the net book value that the Parent Company assessed to be operationally uneconomical amounting to ₱143,272,443 as at December 31, 2014 and 2013.

10. Mine Exploration Costs

Mine exploration costs amounted to ₱1,302,813,612 and ₱1,206,581,470, net of allowance for impairment losses amounting to ₱92,028,090, as at December 31, 2014 and 2013.

11. Other Noncurrent Assets

	2014	2013
Mine rehabilitation funds (MRF)	₱5,374,541	₱5,374,195
Miscellaneous deposits	1,682,066	1,682,066
Advances to landowners	1,508,341	1,508,341
Deposit receivable	326,117	326,117
	<u>₱8,891,065</u>	<u>₱8,890,719</u>

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

Miscellaneous deposits pertain to advances made to local government agencies for pending project agreements. Advances to landowners pertain to advances made to certain landowners for future purchases of parcels of land. The same will be deducted from the total acquisition cost of parcels of land purchased in the future.

Deposit receivable pertains to the deposit for of the Group given to Surigao del Norte Electric Cooperative, Inc., a power supplier.



12. Accounts Payable and Accrued Expenses

	2014	2013
Accounts payable	P127,126,476	P329,337,094
Accrued expenses	11,675,419	19,285,628
Unclaimed dividends	573,097	573,097
Due to related parties (see Note 13)	—	35,585,717
Other liabilities	1,591,586	2,467,385
	P140,966,577	P387,248,921

Terms and conditions of the aforementioned liabilities are as follows:

- Accounts payable includes local purchases of equipment, inventories and various parts. This is noninterest bearing and normally settled on thirty (30) days' terms.
- Accrued payroll included in accrued expenses are normally payable within five (5) to ten (10) days.
- Unclaimed dividends pertain to unpaid cash dividends declared by the Parent Company to its stockholders.
- Due to related parties, consist of short-term borrowings from related parties. This is noninterest bearing and normally settled on thirty (30) days' terms.
- Other liabilities are non-interest bearing and have an average term of one (1) to three (3) months. This pertains to the Group's payable to various regulatory agencies.

13. Related Party Disclosures

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

The Parent Company provides cash advance and pays expenses on behalf of its 95%-owned subsidiary, KCGRI. This is presented in the Parent Company's statements of financial position under "Receivables" account.

Intercompany transactions are eliminated in the consolidated financial statements. The Group's related party transactions, which are under terms that are no less favorable than those arranged with third parties, are as follows:

		Amount/ Volume	Outstanding Balance	Terms	Conditions
<i>Receivables</i>					
	2014	P70,567	P946,454	On demand; non-interest bearing	Unsecured, no impairment, no guarantee
KCGRI;				On demand; non-interest bearing	Unsecured, no impairment, no guarantee
Subsidiary	2013	P82,883	P875,887		

LCMC holds a 19.60% equity interest in the Parent Company. It provided cash advances and paid expenses on behalf of the Parent Company. DDCP, a wholly-owned subsidiary of LCMC, provides various drilling services to the Parent Company.



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

2014				
	Amount/ Volume	Outstanding Balance	Terms	
<i>Amounts owed to related parties</i>				
LCMC; <i>Under common control</i>	₱2,033,518	₱3,764,095	On demand; non-interest bearing	
<i>Contract Deposits</i>				
DDCP; <i>Under common control</i>	₱268,874,433	₱268,874,433	On demand; non-interest bearing	
	2013			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
<i>Amounts owed to related parties</i>				
LCMC; <i>Under common control</i>	₱1,160,479	₱1,730,577	On demand; non-interest bearing	Unsecured, no guarantee
DDCP; <i>Under common control</i>	53,178,203	35,585,717	On demand; non-interest bearing	Unsecured, no guarantee
		₱37,316,294		

Total compensation of the Group's key management personnel in 2014, 2013 and 2012, which pertains to short-term benefits, amounted to ₱2,262,450, ₱2,446,950 and ₱2,432,450, respectively. There were no post-employment benefits for the Group's key management personnel in 2014, 2013 and 2012.

14. Administration and Overhead Costs

	2014	2013	2012
Depreciation (see Note 9)	₱4,110,909	₱4,244,955	₱4,219,646
Salaries, allowances and other benefits	1,957,519	2,043,944	1,903,911
Outside services	1,461,679	747,566	270,583
Current service cost (see Note 16)	1,199,114	1,389,675	1,049,011
Listing fees	276,728	1,228,158	1,202,576
Rent expense	253,200	263,475	7,827
Transportation and travel	251,555	441,402	386,904
Membership fees and dues	232,000	454,000	542,000
Maintenance supplies	208,620	326,143	163,366
Annual stockholders' expenses	189,300	52,760	400,486
Medical reimbursements	179,226	47,262	194,791
Communication, postage and telephone	119,333	203,668	299,258
Insurance	87,139	78,486	69,666
Seminar and trainings	56,175	36,280	12,000
Supplies	42,693	68,635	250,372
Representation and entertainment	28,654	467,958	372,759
Taxes and licenses	24,443	46,304	31,654
Other charges	788,029	682,440	584,338
	₱11,466,316	₱12,823,111	₱11,961,148



15. Provision for Mine Rehabilitation and Decommissioning

DENR Administrative Order (DAO) No. 2007-26 was released by the DENR, amending Section 2 of DAO 2005-7 and requires Contractors with approved Environmental Protection and Enhancement Programs to submit the Final Mine Rehabilitation and Decommissioning Plan (FMR/DP) for review by the Mine Rehabilitation Fund Committee and approval by the Contingent Liability and Rehabilitation Fund Steering Committee before December 31, 2007.

As at December 31, 2014, the Group is still in the process of evaluating the timing and amount of estimated cash flows relating to the mine rehabilitation and decommissioning costs. Once the Group has been able to complete and submit to MGB its FMR/DP, it will provide the necessary provision for mine rehabilitation and decommissioning.

16. Retirement Benefits Obligation

The Parent Company has an unfunded defined retirement benefit plan covering substantially all regular employees. Benefits are dependent on the years of service and the respective employee's compensation. The defined retirement benefits obligation is determined using the projected unit credit method. There was no planned termination, curtailment or settlement for the years ended December 31, 2014, 2013 and 2012.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

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

	2014	2013	2012
Current service costs (see Note 14)	₱1,199,114	₱1,389,675	₱1,049,010
Interest costs	617,201	873,632	986,682
	₱1,816,315	₱2,263,307	₱2,035,692

The amounts of retirement benefits obligation recognized in the consolidated statements of financial position follow:

	2014	2013
Balances at beginning of year	₱13,131,936	₱15,600,573
Interest costs	617,201	873,632
Current service cost (see Note 14)	1,199,114	1,389,675
Benefits paid	(2,272,859)	—
Actuarial gains	(1,623,733)	(4,731,944)
Balances at end of year	₱11,051,659	₱13,131,936



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

	2014	2013
Discount rate	4.54%	4.70%
Salary increase rate	5.00%	5.00%
Expected remaining working lives of employees	10 years	9 years

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

	Increase (decrease)	2014	2013
Discount rates	+0.50%	(P10,697,537)	(P416,046)
	-0.50%	11,427,611	441,165
Salary increase rate	+0.50%	11,394,351	386,187

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2014:

Less than one (1) year to five (5) years	P7,037,157
More than five (5) years to ten (10) years	8,078,897
More than ten (10) years to fifteen (15) years	4,991,780
Sixteen years (16) and up	18,715,631
	P38,823,465

The Company does not have a Trustee Bank, and does not currently employ any asset-liability matching strategy.

17. Income Taxes

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

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

	2014	2013	2012
Income tax at statutory tax rates	(P3,485,840)	(P3,894,864)	(P2,685,806)
Additions to (reductions in) income tax resulting from:			
Change in unrecognized deferred income taxes	3,401,022	980,872	1,170,736
Expired NOLCO	182,636	2,449,159	1,983,664

(Forward)



	2014	2013	2012
Expired MCIT	178,361	—	—
Interest income subjected to final tax	(114,814)	(214,159)	(1,198,543)
Write off on obsolete inventory	8,291	—	—
Nondeductible expenses	—	—	111,828
Others	—	—	336,897
	₱169,656	(₱678,992)	(₱281,224)

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

	2014	2013
Deferred tax assets:		
Allowance for:		
Impairment losses on property and equipment and idle assets	₱45,273,956	₱45,273,956
Inventory obsolescence	14,624,247	14,656,940
Impairment losses on receivables	172,169	172,169
Retirement benefits obligation	3,315,498	3,939,581
	63,385,870	64,042,646
Deferred tax liability:		
Excess of allowable depletion over depletion per books	129,865,526	129,865,526
Deferred tax liability - net	₱66,479,656	₱65,822,880

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

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

	2014	2013
Balances at beginning of year	₱22,706,524	₱19,436,950
Additions	12,540,061	11,433,436
Expirations	(608,785)	(8,163,862)
Balances at end of year	₱34,637,800	₱22,706,524

As at December 31, 2014, the Group has NOLCO that can be claimed as deduction from future taxable income as follows:

Year Incurred	Year of Expiry	Amount	Tax Effect
2010	2015	71,275	21,383
2011	2016	78,361	23,508
2012	2017	73,775	22,133
2013	2018	85,681	25,704
2014	2019	63,985	19,196
2012	2015	10,440,892	3,132,268
2013	2016	11,347,755	3,404,327
2014	2017	12,476,076	3,742,823
		₱34,637,800	₱10,391,342



As at December 31, 2014 and 2013, the Group has an excess MCIT that can be claimed as tax credit amounting to nil and ₱178,361, respectively. The excess MCIT has expired in 2014.

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

	2014	2013
Allowance for impairment losses on mine exploration costs	₱92,028,090	₱92,028,090
NOLCO	34,637,800	22,706,524
MCIT	—	178,361
	₱126,665,890	₱114,912,975

18. Capital Stock

On August 2, 2006, the Parent Company's BOD approved the offer of 35,811,045,334 Class "A" shares and 23,857,061,734 Class "B" shares, or one (1) share for every two (2) shares held by shareholders as of August 30, 2006 at the offer price of ₱0.015 per share to support the increase in the authorized capital stock from ₱1.2 billion to ₱1.8 billion.

On November 10, 2009, the Parent Company's BOD approved the offer of 13,429,141,954 "A" shares and 8,946,398,197 "B" shares, or 1 share for every 8 shares held by shareholders as of March 10, 2010 at the offer price of ₱0.015 per share to support the increase in the parent company's authorized capital stock from ₱1.8 billion to ₱2.6 billion. The offer was approved and confirmed by the SEC as an exempt transaction on March 4, 2010.

In April 2010, the Parent Company offered to its shareholders as of record date of March 10, 2010, the right to subscribe to one (1) share for every eight (8) shares held covering 22,375,540,151 common shares consisting of 13,429,141,954 Class "A" shares and 8,946,398,197 Class "B" shares.

The offer period was from April 7, 2010 to April 14, 2010. As at April 14, 2010, all shares of stocks offered were fully subscribed and/or issued.

