

## **IMPORTANT NOTICE**

**THIS PROSPECTUS IS BEING DISPLAYED ON THIS WEBSITE TO MAKE THE PROSPECTUS ACCESSIBLE TO INVESTORS IN THE PHILIPPINES AND TO BE VIEWED EXCLUSIVELY WITHIN THE PHILIPPINES.**

**THE PHILIPPINE STOCK EXCHANGE, INC. ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF STATEMENTS MADE, OR THE OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. THE PSE MAKES NO REPRESENTATION AS TO THE COMPLETENESS OF THE PROSPECTUS AND DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM OR IN RELIANCE, IN FULL OR IN PART, OF THE CONTENTS OF THE PROSPECTUS.**

**THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION.**



## **MANILA MINING CORPORATION**

(A corporation organized and existing under Philippine Laws)

### **One (1) Entitlement Right of Common Stock For Every Five (5) Shares Held**

Prospectus relating to the stock rights offering, with Record Date of April 29, 2022 and Ex-Date of April 26, 2022 covering 51,917,357,740 common shares ("Offer Shares") at P0.01 per share from the Company's additional capital stock with an aggregate value of P519,173,577.40, consisting of 31,159,217,274 "A" shares and 20,758,140,466 "B" shares, the initial 25% of which is payable upon subscription within the Offer Period; the second 25%, 60 days from the end of the Offer Period, and the balance of 50%, 90 days from the end of the Offer Period. The Offer Period is from May 16-20, 2022.

The Offer Shares have yet to be created as they will be issued from the Company's increased Authorized Capital Stock (ACS) subject to the approval of the Company's Application for Amendment of Article VII of the Articles of Incorporation to increase the ACS from P2,600,000,000 to P4,600,000,000, which application has yet to be submitted to the Company Registration and Monitoring Department (CRMD) of the SEC. The Offer Shares will be listed with the Philippine Stock Exchange. The Company will engage the services of an underwriter, the Penta Capital & Investment Corporation, for the sale or distribution of the Offer Shares.

## **PROSPECTUS**

**April 8, 2022**



### **PENTA CAPITAL & INVESTMENT CORPORATION**

Underwriter

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

20<sup>th</sup> Floor, Lepanto Building, Paseo de Roxas, Makati City, Philippines  
Telephone No. 88159447; Fax No. 88105583 / 88120451

**MANILA MINING CORPORATION**

20<sup>th</sup> Floor, Lepanto Building, 8747 Paseo de Roxas  
Makati City, Philippines  
Telephone No. 88159447  
Fax No. 88105583 / 88120451

**Prospectus relating to  
Pre-emptive Rights Offering with a par value of ₱0.010 per share at an exercise price of  
₱0.01 per share.**

Manila Mining is offering to its shareholders the right to subscribe to One (1) Entitlement Right for every Five (5) shares held as of Record Date. The Entitlement Rights will support the increase in the Company's ACS from P2,600,000,000 to P4,600,000,000.

The shares to be offered and resulting shares outstanding after the offering is as follows:

		No. of Shares	Value Par:
Issued, outstanding and	"A"	155,796,086,372	₱1,557,960,863.72
Subscribed shares as of	"B"	<u>103,790,702,331</u>	<u>1,037,907,023.31</u>
December 31, 2021			
<b>Total</b>		<b>259,586,788,703</b>	<b>₱2,595,867,887.03</b>
			Offer price: P0.01
<b>Shares to be offered</b>	"A"	31,159,217,274	₱311,592,172.74
	"B"	<u>20,758,140,466</u>	<u>207,581,404.66</u>
	Total	51,917,357,740	₱519,173,577.40
			Par:
Issued, outstanding and	"A"	186,955,303,646	₱1,869,553,036.46
subscribed after the Offering	"B"	<u>124,548,842,797</u>	<u>1,245,488,427.97</u>
<b>Total</b>		<b>311,504,146,443</b>	<b>₱3,115,041,464.43</b>