The BOD approved the grant of the 8th Stock Option Awards (Awards) to selected directors, officers and employees of the Parent Company and of its subsidiary, covering 1.6 billion common shares consisting of 960 million Class "A" shares and 640 million Class "B" shares. The option is exercisable within five (5) years, to the extent of 20% of the Awards every year, from the SEC approval of the Awards. The SEC approved the awards on July 9, 2010. The Awards constitutes 0.8%, more or less, of the outstanding capital stock of the Parent Company (see Note 20).

On June 8, 2010, the SEC approved the increase in authorized capital stock to 260 billion shares at par value of ₱0.01 per share divided into 156 billion Class "A" shares and 104 billion Class "B" shares.



On April 30, 2014, the PSE Board of Directors approved the application covering the Offer Shares of 56,926,927,347, consisting of the following:

	No. of Shares	Offer Price
Class "A"	34,165,808,415	₱409,989,701
Class "B"	22,761,118,932	273,133,427
	56,926,927,347	₱683,123,128

The offer period was from June 16, 2014 to June 20, 2014.

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

Only Philippine nationals are qualified to acquire, own or hold Class "A" common shares of stock of the Parent Company. The total number of Class "B" common shares of stock subscribed, issued or outstanding at any given time shall in no case exceed two-thirds (2/3) of the number of Class "A" common shares of stock or forty percent (40%) of the aggregate number of Class "A" and Class "B" common shares of stock then subscribed, issued or outstanding. Each common share entitles the holder to one (1) vote, enjoys full dividend and pre-emptive rights.

	2014		2013	
	No. of shares	Amount	No. of shares	Amount
Issued and outstanding				
Class "A"	155,479,944,728	₱1,554,799,447	121,309,336,313	₱1,213,093,363
Class "B"	103,576,098,876	1,035,760,989	80,811,779,944	808,117,799
	259,056,043,604	2,590,560,436	202,121,116,257	2,021,211,162
Subscribed				
Class "A"	316,141,644	3,161,416	320,941,644	3,209,417
Class "B"	214,603,455	2,146,035	217,803,455	2,178,035
	530,745,099	5,307,451	538,745,099	5,387,452
Total shares issued and subscribed	259,586,788,703	2,595,867,887	202,659,861,356	2,026,598,614
Less subscriptions receivable		365,632		366,405
	259,586,788,703	₱2,595,502,255	202,659,861,356	₱2,026,232,209

As at December 31, 2014 and 2013, authorized capital stock of the Subsidiary includes 200 convertible preferred shares with par value of ₱15,000 each. The convertible preferred shares are non-voting, non-cumulative, and shall be convertible to common shares at the option of the shareholder subscribing to the convertible preferred shares under terms and conditions as may be agreed upon between the Subsidiary and the Subsidiary's shareholders.

As at December 31, 2014, 2013 and 2012, the Parent Company has four thousand three hundred eighty nine (4,389), three thousand eight hundred (3,800) and three thousand nine hundred fifty (3,950) stockholders, respectively.



19. Loss Per Share

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

In computing for the diluted earnings per share, the Parent Company considered the effect of its potentially dilutive stock options outstanding as at December 31, 2014, 2013 and 2012. There were no outstanding stock options as of December 31, 2014, 2013 and 2012.

	2014	2013	2012
Net loss attributable to equity holders of the parent company	(P11,785,922)	(P12,299,604)	(P8,667,783)
Weighted average number of common shares for basic loss per share	116,597,354,870	201,121,116,257	201,982,489
Adjusted weighted average number of common shares for diluted loss per share	116,597,354,870	(11,599,013)	(8,667,783)
Basic loss per share	(P0.00010)	(P0.00006)	(P0.00004)
Diluted loss per share	(P0.00010)	(P0.00006)	(P0.00004)

20. Share-based Plan

Under the share-based plan, the Parent Company's officers and employees and those of its subsidiary may be granted options to purchase shares of stock of the Parent Company. The aggregate number of shares to be granted under the plan should not exceed five percent (5%) of the total number of shares of the Parent Company's outstanding capital stock.

An individual may be granted an option to purchase not more than five percent (5%) of the total number of shares set aside at the date of the grant and may exercise the option up to a maximum of twenty percent (20%) of the total number of option shares granted per year. Options are valid for five (5) years and are exercisable from the date of the approval of the grant by the SEC.

On November 10, 2009, the BOD approved the grant of the 8th Stock Option Awards (Awards) to selected employees, directors and officers of the Group in accordance with the board-approved Revised Stock Option Plan ("RSOP"). The Awards cover a total of 1,600,000,000 common shares consisting of 960,000,000 class "A" and 640,000,000 class "B" shares from the Parent Company's unissued capital stock, exercisable at the price of P0.02 per share, within 5 years from the date of SEC approval of the same. The option price of P0.02 per share was computed based on a new formula in the RSOP, that is, "the amount equivalent to 80% of the average closing price of the stock for the ten (10) trading days immediately preceding the date of the approval of the Grant by the BOD as determined from quotations in the PSE.

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



The following table illustrates the number of and movement in stock options:

	2014		2013	
	Class A	Class B	Class A	Class B
Outstanding at beginning of year	192,000,000	128,000,000	501,000,000	384,000,000
Exercised during the year	—	—	(309,000,000)	(206,000,000)
Cancellation during the year	(49,200,000)	(32,800,000)	—	—
Outstanding at end of year	142,800,000	95,200,000	192,000,000	128,000,000

21. Commitments, Contingent Liabilities and Other Matters

- On May 11, 2011, the Parent Company, KCGRI and Philex entered into a Farm-in agreement (Agreement) for the exploration and joint development of the Kalaya-an Project located in Placer, Surigao del Norte. The pre-feasibility study of the project may be completed by Philex within the three (3) year earn-in period.

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

- The Parent Company is either a defendant or co-defendant in certain civil and administrative cases which are now pending before the courts and other governmental bodies. In the opinion of management and the parent company's legal counsel, any adverse decision on these cases would not materially affect the consolidated financial position and results of operations as at and for the years ended December 31, 2014 and 2013.
- On July 12, 2012, EO No. 79 was released to lay out the framework for the implementation of mining reforms in the Philippines. The policy highlights several issues that includes area of coverage of mining, small-scale mining, creation of a council, transparency and accountability and reconciling the roles of the national government and local government units. Management believes that EO No. 79 has no major impact on its current operations since the mine is covered by an existing MPSA with the government. Section 1 of EO No. 79, provides that mining contracts approved before the effectivity of the EO shall continue to be valid, binding, and enforceable so long as they strictly comply with existing laws, rules and regulations and the terms and conditions of their grant. The EO could, however, delay or adversely affect the conversion of the Company's mineral properties covered by EPs or Exploration Permit Applications (EPAs) or APSAs given the provision of the EO on the moratorium on the granting of new mineral agreements by the government until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect.



22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and accounts payable and accrued expenses. The main purpose of the financial instruments is to fund the Group's operations. The Group has other financial instruments such as receivables, AFS financial assets and nontrade payables which arise directly from operations. The main risks arising from the use of financial instruments are credit risk, market risk and liquidity risk. The Group's BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk

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

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

The table below shows the gross maximum exposure to credit risk without consideration to collateral or other credit enhancements for the components of the consolidated statements of financial position as at December 31, 2014 and 2013.

	2014	2013
Cash with banks	₱71,204,681	₱6,461,015
Nontrade receivables	3,040,871	2,724,184
Miscellaneous deposits	3,191,972	2,043,631
Contract deposits	268,874,434	-
AFS financial assets		
Quoted	14,557,270	20,419,700
Unquoted	7,500,000	7,500,000
Total credit risk exposure	₱368,369,228	₱39,148,530

The tables below summarize the aging analysis of the Group's financial assets as at December 31, 2014 and 2013:

2014	Neither past due nor impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	
Cash with banks	₱71,204,681	₱-	₱-	₱-	₱-	₱71,204,681
Nontrade receivables	3,040,871	-	-	-	-	3,040,871
Miscellaneous deposits	1,509,906	-	-	-	1,682,066	3,191,972
Contract deposits	268,874,434	-	-	-	-	268,874,434
AFS financial assets	22,057,270	-	-	-	-	22,057,270
	₱366,687,162	₱-	₱-	₱-	₱1,682,066	₱368,369,228

2013	Neither past due nor impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	
Cash with banks	₱6,461,015	₱-	₱-	₱-	₱-	₱6,461,015
Nontrade receivables	2,724,184	-	-	-	-	2,724,184
Miscellaneous deposits	361,565	-	-	-	1,682,066	2,043,631
AFS financial assets	27,919,700	-	-	-	-	27,919,700
	₱37,466,464	₱-	₱-	₱-	₱1,682,066	₱39,148,530



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

- Cash with banks are assessed as high grade since these are deposited in reputable banks in the country as approved by the BOD and which have a low probability of insolvency.
- Quoted and unquoted equity instruments are assessed as high grade since it can be traded and are from companies with good financial capacity. The unquoted equity instruments are from one of the reputable hotels in the country.

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

Market Risk

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

Foreign Currency Risk

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

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

The following table sets forth the Group's foreign currency-denominated monetary assets as at December 31, 2014 and 2013:

	2014		2013	
	United States Dollar	Peso Equivalent	United States Dollar	Peso Equivalent
Cash	US\$4,589	P203,579	US\$5,570	P247,308

The exchange rate of the Philippine peso to the US dollar is P44.36 and P44.40 as at December 31, 2014 and 2013, respectively.

Since the amounts of above foreign currency denominated financial assets are immaterial relative to the financial statements, management opted not to disclose the foreign currency risk sensitivity analysis for 2014 and 2013.

Equity Price Risk

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



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

Based on the historical movement of the stock exchange index, management's assessment of reasonable possible change was determined to be an increase (decrease) of 2.18% and 4.61% in 2014 and 2013 resulting to a possible effect in the equity of increase (decrease) of ₱216,478 and ₱1,287,098 in 2014 and 2013, respectively.

Liquidity Risk

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

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

The tables below summarize the aging analysis of the Group's financial assets as at December 31, 2014 and 2013 that are used to manage the liquidity risk of the Group:

2014	On demand	Less than 3 months	Total
Cash	₱71,314,681	₱—	₱71,314,681
Nontrade receivables	3,040,871	—	3,040,871
Contract deposits	268,874,434	—	268,874,434
AFS financial assets	22,057,270	—	22,057,270
Total	₱365,287,256	₱—	₱365,287,256

2013	On demand	Less than 3 months	Total
Cash	₱6,571,015	₱—	₱6,571,015
Nontrade receivables	2,724,184	—	2,724,184
AFS financial assets	27,919,700	—	27,919,700
Total	₱37,214,899	₱—	₱37,214,899



The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2014 and 2013 based on contractual undiscounted payments.

2014	On demand	Less than 3 months	Total
Accounts payable and accrued expenses*	₱138,801,894	₱—	₱138,801,894
Unclaimed dividends	573,097	—	573,097
Total	₱139,374,991	₱—	₱139,374,991

*Excluding government payables

2013	On demand	Less than 3 months	Total
Accounts payable and accrued expenses*	₱384,208,438	₱—	₱384,208,438
Unclaimed dividends	573,097	—	573,097
Total	₱384,781,535	₱—	₱384,781,535

*Excluding government payables

Fair Values

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

Cash, Nontrade Receivables, Accounts Payable and Accrued Expenses and Nontrade Payables

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

AFS Financial Assets

Fair values of investments are estimated by reference to their quoted market price at the reporting date. For unquoted shares classified as AFS, these are carried at cost, since fair value of these AFS investments cannot be reliably determined as these securities have no available bid price. As at December 31, 2014 and 2013, the Company's quoted equity securities fair value is at Level 1.

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements as at December 31, 2014 and 2013, respectively.

There were no purchases, sales, issues and settlements of Level 3 AFS financial assets in 2014 and 2013.



23. Capital Management

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

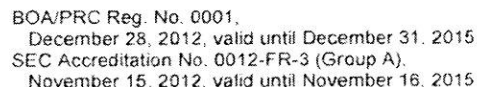
The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2014. The Group is not exposed to externally imposed capital requirements. As at December 31, 2014 and 2013, the Group's capital is composed of the following:

	2014	2013
Capital Stock	P2,595,502,255	P2,026,232,209
Additional paid-in capital	617,625,955	508,636,853
	P3,213,128,210	P2,534,869,062

24. Segment Reporting

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





March 23, 2015

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO SRC RULE 68, AS AMENDED AND
SEC MEMORANDUM CIRCULAR NO.11
December 31, 2014

Unappropriated Retained earnings as at December 31, 2013, as reflected in audited financial statements	(P12,299,604)
Unrealized foreign exchange gains - net except those attributable to cash and cash equivalents	—
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	(P12,299,604)
Add: Net loss actually incurred during the period	
Net loss during the period closed to Retained Earnings	(P11,785,922)
Less: Non-actual/unrealized income net of tax	—
Equity in net income of associate/joint venture	—
Unrealized foreign exchange gain-net (except those attributable to Cash and Cash Equivalents)	—
Unrealized actuarial gain	—
Fair value adjustment (M2M gains)	—
Fair value adjustment of Investment Property resulting to gain	—
Adjustment due to deviation from PFRS/GAAP-gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Subtotal	—
Add: Non-actual losses	—
Depreciation on revaluation increment (after tax)	—
Adjustment due to deviation from PFRS/GAAP-loss	—
Loss on fair value adjustment of investment property	—
Subtotal	—
<u>Net loss actually incurred during the period</u>	(P11,785,922)
Add (Less):	
Dividend declarations during the period	—
Appropriations of retained earnings	—
Reversals of appropriations	—
Effects of prior period adjustments	—
Treasury shares	—
Subtotal	—
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	P—†

†Amount is zero since the reconciliation results to a deficit.

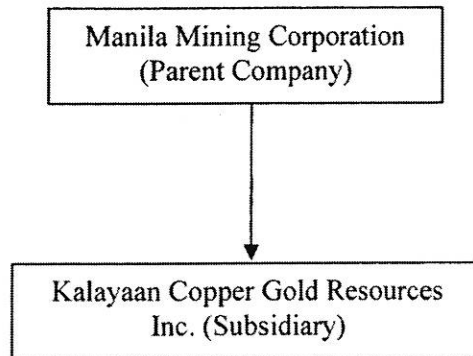


SCHEDULE II
MANILA MINING CORPORATION AND SUBSIDIARY
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014

	2014	2013
Profitability ratios:		
Return on assets	(0.36%)	(0.42%)
Return on equity	(0.43%)	(0.50%)
Solvency and liquidity ratios:		
Current ratio	3.33:1	0.37:1
Debt to equity ratio	0.07:1	0.19:1
Quick ratio	0.51:1	0.02:1
Financial leverage ratio:		
Asset to equity ratio	1.07:1	1.19:1
Debt to asset ratio	0.07:1	0.16:1



SCHEDULE III
MANILA MINING CORPORATION AND SUBSIDIARY
A MAP SHOWING THE RELATIONSHIP BETWEEN THE PARENT COMPANY
AND ITS SUBSIDIARY
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014



SCHEDULE IV
MANILA MINING CORPORATION AND SUBSIDIARY
SCHEDULE OF EFFECTIVE STANDARDS AND
INTERPRETATIONS UNDER PFRS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2014

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as at December 31, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations				



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓



SCHEDULE V
MANILA MINING CORPORATION AND SUBSIDIARY
Financial Assets
December 31, 2014

SCHEDULE A

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
AFS Financial Assets:			
Lepanto Consolidated Mining Corporation	65,870,000	P14,557,270	P-
Manila Peninsula	750,000	7,500,000	-
Total		P22,057,270	P-



SCHEDULE V
MANILA MINING CORPORATION AND SUBSIDIARY
Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2014

SCHEDULE B

Name and designation of debtor	Balance at beginning of period	Amounts		Additions	Amounts written off		Current	Not current	Balance at end of period
		collected	off		collected	off			

NOT APPLICABLE



SCHEDULE V
MANILA MINING CORPORATION AND SUBSIDIARY
Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2014

SCHEDULE C

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Kalayaan Copper-Gold Resources Inc., Subsidiary	₱875,887	₱70,567	₱-	₱-	₱946,454	₱-	₱946,454

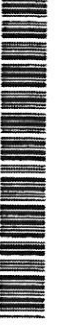


SCHEDULE V
MANILA MINING CORPORATION AND SUBSIDIARY
Intangible Assets - Other Assets
December 31, 2014

SCHEDULE D

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Ending balance
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NOT APPLICABLE



SCHEDULE V
MANILA MINING CORPORATION AND SUBSIDIARY
Long-Term Debt
December 31, 2014

SCHEDULE E

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
---------------------------------------	--------------------------------	---	--

NOT APPLICABLE



SCHEDULE V
MANILA MINING CORPORATION AND SUBSIDIARY
Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2014

SCHEDULE F

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

NOT APPLICABLE



SCHEDULE V
MANILA MINING CORPORATION AND SUBSIDIARY
Guarantees of Securities of Other Issuers
December 31, 2014

SCHEDULE G

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
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NOT APPLICABLE



SCHEDULE V
MANILA MINING CORPORATION AND SUBSIDIARY
Capital Stock
December 31, 2014

SCHEDULE H

Title of issue	Number of shares authorized	Total number of shares subscribed, issued and outstanding as shown under related balance sheet caption	Number of shares reserved for option warrants, conversions and other rights	Number of shares		Others
				held by affiliates	Directors, officers and employees	
Common Stock						
Class "A"	156,000,000,000	155,796,086,372	142,800,000	31,051,747,005	3,400,598,789	121,200,940,578
Class "B"	104,000,000,000	103,790,702,331	95,200,000	24,148,198,029	2,071,236,407	77,476,067,895



SECURITIES AND EXCHANGE COMMISSION
SEC FORM – ACGR
ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACRG

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year 2014
2. Exact Name of Registrant as Specified in its Charter MANILA MINING CORPORATION
3. 20/F Lepanto Building, 8747 Paseo de Roxas, Makati City 1226
Address of Principal Office Postal Code
4. SEC Identification Number 4429 5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 000-164-442
7. (632) 815-9447
Issuer's Telephone number, including area code
8. None
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
---	---

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Felipe U. Yap	ED	F. Yap Securities, Incorporated		June 7, 1979	April 28, 2014	Annual Meeting	35 yrs.
Bryan U. Yap	ED	F. Yap Securities, Incorporated		April 18, 1994	April 28, 2014	Annual Meeting	20 yrs.
Eduardo A. Bangayan	ID	n/a	Ranulfo Fernandez, Jr. (No relation)	April 17, 1989	April 28, 2014	Annual Meeting	25 yrs.
Rene F. Chanyungco	ED	F. Yap Securities, Incorporated		April 19, 2004	April 28, 2014	Annual Meeting	10 yrs.
Ethelwoldo E. Fernandez	ED	F. Yap Securities, Incorporated		April 16, 2001	April 28, 2014	Annual Meeting	13 yrs.
Rodolfo S. Miranda	ID	n/a	Gerard I. Consolacion (No relation)	April 21, 2009	April 28, 2014	Annual Meeting	5 yrs.
Douglas John Kirwin	ED	F. Yap Securities, Incorporated		April 28, 2014	April 28, 2014	Annual Meeting	n/a
Patrick K. Yap	NED	F. Yap Securities, Incorporated		April 18, 2005	April 28, 2014	Annual Meeting	9 yrs.
Stephen Y. Yap	NED	F. Yap Securities, Incorporated		April 29, 2013	April 28, 2014	Annual Meeting	1 yr.

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

INTEGRATED MANAGEMENT SYSTEM (IMS) POLICY STATEMENT

We commit to excellence in quality, environmental protection, safety, health and security in our mining operations and in the community of which we are a part.

We commit to become a model of a socially responsible mining organization through effective implementation of the integrated management system – its standards, objectives, programs and procedures.

We commit to a high compliance rating in all applicable government laws, regulations, policies and industry standards in order to uphold a trusting and enduring relationship with all stakeholders.

We commit to continually improve our IMS performance by:

¹ Reckoned from the election immediately following January 2, 2012.

- Conducting safe and responsible operations utilizing the best available technologies to maximize their impact on quality, human health, community and the environment;
- Developing and enhancing the organizational capabilities and employee competencies toward an efficient and globally competitive operation;
- Motivating employees to be focused and disciplined in the performance of their jobs toward attaining a deep sense of ownership and loyalty;
- Keeping all facilities safe, well-maintained, orderly and clean to prevent incidents;
- Promoting IMS awareness among our employees, suppliers, contractors and business partners to encourage a sense of commitment and accountability;
- Supporting community development to assist host and neighboring communities improve their quality of life.

We further commit to consistently implement, measure, monitor, review and openly communicate our IMS performance to improve stakeholder confidence.