Penta Capital & Investment Corporation ("PCIC") will act as Underwriter of the Offer but no commissions or remuneration will be paid to them by MMC, directly or indirectly, in relation to the sale of Entitlement Rights. The principal stockholder F. Yap Securities, Inc. and the Chairman, Mr. Felipe U. Yap, have a firm commitment to subscribe not just to their Entitlement Rights but also to any Entitlement Rights that will not otherwise be taken up by other qualified stockholders. In the event that F. Yap Securities, Inc. or Mr. Felipe U. Yap should fail to subscribe to the unsubscribed portion of the SRO, the Underwriter shall commit to underwrite, on a firm basis, to fully take up all the unsubscribed shares. This is the third Stock Right Offering of MMC where F. Yap Securities, Inc., as principal stockholder of the Company, has issued a firm commitment to subscribe to all such Offer Shares as would be unsubscribed at the end of the Offer Period. The Chairman, Mr. Felipe U. Yap, and F. Yap Securities, Inc., remain committed to the success of this offering.

The PSE assumes no responsibility for the correctness of any of the statements, opinions and reports made or expressed in this Prospectus. The application for the listing of the Offer Shares was approved by the PSE Board of Directors on April 5, 2022, of which approval MMC was notified on April 7, 2022.

This Prospectus relates to the offering for subscription (the "Offer") of 51,917,357,740 Common Shares (the "Entitlement Rights" or "Offer Shares") with a par value of ₱0.01 per share of Manila Mining Corporation ("MMC") by way of a pre-emptive rights offering to eligible existing common shareholders of MMC at the proportion of one (1) Entitlement Rights for every five (5) Common Shares held as of Record Date at an offer price of P0.01 per share.

## **OFFER SHARES:**

The Entitlement Rights consist of 31,159,217,274 class "A" shares and 20,758,140,466 class "B" common shares, or a total of 51,917,357,740 common shares. Subject to SEC approval of the increase in the Company's authorized capital stock to P4,600,000,000.00, the Offer Shares shall be considered issued and shall rank equally in all respects with the existing shares after a valid Subscription Agreement is perfected between MMC and the Eligible Shareholder as evidenced by the confirmatory signature of MMC's representative on the Subscription Agreement and issuance of an official receipt covering the payment of at least 25% of the Subscription Price.

## **CAPITALIZATION**

The present authorized capital stock of the Company is ₱2,600,000,000 consisting of 156,000,000,000 "A" and 104,000,000,000 "B" Common Shares with a par value of ₱0.01 per share. As of the date of this Prospectus, 155,796,086,372 "A" and 103,790,702,331 "B" shares, or a total of 259,586,788,703 Common Shares are issued and outstanding. The Entitlement Rights will support the increase in the Company's authorized capital stock (ACS) to ₱4,600,000,000 consisting of 276,000,000,000 "A" and 184,000,000,000 "B" Common Shares which increase was approved by the Board of Directors during its regular meeting on March 9, 2021 and the stockholders of the Corporation during the regular meeting on August 17, 2021. After the completion of the Offer, there will be 186,955,303,646 "A" and 124,548,842,797 "B" Common Shares issued and outstanding. The Offer Shares will comprise 16.67% of the common shares issued and outstanding after completion of the Offer.

The Entitlement Rights pertain to Common A and B Shares which have yet to be created. The Entitlement Rights shall be issued from the Company's increased ACS, subject to the approval of the Company's Application for ACS Increase and Amendment of Article VII of the Articles of Incorporation with the Company Registration and Monitoring Department (CRMD) of the SEC. Such application will be filed within 15 calendar days from the end of the Offer Period as defined in this Prospectus, or not later than June 6, 2022. The proceeds from the subscription to the Entitlement Rights shall be used to comply with the minimum subscription requirement for the Application to Increase ACS. Upon creation of the Shares, the Shares shall be registered in the name of the investor through the PCD Nominee Corporation, who is the registered owner of the shares in the books of Company's transfer agent. On the other hand, in the event that such application should be disapproved, the Company will refund the subscription payments within forty five (45) days from the submission with the CRMD of the Application to Increase ACS.