(c) How often does the Board review and approve the vision and mission? **Every 10 years**

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Felipe U. Yap	Lepanto Consolidated Mining Company, Shipside, Incorporated, Lepanto Investment and Development Corporation, Far Southeast Gold Resources, Incorporated, Diamond Drilling Corporation of the Philippines and Diamant Manufacturing & Trading Corporation	Chairman/CEO
Bryan U. Yap	Lepanto Consolidated Mining Company, Shipside, Incorporated, Lepanto Investment and Development Corporation, Far Southeast Gold Resources, Incorporated, Diamond Drilling Corporation of the Philippines and Diamant Manufacturing & Trading Corporation	Executive
Ethelwoldo E. Fernandez	Lepanto Consolidated Mining Company and Far Southeast Gold Resources Incorporated	Executive
Rene F. Chanyungco	Far Southeast Gold Resources Incorporation, Diamond Drilling Corporation of the Philippines and Diamant Manufacturing & Trading Corporation	Executive
Augusto C. Villaluna	Far Southeast Gold Resources Incorporated	Executive

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Felipe U. Yap	Prime Orion Philippines, Incorporated and Zeus Holdings, Incorporated	Executive - Chairman
Augusto C. Villaluna	Zeus Holdings, Incorporated	Executive

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Felipe U. Yap	F. Yap Securities, Inc. (FYSI)	Family
Bryan U. Yap	F. Yap Securities, Inc. (FYSI)	Family

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the Nomination Committee.	The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the Nomination Committee.
Non-Executive Director	Same as above	Same as above
CEO	Same as above	Same as above

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Felipe U. Yap	265,191,181	76,418,032	.17%
Bryan U. Yap	3,070,294,146	498,658,038	1.77%
Eduardo A. Bangayan	33,577,140	-	.02%
Rene F. Chanyungco	6,798,101	20,230,962	.01%
Ethelwoldo E. Fernandez	1	16,800,000	0%
Rodolfo S. Miranda	-	3,000,000	0%
Augusto C. Villaluna	146,900	5,264,068	.01%
Patrick K. Yap	7,814,221	33,058,777	.02%
Stephen Y. Yap	-	1,000,000	0%
TOTAL	3,383,821,690	654,429,877	2.00%

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐

No ☒

Identify the Chair and CEO:

Chairman of the Board	FELIPE U. YAP
CEO	FELIPE U. YAP

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	1.Presides over Board and stockholders' meetings; 2. calls for special meetings of the Board or stockholders whenever necessary 3.Ensure that the meetings of the Board are held in accordance with the By-laws as the Chair may deem necessary. 4. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Management and the directors; 5. Maintain qualitative and timely lines of communication and information between the Board and Management.	Directs the affairs of the company; Ensures that Board decisions are promptly implemented
Accountabilities		
Deliverables		

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions? **After the President, the Company has 3 levels of Vice Presidents—EVP, VP and AVP, plus the CFO**

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain. **Yes. The discretion is left with the Nomination Committee.**

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain. **Yes, through the Nomination Committee.**

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	As COO, responsible for the company's operations and reports thereon; Recommends the	Review and approval of budget; appointment of officers; ensures compliance with regulations; they	Oversight function, especially over governance matters; review and approval of budget;

	<p>appointment or promotion of officers ; Recommends the approval of certain contracts or transactions; foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.</p> <p>The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p> <p>Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p>	<p>basically should ask the right questions to determine why targets are not met, how best to achieve targets, or whether targets are achievable or overly conservative; The Board shall ensure that the corporation is properly and effectively managed and supervised;</p> <p>foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.</p> <p>The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p> <p>Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p>	<p>The Board shall ensure that the corporation is properly and effectively managed and supervised; foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.</p> <p>The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p> <p>Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p>
Accountabilities	Budget; performance of Management		
Deliverables	Production and income		

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The company complies with SEC Memorandum Circular No. 16, Series of 2002, which is written into the Qualifications for Independent Director under the Guidelines of the Nomination Committee. In the Company's Revised Code of Corporate Governance, the following definition of Independent Director is adopted: "a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director".

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain. **SEC regulations are deemed written into the Company's Revised**

Code of Corporate Governance. The Company will therefore comply with the 5-year limit, the reckoning of which started in 2012.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Douglas John Kirwin	Non-Executive	December 23, 2014	Resigned

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The Nomination Committee (NC) accepts written nomination letters and such is taken up (qualifications and disqualifications are determined) at the NC meeting at least 1 month prior to the annual stockholders' meeting	1. He shall have at least 1 share of stock of the Company; 2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Company for at least 5 years; 3. He shall possess integrity/probity; and 4. He shall be assiduous). 5. Should be "full-time" in the management of the Company's affairs. For the purposes hereof, affiliates or wholly-owned subsidiaries of the Company or corporations controlled by the family of the concerned director shall not be deemed as another corporation. 6. Has none of the disqualifications set forth below.
(ii) Non-Executive Directors	The Nomination Committee (NC) accepts written nomination letters and such is taken up (qualifications and disqualifications are determined) at the NC meeting at least 1 month prior to the annual stockholders' meeting.	1. He shall have at least 1 share of stock of the Company; 2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Company for at least 5 years;

	<p>Other than the criteria listed herein, the NC also considers the following during its meeting:</p> <ol style="list-style-type: none"> 1. The nature of the business of the Corporations where the nominee is a director; 2. Age of the director; 3. Number of directorships/active memberships and officerships in other corporation or organizations; and 4. Possible conflict of interest; 	<ol style="list-style-type: none"> 3. He shall possess integrity/probity; and 4. He shall be assiduous). 5. Has none of the disqualifications set forth below.
(iii) Independent Directors	<p>The Company discloses to the SEC and the PSE at least 2 months prior to the annual meeting the date of the annual meeting and the deadline and requirements for nomination of independent director; The NC accepts the written nomination letters and takes it up (qualifications and disqualifications are determined) at the NC meeting at least 1 month prior to the annual stockholders' meeting.</p> <p>Other than the criteria listed herein, the NC also considers the following during its meeting:</p> <ol style="list-style-type: none"> 1. The nature of the business of the Corporations where the nominee is a director; 2. Age of the director; 3. Number of directorships/active memberships and officerships in other corporation or organizations; and 4. Possible conflict of interest; 5. The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. 6. Subject to the foregoing. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the NC. 	<p>In addition to the criteria above:</p> <ol style="list-style-type: none"> 1. Is not a director or officer or substantial stockholder (stockholder owning at least 10% of outstanding shares) of the Company or of its related Companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing); 2. Is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; 3. Is not acting as a nominee or representative of a substantial shareholder of the Company, any of its related companies or any of its substantial Shareholders; 4. Has not been employed in any executive capacity by the Company, any of its related companies or by any of its substantial shareholders within the last 5 years; 5. Is not retained as professional adviser by the Company, any of its related companies or any of its substantial shareholders within the last 5 years, either personally or through his firm;

		6. Has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.
b. Re-appointment-		
(i) Executive Directors	Appointed by the Board at the organizational meeting after the annual meeting	
(ii) Non-Executive Directors	NOT APPLICABLE AS DIRECTORS ARE ELECTED, NOT APPOINTED	
(iii) Independent Directors	NOT APPLICABLE AS DIRECTORS ARE ELECTED, NOT APPOINTED	
c. Permanent Disqualification		
(i) Executive Directors	Determined by the NC, based on complaints or on its own information, during the NC Meeting	<p>1. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induces or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;</p> <p>2. Any person judicially declared to be insolvent;</p> <p>3. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing</p>

		<p>paragraphs; and</p> <p>4. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
d. Temporary Disqualification		
(i) Executive Directors	Same as above	<p>1. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>2. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>3. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>4. Being under preventive suspension as an officer or employee of the Company;</p> <p>5. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p>
(ii) Non-Executive Directors	Same as above	<p>1. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>2. Absence or non-</p>

		<p>participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>3. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>4. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p>
(iii) Independent Directors	Same as above	<p>In addition to the above:</p> <p>1. He becomes an officer or employee of the Company or of its related companies or substantial shareholder of the Company (owning at least 10% of the outstanding capital stock);</p> <p>2. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Company;</p>
e. Removal		
(i) Executive Directors	A complaint or petition is filed with the NC. NC takes up the complaint/petition, then recommends appropriate action to the Board.	Same grounds for permanent or temporary disqualification; in addition, infidelity to the Company or actions/ conduct inimical to the interest of the company
(ii) Non-Executive Directors	Same as above	Same grounds for permanent or temporary disqualification; in addition, infidelity to the Company or actions/ conduct inimical to the interest of the company
(iii) Independent Directors	Same as above	Same grounds for permanent or temporary disqualification; in addition, infidelity to the Company or actions/ conduct inimical to the interest of the company
f. Re-instatement <u>Not applicable; a director may be re-elected at an annual meeting , but not reinstated in the interim unless a vacancy occurs and the disqualified director becomes qualified in the meantime</u>		

(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Same as removal	Same as removal
(ii) Non-Executive Directors	Same as removal	Same as removal
(iii) Independent Directors	Same as removal	Same as removal

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Felipe U. Yap	120,576,940,201
Bryan U. Yap	120,576,940,201
Eduardo A. Bangayan	120,576,940,201
Rene F. Chanyungco	120,576,940,201
Ethelwoldo E. Fernandez	120,576,940,201
Rodolfo S. Miranda	120,576,940,201
Augusto C. Villaluna	120,576,940,201
Patrick K. Yap	120,576,940,201
Stephen Y. Yap	120,576,940,201

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.
New directors are invited to visit/ flown to the mine site to get oriented on the company's operations; they are advised on the company's policies especially in respect of directors' reportorial and disclosure requirements.
- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: **Corporate Governance Seminar**
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. **NONE**

Name of Director/Officer	Date of Training	Program	Name of Training Institution

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
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³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

(a) Conflict of Interest	The Director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A Director who has a continuing material conflict of interest should seriously consider resigning from his position.	The policy requires Covered Persons who find themselves in a potential or actual conflict of interest situation to promptly disclose the matter and, as applicable, seek approval from the proper authorities. Unless otherwise authorized by the Company, the person concerned is required to inhibit himself/herself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also prohibits the Company from granting personal loans to directors or officers unless allowed by applicable laws and regulations.	The policy requires Covered Persons who find themselves in a potential or actual conflict of interest situation to promptly disclose the matter and, as applicable, seek approval from the proper authorities. Unless otherwise authorized by the Company, the person concerned is required to inhibit himself/herself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also prohibits the Company from granting personal loans to directors or officers unless allowed by applicable laws and regulations.
(b) Conduct of Business and Fair Dealings	1. A director should conduct fair business transactions with the corporation, and to ensure that his personal interest does not conflict with the interests of the corporation. 2. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.	The Company is committed to being a good corporate citizen. It shall do its share in national development and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.	The Company is committed to being a good corporate citizen. It shall do its share in national development and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.
(c) Receipt of gifts from third parties			
(d) Compliance with Laws & Regulations	The Board shall ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.	The Company is committed to being a good corporate citizen. It shall do its share in national development and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.	The Company is committed to being a good corporate citizen. It shall do its share in national development and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.
(e) Respect for Trade Secrets/Use of Non-	A director should keep secure and confidential	On first joining the company, every employee	On first joining the company, every employee is

public Information	all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.	is required to sign a "Confidential Information, Inventions and Developments Agreement." Such agreement obligates an employee to transfer to the company all rights to inventions or discoveries, to protect the company's trade secrets and to keep information confidential. Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.	required to sign a "Confidential Information, Inventions and Developments Agreement." Such agreement obligates an employee to transfer to the company all rights to inventions or discoveries, to protect the company's trade secrets and to keep information confidential. Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.
(f) Use of Company Funds, Assets and Information	A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should	Assets owned by the company, whether physical or intangible, are to be utilized exclusively in the pursuit of company business and are not for personal use or	Assets owned by the company, whether physical or intangible, are to be utilized exclusively in the pursuit of company business and are not for personal use or consumption.