The proceeds of this SRO shall be deposited into MMC's Escrow Account with the BDO Unibank, Inc. in compliance with PSE regulations. This is because, MMC's unissued shares being insufficient for this Offer, the Offer Shares will come from an increase in MMC's ACS and amendment of Article VII of the Articles of Incorporation as discussed above; the application for such increase and amendment will be submitted to the SEC only after the Offer Period in compliance with SEC procedures. The funds in Escrow may be withdrawn only after SEC approval of the increase in ACS. Following PSE regulations applicable to mining companies, withdrawals from the Escrow Account should be consistent with the Use of Proceeds and Schedule of Disbursements approved by the PSE or any revisions to such use and schedule as had been approved by the Board of Directors of MMC and duly disclosed to the PSE.

All Common Shares of the Company to be issued pursuant to the Offer will have identical rights and privileges. The Philippine Constitution and laws limit foreign ownership in the company to a maximum of 40% of its issued and outstanding capital stock entitled to vote. To ensure compliance with the legal limits, the Company's "A" Common Shares, constituting 60%, at any one time of the issued and outstanding shares, are available only to Filipino citizens. The "B" shares are available to persons of any nationality. The Company is allowed to declare dividends from its surplus profits at such times and in such percentage as the Board of Directors may deem proper.

The Company expects to raise approximately ₱519.17 million from the Offer. The net proceeds from the Offer, after costs and fees of about ₱11.75 million, will be used by the Company to fund its exploration program, administration costs, and settle trade payables and accruals.

As disclosed on pages 11 to 18 (Risk Factors), the Company is not in operation. It stopped its mining and milling operations on 25 July 2001 due to the expiration of the Temporary Authority to construct and operate Tailings Pond No.7 (TP-7) issued by the EMB-CARAGA. Thereafter, activities have been limited to exploration and to securing the Company's assets.

## PLAN OF DISTRIBUTION

The Entitlement Rights shall be offered on a pre-emptive rights basis to existing shareholders of the Company as of the Record Date. The Company will notify in writing all existing shareholders of the Offer. The Notice will include a subscription agreement and details as to the shareholder's entitlement on the basis of one share for every five shares held as of Record Date, and how this may be availed. To be valid, subscriptions should be paid at the Company's Offices through the Office of the Chief Accountant (20th Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City) not later than the last day of the Offer Period. If mailed, the Subscription Agreement and payment should be post-marked not later than the said last day of the Offer Period. Subscription payments may also be deposited, physically or thru online transfer, into the designated bank account of MMC as specified in the Notice of SRO;

Additional Entitlement Rights shall be granted to those shareholders who had exercised their Entitlement Rights in the First Round of the Rights Offer and had signified their intention to subscribe in the mandatory Second Round of the Rights Offer to any unsubscribed Entitlement Rights and paid the corresponding 25% downpayment for the said Additional Entitlement Rights. These shall be distributed by the Office of the Chief Accountant, in coordination with PCIC, on a pro-rata basis, to be determined after all the subscription agreements with the required payments shall have been received by the Company. Any unsold Entitlement Rights after the end of the Second Round of the Rights Offer will be taken up by F. Yap Securities, Inc., a principal shareholder of the Company, which has firmly committed to subscribe not just to its Entitlement Rights but also to any Entitlement Rights that will not otherwise be taken up by other eligible shareholders.

On the other hand, if any acquisition of shares in this SRO should result in ownership of over fifty percent (50%) of the total outstanding equity securities of MMC for any acquirer, that acquirer shall be required to make a tender offer in compliance with the Securities Regulation Code.

## DILUTION

After the completion of the Rights Offer, the Eligible Shareholders will not, as a consequence of their subscription to their Entitlement Rights, suffer any ownership dilution in their respective shareholdings in the Company. However, they will suffer a book value per share dilution due to the increased number of shares issued and outstanding after the Rights Offer. The net book value of the Company as of September 30, 2021 was ₱2,910,830,055 or ₱0.0112 net book value per share. The Company's net book value per share represents its net book value net of minority interest divided by the number of common shares outstanding. After giving effect to the increase in the Company's total assets to reflect its receipt of the net proceeds of the Rights Offer amounting to ₱519,173,577.40, and the addition of a total of 51,917,367,740 new Common Shares subject of the Rights Offer, the Company's pro forma net book value will approximately be ₱3,430,003,632.40 or ₱0.0110 per share. This represents a decrease of ₱0.0002 per share to existing shareholders. The calculation of the net book value per share before and after the Rights Offer is presented below:

Dilution Relating to the Rights Offer		
Offer Price per Share	₱0.01	(a)
Net Book Value per Share as of September 30, 2021	₱0.0112	(b)
Pro-forma Net- Book Value per Share after the Rights Offer	₱0.0110	(c)
Increase/(Decrease) per share to Existing Stockholders attributable to the Rights Offer	₱-0.0002	(d=c-b)

In the event that minority shareholders will not subscribe to their Entitlement Rights, F. Yap Securities, Inc., the Company's principal shareholder, has committed to subscribe to all unsubscribed shares remaining after the second round of the Rights Offer.

## PERMITS AND LICENSES

MMC has business permits for both Makati City where its head office is located, and Placer, Surigao del Norte, where its minesite is located, issued on January 30, 2022 and January 25, 2022, respectively. It is the holder of

MPSA No. 253-2007-XIII valid until 2032 and renewable thereafter for another 25 years, by virtue of which MMC has the exclusive right to conduct mining operations within a contract area in Placer, Surigao del Norte totaling 211.5 has. MMC expects to obtain approval of its Exploration Work Program for this MPSA within March 2022.

The Company's Common Shares are listed on the Philippine Stock Exchange, Inc. ("PSE") under the symbols "MA and MAB". On March 15, 2022, MA and MAB closed at ₱0.01 per share.

In a letter dated March 29, 2022, the Securities and Exchange Commission has confirmed that the issuance of the Rights Shares is an exempt transaction under Section 10.1(e) of the Securities Regulation Code.

## **RISKS IN INVESTING**

Prospective investors to the Offer Shares must conduct their own evaluation of the Company and the terms and conditions of the Offer, including the merits and risks involved. Please refer to Risk on Investing and Risk Factors discussed on pages 11 to 18 of this Prospectus. The readers of this Prospectus are further enjoined to consult their financial advisers, tax consultants, and other professional advisers with respect to the acquisition, holding, or disposal of the Offer Shares described herein.

### **Summary of Risk Factors**

Prospective investors should consider the risk factors on pages 10 to 13 and summarized below in addition to the other information contained in this Prospectus, including the Company's financial statements and notes relating thereto, before making any investment decision relating to the Offer.

- a. General Risks
- b. Risks Relating to the Company and its Business
  - The company is not in operation and will incur further Net Losses
  - Additional Capital May be Needed for Mine Development and for Revival of Mining Operations
  - Geology Risks- Valuation of Tenements and Minerals are only Estimates
  - Risk that Exploration drilling will not immediately translate into mining operation
  - Risks Relating to Mining Tenements and Renewals of Permits
  - Risks of malfunction and failure of operation of equipment to operate
  - Risks on related party transactions and its effects on the financials of the Company
  - Risk of Volatility of Metals Prices
  - Risk on Environmental Legislation
- c. Environmental Risk Hazards and Weather Disturbances
- d. Risk on Pending Material Cases against the Company and Directors and Officers
- e. Risks relating to the Offer
  - Marketability of Shares
  - Risk that the Offer Shares will come from an increase in authorized capital stock which increase has not been approved by the SEC
  - Liquidity Risk
- f. Risk that since Philex has the option to increase its interest in the Kalayaan-Bayugo project, the Company will no longer be the controlling shareholder
- g. Covid-19 Related Risks
- h. Country Risks: International Disputes and Changes in Laws
- i. Risk of Fluctuation of the Value of the Peso vis-a-vis the US Dollar