	<p>not reveal confidential information to unauthorized persons without the authority of the Board.</p>	<p>consumption.</p> <p>Every employee of the company shall be responsible for the assets under his direct control and supervision. Everyone shall have the responsibility to be mindful of appropriate security procedures and to be alert for situations or conditions that may lead to loss, destruction, theft or misuse of Company assets.</p> <p>Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.</p>	<p>Every employee of the company shall be responsible for the assets under his direct control and supervision. Everyone shall have the responsibility to be mindful of appropriate security procedures and to be alert for situations or conditions that may lead to loss, destruction, theft or misuse of Company assets.</p> <p>Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.</p>
(g) Employment & Labor Laws & Policies		The company is committed to a policy of recruiting, promoting and	The company is committed to a policy of recruiting, promoting and supporting

		<p>supporting the professional growth of, a globally competitive work force through equal employment opportunities. Determinations regarding the hiring of applicants and subsequent employee actions such as training, compensation and promotion shall be made and communicated in a manner which ensures that no discrimination on the basis of gender, sexual preference/orientation, age, religion or disability occurs unless justified by the nature or requirements of work. A work environment free from harassment and intimidation shall be maintained for all employees at all times.</p> <p>The company is committed to ensure and maintain a healthy and a health- conscious workforce. It shall continue to provide health programs that are geared towards the total prevention and/or elimination of illnesses common to underground mining operations. Adherence to legal processes and statutes shall be its guide at all times.</p>	<p>the professional growth of, a globally competitive work force through equal employment opportunities. Determinations regarding the hiring of applicants and subsequent employee actions such as training, compensation and promotion shall be made and communicated in a manner which ensures that no discrimination on the basis of gender, sexual preference/orientation, age, religion or disability occurs unless justified by the nature or requirements of work. A work environment free from harassment and intimidation shall be maintained for all employees at all times.</p> <p>The company is committed to ensure and maintain a healthy and a health- conscious workforce. It shall continue to provide health programs that are geared towards the total prevention and/or elimination of illnesses common to underground mining operations .</p> <p>Adherence to legal processes and statutes shall be its guide at all times.</p>
(h) Disciplinary action	<ul style="list-style-type: none"> o In case of first violation, the subject person shall be reprimanded. o Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. o For third violation, 	<p>Violations of the Code of Conduct are deemed serious offenses which may result in disciplinary action, suspension, dismissal or may result in civil action by the company. In addition, violations of the Code of Conduct which are also violations of law may</p>	<p>Violations of the Code of Conduct are deemed serious offenses which may result in disciplinary action, suspension, dismissal or may result in civil action by the company. In addition, violations of the Code of Conduct which are also violations of law may result in fines, penalties or other legal remedies.</p>

	<p>the maximum penalty of removal from office shall be imposed.</p> <p>8.2. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p>	<p>result in fines, penalties or other legal remedies. The Code of Conduct of the Company provides for a Table of Disciplinary Actions</p>	<p>The Code of Conduct of the Company provides for a Table of Disciplinary Actions</p>
(i) Whistle Blower	none	<p>Any employee who has personal knowledge of the commission of a Wrongful Act by an officer or another employee of the Company, or otherwise has strong and valid reasons for believing that a Wrongful Act had been committed by such officer or employee, shall immediately file a Complaint with the head of the HRTAD or the Compliance Officer for Corporate Governance (COCG). The Whistleblower may conceal his identity by submitting an anonymous written report. However, a report by an anonymous Whistleblower shall be given due course only if the report avers verifiable matters of fact and on its face is sufficient to warrant an investigation of the alleged Wrongful Act. If necessary for the conduct of a fair and adequate investigation, the Whistleblower may be required to reveal his identity.</p>	<p>Any employee who has personal knowledge of the commission of a Wrongful Act by an officer or another employee of the Company, or otherwise has strong and valid reasons for believing that a Wrongful Act had been committed by such officer or employee, shall immediately file a Complaint with the head of the HRTAD or the Compliance Officer for Corporate Governance (COCG). The Whistleblower may conceal his identity by submitting an anonymous written report. However, a report by an anonymous Whistleblower shall be given due course only if the report avers verifiable matters of fact and on its face is sufficient to warrant an investigation of the alleged Wrongful Act. If necessary for the conduct of a fair and adequate investigation, the Whistleblower may be required to reveal his identity.</p>
(j) Conflict Resolution	Settlement of conflicts or cases are discussed and approved at the Board level.	The Company exhausts all avenues for settlement of conflicts prior to resorting to judicial action, and even after the matter has been lodged with the courts.	The Company exhausts all avenues for settlement of conflicts prior to resorting to judicial action, and even after the matter has been lodged with the courts.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? **Yes**

- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct. **For officers and employees, the Human Resource and Administration Dept monitors compliance with the Code of Business Ethics. For the Directors, complaints may be lodged with the Nomination Committee, who will investigate the matter.**

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The policy is that all its transactions with its Subsidiaries and affiliates, or with any of its officers, employees, Substantial Shareholders, or members of its Board of Directors ("Related Persons") or Close Relatives of the Related Persons be properly identified and reviewed to ensure that Related Party Transactions are disclosed and made on an arm's length basis.
(2) Joint Ventures	All transactions are on arm's length basis.
(3) Subsidiaries	The policy is that all its transactions with its Subsidiaries and affiliates, or with any of its officers, employees, Substantial Shareholders, or members of its Board of Directors ("Related Persons") or Close Relatives of the Related Persons be properly identified and reviewed to ensure that Related Party Transactions are disclosed and made on an arm's length basis.
(4) Entities Under Common Control	The policy is that all its transactions with its Subsidiaries and affiliates, or with any of its officers, employees, Substantial Shareholders, or members of its Board of Directors ("Related Persons") or Close Relatives of the Related Persons be properly identified and reviewed to ensure that Related Party Transactions are disclosed and made on an arm's length basis.
(5) Substantial Stockholders	The policy is that all its transactions with its Subsidiaries and affiliates, or with any of its officers, employees, Substantial Shareholders, or members of its Board of Directors ("Related Persons") or Close Relatives of the Related Persons be properly identified and reviewed to ensure that Related Party Transactions are disclosed and made on an arm's length basis.
(6) Officers including spouse/children/siblings/parents	The policy is that all its transactions with its Subsidiaries and affiliates, or with any of its officers, employees, Substantial Shareholders, or members of its Board of Directors ("Related Persons") or Close Relatives of the Related Persons be properly identified and reviewed to ensure that Related Party Transactions are disclosed and made on an arm's length basis.
(7) Directors including spouse/children/siblings/parents	The policy is that all its transactions with its Subsidiaries and affiliates, or with any of its officers, employees, Substantial Shareholders, or members of its Board of Directors ("Related Persons") or Close Relatives of the Related Persons be properly identified and reviewed to ensure that Related Party

	Transactions are disclosed and made on an arm's length basis.
(8) Interlocking director relationship of Board of Directors	Some of the Company's officers are directors also of an associate where the Company has a 20% interest.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	The policy requires Covered Persons who find themselves in a potential or actual conflict of interest situation to promptly disclose the matter and, as applicable, seek approval from the proper authorities. Unless otherwise authorized by the Company, the person concerned is required to inhibit himself/herself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also prohibits the Company from granting personal loans to directors or officers unless allowed by applicable laws and regulations.
Group	Same as above.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company: **None**

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company: **None**

Names of Related Significant Shareholders	Type of Relationship	Brief Description

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: **NONE**

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Alternative Dispute Resolution System	
Corporation & Stockholders	Not applicable; no conflicts with shareholders
Corporation & Third Parties	Before deciding to go to court, the Company exhausts all possibilities of settling disputes; for cases that are already with the courts, the company resorts to mediation and has successfully terminated cases on such basis.
Corporation & Regulatory Authorities	The company works closely with the regulatory authorities and complies with regulations to avoid any disputes.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year? **It is in the By-Laws that the Board should meet on the third Monday of every month.**

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Felipe U. Yap	April 29, 2013	4	4	100%
Member	Bryan U. Yap	April 29, 2013	4	4	100%
Member	Eduardo A. Bangayan	April 29, 2013	4	4	100%
Member	Rene F. Chanyungco	April 29, 2013	4	4	100%
Member	Ethelwoldo E. Fernandez	April 29, 2013	4	4	100%
Member	Rodolfo S. Miranda	April 29, 2013	4	4	100%
Independent	Augusto C. Villaluna	April 29, 2013	4	4	57%
Member	Stephen Y. Yap	April 29, 2013	4	4	100%
Independent	Patrick K. Yap	April 29, 2013	4	4	92%

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? **Not as a non-executive Board but as a Committee, that is, Audit Committee.**
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain. **The requirement is majority of the members present; however, when very important decisions have to be made, the Chairman requires all directors to be present or otherwise to be made aware of the importance of the matters to be tackled and the details thereof.**
- 5) Access to Information
- (a) How many days in advance are board papers for board of directors meetings provided to the board? **At least 3 days in advance.**
- (b) Do board members have independent access to Management and the Corporate Secretary? **Yes.**
- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?: **Roles of the Corporate Secretary:**
- (i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
 - (ii) Be loyal to the mission, vision and objectives of the corporation;
 - (iii) Work fairly and objectively with the Board, Management and stockholders;
 - (iv) Have appropriate administrative and interpersonal skills;
 - (v) If he is not at the same time the corporation's legal counsel, be aware of the laws, rule and regulations necessary in the performance of his duties and responsibilities;
 - (vi) Have a working knowledge of the operations of the corporation;
 - (vii) Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
 - (viii) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so; and
 - (ix) Ensure that all Board procedures, rules and regulations are strictly followed by the members.
- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative. **Yes.**
- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒ X

No ☐

Committee	Details of the procedures
Executive	All requests for information are coursed through the Asst. Corporate Secretary except financial matters which are coursed through the CFO
Audit	Members have direct access to management but to facilitate requests, they are coursed through the Asst. Corporate Secretary or the Head of Internal Audit.
Nomination	All requests for information are coursed through the Asst. Corporate Secretary.
Remuneration	All requests for information are coursed through the Asst. Corporate Secretary except financial matters which are coursed through the CFO
Others : Stock Option Committee	All requests for information are coursed through the Asst. Corporate Secretary except financial matters which are coursed through the CFO

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
No formal procedure but they may so request during board meetings as they have in the past.	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:
NONE

Existing Policies	Changes	Reason
N/A		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Taken up by the Remuneration and Compensation Committee based on industry standards and the financial standing of the Company	Taken up by the Remuneration and Compensation Committee based on industry standards and the financial standing of the Company
(2) Variable remuneration	None	None
(3) Per diem allowance	None other than for attendance of Board meetings, which is set by the Board	None other than for attendance of Board meetings, which is set by the Board

(4) Bonus	None in the last 10 years	None in the last 10 years
(5) Stock Options and other financial instruments	Decided by the Stock Option Committee based on capacity to pay and ESOP Guidelines	Decided by the Stock Option Committee based on capacity to pay and ESOP Guidelines
(6) Others (specify)	None	None

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	<u>Executive Directors are paid per diem for attendance of Board or Committee meetings, as fixed by the Board</u>	None	Based on industry standards and the Company's capacity to pay
Non-Executive Directors	Non- Executive Directors are paid per diem for attendance of Board or Committee meetings, as fixed by the Board	None	Based on industry standards and the Company's capacity to pay

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Each Director shall receive, for his services as such director, such reasonable sum as the Board of Directors may fix from time to time for each regular or special meeting of the Board actually attended by him;	(By-Laws) April 16, 2012
Prior to the above, the By-Laws since 1970 has set the per diem at P1,000 per meeting.	