The information contained in this Prospectus is publicly available and has been supplied by the Company solely for the purpose of the Offering. The Board of Directors and Officers of the Company accept full responsibility for the accuracy and completeness of the information contained herein, including all the documents submitted to the Exchange in connection in the listing application. The Company confirms that, after having made all reasonable inquiries, and to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement in this Prospectus misleading in any material respect. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstance, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

### **Forward-Looking Statements**

This Prospectus contains forward-looking statements. By their nature, these statements are subject to significant risks and uncertainties. These include, but are not limited to, known and unknown risks; and uncertainties and other factors that may cause actual results or performance to be materially different from expected future results. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. The assumptions consider historical information and present procedures and regulations which may change. The forward looking statements relate specifically to the following risk factors:

- a. Risks Relating to the Company and its Business
  - The company is not in operation and will incur further Net Losses
  - Additional Capital May be Needed for Mine Development and for Revival of Mining Operations
  - Geology Risks- Valuation of Tenements and Minerals are only Estimates
  - Risk that Exploration drilling will not immediately translate into mining operation
  - Risks Relating to Mining Tenements and Renewals of Permits
  - Risks of malfunction and failure of operation of equipment to operate
  - Risk of Volatility of Metals Prices
  - Risk on Environmental Legislation
- b. Environmental Risk Hazards and Weather Disturbances
- c. Risks relating to the Risks Relating to the Offer
  - Marketability of Shares
  - Risk that the Offer Shares will come from an increase in authorized capital stock which increase has not been approved by the SEC
  - Liquidity Risk
- d. Covid-19 Related Risks
- e. Country Risks: International Disputes and Changes in Laws
- f. Risk of Fluctuation of the Value of the Peso vis-a-vis the US Dollar

In addition, all statements other than the historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to our beliefs, opinions and intentions accurately reflect in all material respects those of the management as to such matters as of the date of this Prospectus, but we give no assurance that such beliefs, opinions and intentions will prove to be correct or that such intentions will not change.

This SRO is still subject to approval by the PSE and the Entitlement Rights will come from an increase in the Company's Authorized Capital Stock. Pursuant to SEC regulations, the Company will apply for such increase in Authorized Capital Stock within 15 days after the end of the Offer Period, as the Certificate of Increase to be filed with the SEC has to be accompanied by proof that 25% of the increase has been subscribed, of which 25% of the subscriptions have been duly paid.

Any unsold Entitlement Rights after the end of the Second Round will be distributed by the Company, through the Office of the Chief Accountant and in coordination with PCIC. F. Yap Securities, Inc., a principal shareholder of the Company, and the Chairman, Mr. Felipe U. Yap, have firmly committed to subscribe not just to their Entitlement Rights but also to any Entitlement Rights that will not otherwise be taken up by other qualified shareholders. In the event that F. Yap Securities, Inc. or Mr. Felipe U. Yap should fail to subscribe to the unsubscribed portion of the SRO, the Underwriter shall commit to underwrite, on a firm basis, to fully take up all the unsubscribed shares.

Prospective investors to the Offer Shares must conduct their own evaluation of the Company and the terms and conditions of the Offer, including the merits and risks involved. Please refer to Risk on Investing and Risk Factors discussed on pages 11 to 19 of this Prospectus. The readers of this Prospectus are further enjoined to consult their financial advisers, tax consultants, and other professional advisers with respect to the acquisition, holding, or disposal of the Offer Shares described herein.

MMC and the underwriter PCIC have exercised due diligence in ascertaining that all material representations contained in the Prospectus, their amendments and supplements, are true and correct. The PSE assumes no responsibility for the correctness of any of the statements, opinions, and reports made or expressed in this Prospectus. The listing of the Entitlement Rights is subject to the approval of the PSE Board. Such approval for listing, however, is permissive only and does not constitute a recommendation or endorsement of the Offer Shares by the PSE.

This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described herein, nor does it constitute an offer to sell or a solicitation of an offer to buy the shares described herein in any jurisdiction in which such offer or solicitation or sale is not authorized, or to any person to whom it is unlawful to make such offer or solicitation or sale. No dealer, salesperson, or other person has been authorized to give information or make any representation not contained in this Prospectus, and if given or made, may not be relied upon as having been authorized by the Company.

**FELIPE U. YAP**  
Chairman and  
Chief Executive Officer

Subscribed and sworn to before me this 7th day of April 2022 at Makati City, affiant exhibiting his SSS No. 06-0091101-0.

Doc. No. \_\_\_\_\_:  
Page No. \_\_\_\_\_:  
Book No. \_\_\_\_\_:  
Series of 2022.



## Summary of Financial Information (Consolidated)

The selected financial information in the following tables are derived from the consolidated financial statements of the Company for the years ended December 31, 2020, 2019, and 2018, as audited by Sycip, Gorres, Velayo & Company; and unaudited financial statements for the period ended September 30, 2021.

<b>Income Statement (Php)</b>						
<b>As presented in the Audited</b>	<b>For the years ended</b>			<b>For the nine months ended</b>		
<b>Financial Statements</b>	<b>December 31</b>			<b>September 30</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2021</b>	<b>2020</b>	
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>	
Administration and Overhead Cost	P (3,755,384)	P (6,370,637)	P (7,561,832)	P (1,351,355)	P	(1,400,199)
Other Income (Charges)	(3,517,426)	(11,998,904)	(5,507,106)	2,576		3,496
Loss Before Income Tax	(7,272,810)	(18,369,541)	(13,068,938)	(1,348,779)		(1,396,703)
Benefit from Deferred Income Tax	103,894	435,558	480,221			
Net Loss	(7,168,916)	(17,933,983)	(12,588,717)	(1,348,779)		(1,396,703)
Other Comprehensive Income (Loss) that will not be reclassified to other comprehensive Income	25,716	(2,004,024)	(1,895,423)	-		-
Total Comprehensive Loss	(7,143,200)	(19,938,007)	(14,484,140)	(1,348,779)		(1,396,703)
Basic/Diluted Earnings Per Share	Php0.00003	Php0.00008	Php0.00005	Php0.00005		Php0.00005

**Balance Sheet Data**

(\*in thousand Pesos)