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors (As such directors)	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	NA	NA	NA
(b) Variable Remuneration	NA	NA	NA
(c) Per diem Allowance	P135,000	P187,000	P67,000
(d) Bonuses	NA	NA	NA

(e) Stock Options and/or other financial instruments	No outstanding options	No outstanding options	No outstanding options
(f) Others (Specify)	None	None	None
Total	P135,000	P187,000	P67,000

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

THE LAST STOCK OPTION AWARD HAS EXPIRED.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
N/A				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting: **None**

Incentive Program	Amendments	Date of Stockholders' Approval

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
FELIPE U. YAP – Chief Executive Officer	P2.5 million
BRYAN U. YAP – Chief Operating Officer	
RENE F. CHANYUNGCO – Senior Vice President and Treasurer	
PATRICK K. YAP – Senior Vice President	
PABLO AYSON. JR. – Vice President	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	2	1	NONE	Pls see discussion below	Pls see discussion below	Pls see discussion below
Audit		2	1	Yes	Pls see discussion below	Pls see discussion below	Pls see discussion below
Nomination	1	1	1	Yes	Pls see discussion below	Pls see discussion below	Pls see discussion below
Remuneration		2	1	None	Pls see discussion below	Pls see discussion below	Pls see discussion below
Others Stock Option	1	1	1	Yes	Pls see discussion below	Pls see discussion below	Pls see discussion below

FUNCTIONS AND RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

- Meets to make decisions when the Board is unable to meet.
Meets prior to a Board meeting, upon call by the Chairman or President or any member to prepare for or otherwise make recommendations to the Board prior to a Board meeting where a crucial decisions will be made.

POWERS OF THE EXECUTIVE COMMITTEE: Only such powers as may be delegated by the Board from time to time.

FUNCTIONS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

- Meets at least quarterly to perform its functions
- Perform oversight financial management functions specifically in the areas of managing credit,

- market, liquidity, operational, legal and other risks of the company, and crisis management.
- c. Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently of each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
 - d. Assist the Board in the performance of its oversight responsibility for the monitoring of compliance with applicable laws, rules and regulations.
 - e. Elevate to international standards the accounting and auditing processes, practices and methodologies.
 - f. Ensure that a business continuity plan is in place.
 - g. Report to the Board quarterly its activities and findings.
 - h. Review the reports submitted by the internal and external auditors.
 - i. Review the status of all internal audit and external audit recommendations and their implementation.
 - j. Review and approve the annual internal audit plan. The plan shall include, among others, a) the resources and budget necessary to implement it; b) audit scope and frequency; and c) a review of internal control mechanisms, related party transactions, fraud prevention and risk awareness.
 - k. Ensure that the Internal Audit head functionally reports directly to the Committee and is free from interference by outside parties.
 - l. Recommend to the Board the appointment of the Company's External Auditor.
 - m. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit.
 - n. Check financial reports against compliance with both internal financial management handbook and pertinent accounting standards, including regulatory requirements and issue certifications on critical compliance issues.
 - o. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor; the committee shall disallow any non-audit work that will conflict with the external auditor's duties as such or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the company's annual report.
 - p. Assess its performance regularly.

POWERS OF THE AUDIT COMMITTEE

- a. Have direct access to senior management, including the Chief Executive Officer and Chief Financial Officer, Internal Audit Department and the external auditor.
- b. Have direct access to the Company's financial records.
- c. Have direct access to financial resources for the dispensation of its functions, including the engagement of advisors or consultants and attendance of trainings and seminars.

Require any officer or department head of the Company to report to the Committee at any regular or special meeting.

FUNCTIONS AND RESPONSIBILITIES OF THE NOMINATION COMMITTEE

- a. Meets at least once a year at least a month before the annual meeting for the purpose of evaluating the eligibility for directorship of all nominees;
- b. Evaluates the performance of the directors.
- c. Shortlists the nominees for election to the Board.

POWERS OF THE NOMINATION COMMITTEE

- a. Determines the qualifications or disqualifications of nominees;
- b. Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval;
- c. Acts on complaints concerning the conduct or disqualification of directors.
- d. Assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors;

FUNCTIONS AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- a. Meets to discuss the remuneration of management prior to the implementation of any recommended increase or change in such remuneration;
- b. Recommends to the Board such increase or change in remuneration.

POWERS OF THE REMUNERATION COMMITTEE: Recommendatory**FUNCTIONS AND RESPONSIBILITIES OF THE STOCK OPTION COMMITTEE**

- a. Administers the Company's Stock Option Plan;
- b. Recommends to the Board a stock option award with the following parameters: names of optionees and number of shares awarded to each; price of the option; date of effectivity;

POWERS OF THE STOCK OPTION COMMITTEE: Recommendatory

2) Committee Members

(a) Executive Committee - **No meeting in 2012 as the Board met regularly.**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Eduardo A. Bangayan	May 24, 2004	4	4	100	9 yrs.
Member (ED)	Augusto C. Villaluna	May 24, 2004	4	4	100	9 yrs.
Member (NED)	Rodolfo s. Miranda	May 19, 2009	4	4	100	4 yrs.
Member (ID)	----					
Member	----					

Disclose the profile or qualifications of the Audit Committee members.

Describe the Audit Committee's responsibility relative to the external auditor.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Eduardo A. Bangayan	May 24, 2004	1	1	100	9 yrs.
Member (ED)	Bryan U. Yap	May 27, 2013	1	1	100	1 yr.
Member (NED)	Ethelwoldo E. Fernandez	May 24, 2004	1	1	100	9 yrs.
Member (ID)	-----					
Member						

(d) Remuneration Committee - **No meeting in 2012**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ethelwoldo E. Fernandez	May 24, 2004				9 yrs.
Member (ED)	Bryan U. Yap	May 27, 2013				1 yr.
Member (NED)	Eduardo A. Bangayan	May 24, 2004				9 yrs.
Member (ID)	-----					
Member	-----					

(e) Others (Specify) **Stock Option Committee**

Provide the same information on all other committees constituted by the Board of Directors: **No meeting in 2012**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Rene F. Chanyungco	May 19, 2009				4 yrs.
Member (ED)						
Member (NED)	Rodolfo S. Miranda	May 19, 2009				4 yrs.
Member (ID)	Eduardo A. Bangayan	May 19, 2009				4 yrs.
Member	-----					

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes: **None**

Name of Committee	Name	Reason
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	None, as the Board met regularly	
Audit	<ol style="list-style-type: none"> Approval of Internal Audit Plan Approval of quarterly reports Approval of Amended Audit Charter Recommended the appointment of external auditor Reviewed compliance of financial statements with applicable standards Recommended to the Board the approval of the audited financial statements Discussed risk issues and other 	Matters that arose in the relation to internal audit reports

	financial concerns 8. Reviewed internal audit reports and made recommendations	
Nomination	Shortlisted nominees based on qualifications; Evaluated performance of nominees	
Remuneration	None this year as no change in management remuneration was made	
Others Stock Option	None in 2012.	

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	None, as the Board meets regularly	
Audit	Self-evaluation	
Nomination	Self-evaluation for the members of the Board	
Remuneration	To be discussed	
Others Stock Option	To be discussed	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

- (a) Overall risk management philosophy of the company;
In the management of its financial risks, the Company adheres to the following policies:
 - (i) All gold exports when priced are practically settled on cash basis;
 - (ii) The Company enters into marketing contracts only with refineries and smelters of established international repute;
 - (iii) Maintain equity price and commodity price risks at acceptable levels;
 - (iv) Ensure that there are sufficient capital inflows to match repayments of short-term debt.
 - (v) Maintain a balance between continuity of funding and flexibility;
 - (vi) Manage liquidity risk by regularly evaluating projected and actual cashflows;
- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
The Board of Directors approve the yearly budget and in the course of the review of the budget, risk exposures in respect of commodity price; interest rate; foreign exchange rate; cost items are also studied. Environmental risks are also managed as the Board requires regular reports on environmental concerns, including the maintenance of the tailings dam.
- (c) Period covered by the review; **Yearly**
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;
Yearly
- (e) Where no review was conducted during the year, an explanation why not.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Operational and Environmental Risks	<p>Operational risk hazards include possible occurrence of accidents in the exploration or operations site. Also, pollutants may be generated from mining and milling operations, thus the need for strict compliance with health, safety and environment standards.</p> <p>Environmental protection is a priority of the Company. Lepanto is guided by its Environmental Policy to integrate safety, health and environmental concerns in all phases of its operations, which means complying with all international safety, health and environmental standards.</p> <p>The Company has an Environment and Social Development Department at the Lepanto Mine Division whose job it is to ensure that all such international standards are complied with.</p>	Prevent accidents in the company's operations by embracing highest safety and environmental standards and ensuring that these are implemented.
Volatility of Metal Prices	The Company's revenues are directly affected by prices of the metals it produces, which are gold and silver. These metal prices are beyond any producer's control and are influenced principally by demand factors in the world market. Thus the Company plans production assuming a certain gold price range and providing for sensitivity analysis. The company continually reviews its cost of production which to a certain extent is controllable.	Make good profit.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Operational and Environmental Risks	International standards on safety, health and environmental should be met at all times.	Prevent accidents in the company's operations by embracing highest safety and environmental standards and ensuring that these are implemented

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Controlling shareholders theoretically have the power to steer the company into any direction they desire. But it has been the policy of the Board to carefully deliberate on any important issue, with each director being asked for his views, before decisions are made. More often than not, decisions are unanimously made. On the other hand, if the controlling shareholder should make a mistake, he tends to suffer the most, financially and otherwise.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
PRICE OF GOLD	This is monitored on a daily basis by the Finance department.	The offices of the Controller and Mine Finance Manager continually review how production cost may be reduced.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Ensuring that subsidiaries are able to provide the requirements of the parent company and vice-versa, all on arm's length basis	Coordination and monthly group meetings	The group has a common Chairman, Treasurer and Secretary. Subsidiaries' meetings are regularly held for coordination purposes.
Ensuring that the subsidiaries are able to get business outside the group	Coordination	Marketing group takes care of this

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
No specific committee but the Audit Committee, to whom the CFO and Controller report regularly, has taken on this function	Monitoring through monthly written reports (reports to the Board, at the very least) and quarterly meetings	The Committee requires management, principally the CFO and Controller to report on risk concerns, particularly how management is addressing the matter and

		what help may be needed from the Board in so addressing the concerns.
--	--	---

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;
Internal control is defined by the Company as a process, influenced by its Board of Directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (i) effectiveness and efficiency of operations; (ii) reliability of reporting; and (iii) compliance with applicable laws and regulations.
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
The internal control system of the Company is reviewed by the Internal Audit Group periodically. The Audit Committee approves the annual Audit Plan which guides the internal auditors in performing their work. The Plan details the subjects of the review, the schedule and frequency of such review, and necessary manpower to complete the task. The results of all reviews are reported to the Audit Committee.
- (c) Period covered by the review;
From year to year. The current audit period covers the months of September 2012 through August 31, 2013.
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system;
There are internal control systems that are reviewed more frequently than the others, pursuant to the Audit Plan. The most frequent is quarterly. The results are reported to the Audit Committee and are taken up during the quarterly committee meetings. All concerns raised by the Audit Committee are addressed immediately by the Internal Audit Group and the concerned departments.
- (e) Where no review was conducted during the year, an explanation why not. Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Internal Audit Manager	Parent Company and its subsidiaries	In-house	Ferdinand Ponce	Quarterly to Audit Committee
Internal Auditor	-do-	-do-	-do-	Daily