		<b>September 30</b>		<b>As of December 31</b>	
		<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
		<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	P	3,442,097	1,859,405	2,138,335	8,737,477
Receivable - net		37,415	37,415	263,663	10,047,050
Inventories		6,605,342	5,709,832	7,128,985	7,678,893
Prepayments and other current assets		47,097,466	46,853,575	63,119,641	62,388,331
<b>Total Current Assets</b>		<b>57,182,320</b>	<b>54,460,227</b>	<b>72,650,624</b>	<b>88,851,751</b>
<b>NON-CURRENT ASSETS</b>					
Financial assets designated at fair value through other comprehensive income	P	14,729,225	14,729,225	14,584,018	16,218,793
Property and equipment - net		102,370,569	107,085,351	114,868,934	119,492,318
Deferred mine exploration and evaluation costs		2,993,087,899	2,975,846,948	2,951,585,749	2,908,707,619
Other noncurrent assets		14,087,463	14,085,274	15,437,202	16,543,011
<b>Total Non-Current Assets</b>		<b>3,124,275,156</b>	<b>3,111,746,798</b>	<b>3,096,475,903</b>	<b>3,060,961,741</b>
<b>TOTAL ASSETS</b>	P	<b>3,181,457,476</b>	<b>3,166,207,025</b>	<b>3,169,126,527</b>	<b>3,149,813,492</b>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued expenses	P	200,413,096	183,813,864	178,482,402	140,646,046
<b>NON-CURRENT LIABILITIES</b>					
Retirement benefits obligation		14,166,904	14,166,904	15,119,563	13,111,070
Deferred tax liability - net		56,047,422	56,047,422	56,202,527	56,796,334
<b>Total Non-current Liabilities</b>		<b>70,214,326</b>	<b>70,214,326</b>	<b>71,322,090</b>	<b>69,907,404</b>
<b>TOTAL LIABILITIES</b>	P	<b>270,627,422</b>	<b>254,028,190</b>	<b>249,804,492</b>	<b>210,553,450</b>
<b>EQUITY</b>					
Capital Stock	P	2,595,502,254	2,595,502,255	2,595,502,255	2,595,502,255
Equity reserve		954,621,275	954,621,275	954,621,275	954,621,275
Additional paid-in capital		617,625,955	617,625,955	617,625,955	617,625,955
Remeasurement gain on retirement benefits obligation		3,116,796	3,116,796	3,236,287	3,605,536
Fair value reserve of financial assets designated at Defecit		(55,208,039)	(55,208,039)	(55,353,246)	(53,718,471)
		(1,205,137,521)	(1,203,794,823)	(1,196,638,647)	(1,178,712,328)
		2,910,520,720	2,911,863,419	2,918,993,879	2,938,924,222
<b>Non-controlling interest</b>		<b>309,334</b>	<b>315,416</b>	<b>328,156</b>	<b>335,820</b>
<b>Total Equity</b>		<b>2,910,830,054</b>	<b>2,912,178,835</b>	<b>2,919,322,035</b>	<b>2,939,260,042</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	P	<b>3,181,457,476</b>	<b>3,166,207,025</b>	<b>3,169,126,527</b>	<b>3,149,813,492</b>

MANILA MINING CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2021  
(WITH COMPARATIVE FIGURES FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2020)

	For the years ended			FOR THE NINE MONTHS ENDED	
	2020	2019	2018	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Loss Before Income Tax	P (7,272,810)	(18,369,541)	(13,068,938)	(1,348,779)	(1,396,703)
Add/(deduct) year-to-date adjustments	-	-	-	-	-
	(7,272,810)	(18,369,541)	(13,068,938)	(1,348,779)	(1,396,703)
<b>Adjustment to reconcile net income to net cash provided by operating activities:</b>					
Depreciation	P (1,123,361)	1,480,995	1,666,602	56,965	72,128
Net changes in retirement benefits obligation	467,675	1,287,996	1,371,924	-	-
Unrealized foreign exchange loss (gain)	7,501	(28,652)	-	-	-
Interest income	(7,026)	(16,115)	(52,261)	-	-
	(7,928,021)	(15,645,317)	(10,092,673)	(1,291,814)	(1,324,575)
<b>Changes in assets and liabilities</b>					
(Increase) decrease in receivables	P 226,248	9,783,387	297,547	25,485,161	(809)
(Increase) decrease in inventories	1,419,153	549,908	(805,088)	(895,512)	32,117
(Increase) decrease in prepayments	17,599,419	219,397	63,079,544	(33,450,216)	(30,990)
Increase (decrease) in accounts payable & accruals	5,331,462	37,836,366	3,459,649	16,626,493	17,432,662
Cash generated from operations	16,648,261	32,743,731	55,938,979	6,474,112	16,108,305
Interest received	7,026	16,115	52,261	-	-
Net cash provided by operating activities	16,655,287	32,759,846	55,991,240	-	-
<b>CASH USED IN INVESTING ACTIVITIES:</b>					
(Increase) decrease of property, plant and eqpt	P -	(123,661)	(1,293,186)	(12,583,133)	(16,361,319)
(Increase) decrease in Deferred mine exploration and evaluation costs	(16,945,291)	(39,419,081)	(57,586,443)	-	-
(Increase) decrease in other assets	18,575	155,102	(33,320)	(2,190)	(41,436)
Net cash used in investing activities	(16,926,716)	(39,387,640)	(58,912,949)	(12,585,323)	(16,402,755)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Increase (decrease) in Share Premium	-	-	281,250	-	-
Receipts from ( payment to ) related parties	-	-	-	7,693,903	276,760
Increase (decrease) in deferred tax liability	-	-	-	-	-
Net cash provided by (used in) financing activities	-	-	281,250	7,693,903	276,760
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	P (271,429)	(6,627,794)	(2,640,459)	1,582,692	(17,690)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	(7,501)	28,652	-	-	-
<b>CASH</b>					
Beginning of the period	2,138,335	8,737,477	11,377,846	1,859,405	2,138,335
End of the period	P 1,868,405	2,138,336	8,737,887	3,442,097	2,120,645