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? Yes
- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?
The Internal Audit Group of the Company reports directly to the Audit Committee. All of the audit activities of the former are approved by or otherwise proposed by the Audit Committee. These are

summarized in the annual Audit Plan. Further, the Internal Audit Group and the Audit Committee have access to all records, properties and personnel of the Company.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
Julius Soriano and Solomon Ticbayan	Mr. Soriano and Mr. Ticbayan were laterally transferred from the internal Audit Group to the Accounting Department.
Julius Palisoc	Mr. Palisoc immediately resigned a week after his appointment for medical reasons.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	<p>The Internal Audit Plan for the period September 1, 2012 to August 31, 2013 cover 3 major subjects, to wit: (a) inventory management process, (b) mine operation, (c) milling, assay and research process.</p> <p>The inventory management process review will cover manpower complement; inventory monitoring system (both physical and per records); accounting system; and physical observation of the inventory-taking process. The review of the adequacy of the manpower complement was already completed, (b) inventory monitoring and accounting system review are on-going and are expected to be completed in July 2013, and (c) physical observation will be scheduled in August 2013.</p> <p>For mine operation, the audit plan focused on the mine operation's significant processes (e.g. survey, planning, mucking, and geology) and mine equipment repairs and maintenance. As of June 2013, the review that covers "mine equipment repairs and maintenance" has been completed, while the rest of the topics are expected to be completed in July 2013.</p>
Issues ⁵	<p>Issues include the following:</p> <p>(a) Disposition of obsolete inventory maintained in one section of the Company;</p> <p>(b) Completion of documentation requirements on transferring inventories;</p> <p>(c) Regular bank reconciliation procedure by a subsidiary;</p> <p>(d) Standard documentation requirements have to be adopted by sections and by one subsidiary;</p>

⁵ "Issues" are compliance matters that arise from adopting different interpretations.

Findings ⁶	Internal control systems are generally in order and minimal deviation in some areas were found.
Examination Trends	None

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Transfer of inventories should be properly documented.	Implemented.
Obsolete inventories should be disposed of.	On-going assessments by the Inventory Management Department of the Company.
Comply with standard documentation or forms for a cash advance, cash liquidation and request for replenishment.	Implemented.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Internal Auditor group of the Company reports directly to the Audit Committee; their Audit Plan is approved by the Audit Committee. The external auditor, SGV & Company, likewise reports directly to the Audit Committee, which approves as well their Audit Plan.	Not applicable	Not applicable	Not applicable

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full

⁶ "Findings" are those with concrete basis under the company's policies and rules.

compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Chairman and CEO.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	We commit to excellence in quality, environmental protection, safety, health and security in our mining operations and in the community of which we are a part.	
Supplier/contractor selection practice	Any entity that wishes to transact with the company has to get accredited. For accreditation, we require a copy of the Articles of Incorporation of the company and require documents indicating the ownership of the said entity. A site/plant/office visit is then conducted. It is only after accreditation that negotiations/canvassing take place, at which the Purchasing Department ensures that the Company gets the best deal possible, and always on arm's length basis.	
Environmentally friendly value-chain	We commit to excellence in quality, environmental protection, safety, health and security in our mining operations and in the community of which we are a part. We commit to improving our Integrated Management System performance by, among others, conducting safe and responsible operations utilizing the best available technologies to maximize their impact on quality, human health, community and the environment;	
Community interaction	We commit to improving our Integrated Management System performance by, among others, assisting host and neighboring communities improve their quality of life. We further commit to consistently implement, measure, monitor, review and openly communicate our IMS performance to improve stakeholder confidence.	
Anti-corruption programmes and	Relevant policies:	

procedures?	<p>The Company is committed to being a good corporate citizen. It shall do its share in the national development and local growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.</p> <p>No employee should give a gift beyond the level which is reasonable and customary under the circumstances of the business relationship to any officer or employee of a customer or supplier.</p>	
Safeguarding creditors' rights	Policy on Asset Protection	

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
Yes, in the Annual Report which is on the website.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

The company is committed to a policy of recruiting, promoting and supporting the professional growth of, a globally competitive work force through equal employment opportunities. Determinations regarding the hiring of applicants and subsequent employee actions, such as training, compensation and promotion shall be made and communicated in a manner which ensures that no discrimination on the basis of gender, sexual preference/orientation, age, religion or disability occurs unless justified by the nature or requirements of work. A work environment free from harassment and intimidation shall be maintained for all employees at all times.

The company is committed to ensure and maintain a healthy and a health- conscious workforce. It shall continue to provide health programs that are geared towards the total prevention and/or elimination of illnesses common to underground mining operations.

The manufacture, possession, distribution, dispensation, sale or use of alcohol, illicit drugs and/or other controlled substances by employees on company premises is prohibited except in the case of individual use of legally obtained prescription drugs or the serving of alcoholic beverages in connection with an authorized event within on Company premises.

Drug test shall be administered in accordance with law and those found positive of drug use shall be handled medically and legally according to severity of use and its impact to the workforce and its possible social influence to the host community.

The Company is committed to being a good corporate citizen. It shall do its share in the national development and local growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.

We commit to continually improve our IMS performance by:

- **Conducting safe and responsible operations utilizing the best available technologies to maximize their impact on quality, human health, community and the environment;**
- **Developing and enhancing the organizational capabilities and employee competencies toward an efficient and globally competitive operation;**
- **Motivating employees to be focused and disciplined in the performance of their jobs toward attaining a deep sense of ownership and loyalty;**
- **Keeping all facilities safe, well-maintained, orderly and clean to prevent incidents;**

- Promoting IMS awareness among our employees, suppliers, contractors and business partners to encourage a sense of commitment and accountability;

(b) Show data relating to health, safety and welfare of its employees.

Excerpts from the 2012 Annual Report:

Lepanto provides health card benefits to its Makati employees. Employees and their families get free hospitalization at the Lepanto Hospital at the minesite. The Lepanto hospital was upgraded with the purchase of various equipment and instruments, including a laparoscopy equipment, ultrasound machine, cardiac monitor, cardiac defibrillator with ECG machine, blood-chem analyzer, suction machine, portable operating light, microscope, autoclave, capnograph, anesthesia machine and ultrasound machine. The company also hired seven (7) additional medical practitioners specializing in anesthesiology, pediatrics, surgery and internal medicine.

A medical-surgical-dental mission unprecedented in Mankayan, Benguet and Cervantes and Quirino, Ilocos Sur was organized and sponsored by Lepanto early in 2012. A total of 4,000 patients from various communities in said areas were benefited by the highly successful medical program.

(c) State the company's training and development programmes for its employees. Show the data.

Excerpts from the 2012 Annual Report:

A total of 547 LMD employees availed themselves of the in-house training programs conducted on Supervisor Development (LEAD); Trainers' Training Workshop; e-Books User Orientation; Organizational Development; FPIC-IEC; Basic Occupational Safety and Health; First Aid; Fire Fighting; Safety Induction; Handling of Chemical & Hazardous Materials; Security Enhancement; Basic Maintenance and Driving Habits; ZR 630 Air Compressor and Maintenance; Oracle R12 Users and Approvers Training; and Orientation on Company Rules and Regulations. 51 LMD employees attended external training programs such as the National Geological Conference and the HR Leadership Conference; and programs on such topics as Basic Life Support with MCI; Basic Course of Occupational Medicine; Standards in Quality Surgical Care; Pediatric Advance Life Support; Casting; Peri-operative Nursing; Newborn Screening; Project Management; Barangay Disaster Risk Reduction; and Corporate Social Responsibility Programming.

Through the Employee Relations Office, regular data gathering, counseling and referrals were conducted among employees and their dependents under the Family Welfare Program. The employee profiles serve also as basis for identifying the suitable intervention programs for the employees and their dependents. The available intervention programs relate to: education and training; income generation and livelihood; values formation; sports and recreation; responsible parenthood; and nutrition. Various skills enhancement trainings were conducted to company dependents, consisting of Basic and Advanced Theater Workshop, Drum and Lyre Workshop, and Cordillera Indigenous Musical Instruments Training. An Inter-LMD Area basketball tournament was likewise conducted.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures:

The company awards employees for loyalty and good performance. In the minesite, citations are given to: Model Employee; Best in Safety; Service awards to employees and teachers.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

Complaints are lodged with the HR department. All alleged violations will be fully investigated and employees reporting any such matter should fear no reprisal.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Lepanto Consolidated Mining Company	41,660,671,102	20.62%	Lepanto Consolidated Mining Company
F. Yap Securities, Inc.	36,337,998,035	14.03%	F. Yap Securities, Inc.
Lepanto Investment and Development Corporation	9,394,809,246	4.65%	100% wholly owned subsidiary of Lepanto Consolidated Mining Company
Shipside, Incorporated	759,543,148	0.38%	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Felipe U. Yap	488,802,812		0.24%
Bryan U. Yap	4,612,455,606		2.28%
Rene F. Chanyungco	69,021,337		0.03%
Patrick K. Yap	93,342,941		0.05%
TOTAL	5,263,622,696		2.60%

a. Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

b. External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip Gorres Velayo & Co.	P350,000.00	P100,000.00

c. Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

d. Date of release of audited financial report: **April 1, 2014**

e. Company Website

Does the company have a website disclosing up-to-date information about the following? **Yes.**
www.manilamining.com

Business operations	✓
Financial statements/reports (current and prior years)	✓
Materials provided in briefings to analysts and media	n.a
Shareholding structure	As part of Form 17-A and 20-IS
Group corporate structure	✓
Downloadable annual report	✓
Notice of AGM and/or EGM	✓
Company's constitution (company's by-laws, memorandum and articles of association)	

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

f. Disclosure of RPT

RPT	Relationship	Nature	Value
Pls see discussion below			
(figures in thousand pesos)			

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders. In the normal course of business, the Company has the following significant transactions with its subsidiaries, associates and other related parties:

- The Company has various service contracts with Shipside, Incorporated, a wholly-owned subsidiary of the Company, with contract term of one (1) year, subject to extension for another year as agreed by both parties. Those contracts relate to performance of SI of certain services such as hauling, sawmilling, handling and mining services in support to the operations of the Company. Expenses incurred from these transactions amounted to P23,981 and P7,212 in 2012 and 2011, respectively. The Company also leased certain property from SI. Total rental expense recognized from his transaction amounted to P416 and P210 in 2012 and 2011, respectively.
- The Company entered into various service contracts with DDCP, a wholly-owned subsidiary of the Company, whereby the latter agrees to carry out all work and supply all labor, equipment and materials in connection with the Company's underground drilling. Expenses incurred from these transactions amounted to P111,000 and P105,280 in 2012 and 2011, respectively. The Company leased certain property from DDCP. Total rental expense recognized from this transaction amounted to P26 and P154 in 2012 and 2011, respectively.
- In the normal course of business, the Company, which holds a 19.60% equity interest in MMC, provides cash advances and pays expenses on behalf of the latter. The outstanding balance resulting from this amounted to P378 and P1,964 as at December 31, 2012 and 2011, respectively.
- Cash advances and expenses paid by the Company for its subsidiaries and expenses paid by the subsidiaries in behalf of the Company. These are generally payable and collectible on demand.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All transactions are on arm's length basis, and the Purchasing department ensures that prices/ rates are competitive.

G. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority
------------------------	----------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Voting
Description	A motion is made and seconded, after which a vote is taken.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
	Election of 2 independent directors

Dividends: **The last was in 1996.**

Declaration Date	Record Date	Payment Date
March 29, 1996	May 16, 1996	June 14, 1996

Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Nomination of Independent Directors	Announced by way of disclosure about 2 weeks before the deadline for nomination. This is posted on the website.
The Chair encourages shareholders to ask questions during the meeting and even to approach him or other concerned officers after the meeting.	The Chair announces this during the meeting after he renders the annual report.

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
- Amendments to the company's constitution:
The Articles of Incorporation may be amended by a majority vote of the Board of Directors and the written assent of 2/3 of the outstanding capital stock, without prejudice to the appraisal right of shareholders. Written notice of the proposed action and of the time and place of the stockholders' meeting where the proposed amendment shall be taken up should be promptly served upon the stockholders.
 - Authorization of additional shares:
This requires a majority vote of the Board of Directors and the written assent of 2/3 of the outstanding capital stock; Written notice of the proposed action and of the time and place of the stockholders' meeting where the proposed amendment shall be taken up should be promptly served upon the stockholders.
 - Transfer of all or substantially all assets, which in effect results in the sale of the company. Not applicable.
There has been no such transaction. However, the policy is the company may transfer all or substantially all of its property and assets by a majority vote of the Board of Directors, upon such terms and for such consideration as the Board of Directors may deem expedient, when authorized by the vote of the stockholders representing 2/3 of the outstanding capital stock, without prejudice to the appraisal rights of shareholders. Written notice of the proposed action and of the time and place of the stockholders' meeting where the proposed amendment shall be taken up should be promptly served upon the stockholders.
9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? **No, we observe the 15 calendar day rule.**
- Date of sending out notices: **April 1, 2014**
 - Date of the Annual/Special Stockholders' Meeting: **April 28, 2014**
10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.
- A question was raised on the metal recoveries of the Far Southeast project. The President replied that such information will be available upon completion of the Feasibility Study. Other questions relating to the project were raised, which were addressed by the president on the details of the Project.**
 - A question was raised about dividends. The President replied that the Company was not yet in a position to declare dividends.**

11. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of Minutes of the Annual Meeting	unanimous	None	None
Approval of Annual Report	unanimous	None	None
Election of Directors	unanimous	None	None
Appointment of External Auditor	unanimous	None	None

12. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
Immediately after the meeting through a disclosure.

(d) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification: **none**

Modifications	Reason for Modification

(e) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Please see attached "Annex A"	April 28, 2014	Show of hands	1.70%	57.98%	59.69%
Special	n.a					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? **The transfer agent and the external auditors are invited to attend the meeting for that purpose. And they are always introduced to the shareholders during the meeting.**

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. **Yes.**

(f) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	The company accepts proxies.
Notary	Notarization is not required for individual proxies but is required for corporate proxies.
Submission of Proxy	At least 1 week before the meeting.
Several Proxies	This has not happened. In any case, the one of later date should prevail.
Validity of Proxy	Valid for a maximum period of 5 years.
Proxies executed abroad	This is accepted.
Invalidated Proxy	Not counted.
Validation of Proxy	Done by the office of the Corporate Secretary and Controller based on records provided by the transfer agent.
Violation of Proxy	Never happened

(g) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
The printed Notice should be served by hand to shareholders within Metro Manila and mailed elsewhere, accompanied by the Information or Proxy Statement in CD format.	Couriers are used for Metro Manila. The rest are mailed through the Phil. Postal Office.

(h) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	4,381 stockholders
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 1, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 1, 2014
State whether CD format or hard copies were distributed	CD format
If yes, indicate whether requesting stockholders were provided hard copies	Yes.

(i) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Board is committed to respect the rights of all shareholders as follows:	<ul style="list-style-type: none"> - Right to be present at and to vote at the stockholders' meetings: They are promptly notified of the annual or special meetings of shareholders - Right to nominate directors—through announcements/disclosure, they are advised of the requirements and deadlines for nomination of independent directors - Pre-emptive right- right to subscribe to the capital stock of the corporation - Right to inspection- they are allowed to inspect corporate books and records in accordance with the Corporation Code - Right to Information- the company discloses timely material information and submits all required reports to the SEC and PSE, and uploads

	<p>the same onto the company website; shareholders' queries are encouraged and addressed during stockholders' meetings</p> <ul style="list-style-type: none"> - Right to dividends- as provided by the Corporation Code and subject to discretion by the Board of Directors - Appraisal right- as provided by law - Without charge to the shareholders (except applicable transaction charges, fees or taxes of the transfer agent, brokers, the PSE or the BIR), assist shareholders who wish to be apprised of their holdings, sell or transfer shares or replace lost stock certificates – all requests are attended to by the office of the Corporate Secretary
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(b) Do minority stockholders have a right to nominate candidates for board of directors? **Yes**

H. INVESTORS RELATIONS PROGRAM

- Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.
External communications are made through disclosures made by the office of the Chief Information Officer. Major company announcements are approved by the Board of Directors; should the Board be unable to meet, the Executive Committee approves major company announcements. In any event, drafts are initiated by the office of the Corporate Secretary or Chief Information Officer.
- Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	Shareholders, other stakeholders and the public in general are directed to the right person in the Corporation to address their concerns.
(2) Principles	Prompt attention should be given to shareholders and other stakeholders who have concerns or wish to transact with the company.
(3) Modes of Communications	via email to mis@lepantomining.com or letters addressed to the appropriate officer. Should no officer or department be named in the letter, the Administration Office forwards letters to the office of the Asst. Corporate Secretary who attends to the matter at hand or otherwise forwards it to the department concerned. The company's reply is via email, if an address is provided, or a letter mailed through the postal service or hand-delivered, if possible.
(4) Investors Relations Officer	The Assistant Corporate Secretary acts as Investor Relations Officer.

- What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?
No acquisition of corporate control in the capital markets and extraordinary transactions have taken place in the last ten years. The only major transaction in recent history is the option agreement entered into with Gold Fields Switzerland Holding in respect of the Far Southeast Project—option not over a substantial portion but only of a 20% interest in the said project. The Board of Directors deliberated on and approved the transaction.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. **None**

I. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
LEPANTO HOSPITAL in Mankayan, Benguet	Employees and their families; host and neighboring communities
Reforestation and forest protection	Host and neighboring communities
Scholarship	Families of employees and host and neighboring communities
Construction/repair of roads, water storage and distribution facilities, schools, barangay halls, municipal and barangay buildings, stabilization of slopes, etc.	Host and neighboring communities
Solid Waste Management program	Host and neighboring communities
Livelihood programs: vermiculture, weaving, food-processing; wine making; swine and poultry raising, etc.	employees' families and host and neighboring communities
Sports Programs	employees' families and host and neighboring communities
Family Welfare programs	employees' families and host and neighboring communities
Donation of Relief Goods to victim of calamities	host and neighboring communities and other communities in the country
Road-clearing/repair	host and neighboring communities
Recovery and relief operations during calamities	host and neighboring communities and other communities in the country
Delivery of books	public schools in the host and neighboring communities;
Establishment and maintenance of community library	employees' families and host and neighboring communities

J. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

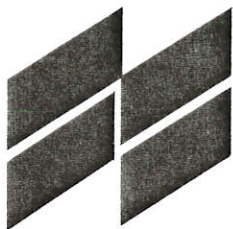
	Process	Criteria
Board of Directors	Nomination Committee takes this up at its annual meeting but the Committee has resolved to formulate within the year a Self-Assessment mechanism/questionnaire	Sections 2.2.1 and 2.2.2 of the Amended Manual on Corporate Governance
Board Committees	Only the Audit Committee has a procedure for this	As provided in the Revised Audit Committee Charter pursuant to SEC Memorandum Circular No. 4, Series of 2012
Individual Directors	Nomination Committee takes this up at its annual meeting but the Committee has resolved to formulate within the year a Self-Assessment mechanism/questionnaire	Sections 2.2.1 and 2.2.2 of the Manual on Corporate Governance

CEO/President	Nomination Committee takes this up at its annual meeting but the Committee has resolved to formulate within the year a Self-Assessment mechanism/questionnaire	Sections 2.2.1 and 2.2.2 of the Manual on Corporate Governance
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K. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
Violation of the provisions of the Amended Manual on Corporate Governance	<ul style="list-style-type: none"> o In case of first violation, the subject person shall be reprimanded. o Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. o For third violation, the maximum penalty of removal from office shall be imposed. <p>8.2. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p>
Violation by officers or employees of the Employees' Code of Conduct	Written warning, suspension, or dismissal depending on the gravity of the offense and the number of similar previous offenses.



Manila Mining Corporation

20th Floor, BA-Lepanto Bldg. 8747 Paseo de Roxas
Makati, Metro Manila, Philippines
P.O. Box 1460 Makati • Telephones: 815-9447 • 812-7241
Fax: 819-3786 • 751-6317

SECRETARY's CERTIFICATE

I, ODETTE A. JAVIER, of legal age, Filipino, with office address at the 21st Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City, being the duly elected and qualified Assistant Corporate Secretary of Manila Mining Corporation ("Corporation"), a corporation duly organized and existing under Philippine laws, with office address at the 20th Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City, hereby certify that the company made changes in the 2014 Corporate Governance Report as follows:

1. Item A (1)(a) concerning the date of last election of the members of the Board, which will be reflected in the minutes of the annual stockholders meeting on April 28, 2014 (to be signed at the next annual meeting on April 27, 2015) and had been duly disclosed by way of a Form 17-C report; and the number of years served by each as director;
2. Item C(2) on the attendance by each Director of the Board meetings, as reflected in the minutes of the four Board meetings held in 2014;
3. Item I(1) on Ownership Structure, reflecting the changes in either holdings or % ownership held by the substantial shareholders of the Company after the 1:3.57 stock rights offering in June 2014 and which had been duly disclosed by way of a Form 23-B report;

Makati City, 14 April 2015.


ODETTE A. JAVIER

Assistant Corporate Secretary

MAKATI CITY

SUBSCRIBED AND SWORN to before me this 15 day of April 2015 at Makati City, affiant exhibiting her SSS ID (no. 03-7641344-4).

Doc. No. 15 :
Page No. 1 :
Book No. 1 :
Series of 2015.

ATTY. GERVASIO F. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
PTR NO. 4748212 / 01-75-2015 / MAKATI
IBP NO. 656155 LIFETIME MEMBER
APBT. NO. M-38/2015 / ROLL NO. 40061
MCLE: 0011225 JAN. 7, 2013