## TABLE OF CONTENTS

Description	Page
Offer Shares	ii
Capitalization	ii
Plan of Distribution	iii
Dilution	iii
Permits and Licenses	iii
Risks in Investing	iv
Summary of Risk Factors	iv
Forward Looking Statements	v-vi
Summary of Financial Information	vii-ix
Glossary of Terms	1-3
Business	4-6
Corporate and Organizational Structure	4-5
Marketability of Products, History, Mining Tenements	6-9
Recent Developments	9-10
Risks Factors	11-18
Use of Proceeds	19-20
Exploration and Administration Costs	20- <del>25</del>
Cost of Offering	<del>25</del>

Determination of the Offer Price	.....	22
Plan of Distribution	.....	22
Relationship to Issuer	.....	22
Terms and Conditions of the Offer	.....	23-30
Securities, Shareholders, Operational Information	.....	31-32
Mortgages, Liens, Encumbrances and Lease	.....	28-30 33
Corporate Governance	.....	34
Financial Information and MDA	.....	34-38
Independent Public Accountant	.....	38
Control Information	.....	39-41
Certain Relationships and Related Transactions	.....	42
Summary Compensation Table	.....	43
Voting Trust and Change in Control	.....	43
Warrants Options, Compensation Plans, Issuance or Modification of Securities	.....	44
Security Ownership	.....	44

## L

Legal Framework for Mining in the Philippine:

Legal Framework for Mining in the Philippines: .....	45
Philippine Stock Market .....	46
Trading .....	47
Non-Resident Transactions .....	48
Settlement .....	49
Scripless Trading .....	49-51
Amended Rule on Lodgment of Securities .....	51
Amended Rule on Minimum Public Ownership .....	52
Amended Listing Rules for Real Estate Investments Trusts (REIT) .....	53-54
Taxation and Foreign Exchange .....	55-57
Philippine Foreign Investment, Exchange Controls and .....	57
Foreign Ownership .....	58
Audited Financial Statements .....	Annex "A"
Certification from the Mines and Geosciences Bureau that the Mine Lease Contracts and MPSA are still valid and existing .....	Annex "B"
Certification of Mr. Joey Nelson R. Ayson and Certification and Consent of Mr. Joey Nelson R. Ayson .....	Annex "C"

## GLOSSARY OF TERMS

Additional Entitlement Rights	-	The shares over and above the Entitlement Rights of a stockholder which he indicates as such in the Subscription Agreement and for which the corresponding 25% down payment is made to the Company within the Offer Period
Applicant	-	A shareholder entitled to subscribe to the Offer who applies for Additional Entitlement Rights
APSA	-	Application for an MPSA
Assay	-	the chemical analysis of an ore, mineral, concentrate of metal to determine the amount of valuable species. Precious metals are usually given in ounces per short ton or grams per metric ton, while base metals are given in percentage
Available Shares	-	such of the Offer Shares as will not be subscribed by the concerned Eligible shareholder within the Offer Period, which may therefore be distributed among the Applicants in the Second Round.
CIL	-	Carbon – in – Leach process
CIP	-	Carbon – in – Pulp process
Copper Flotation	-	is the process of separating copper minerals from the ore using chemical reagents, air and mechanical agitation. The mineral particles are separated from the host rock and float to the surface on air bubbles forming a froth, which is skimmed off, filtered and dried
Copper concentrate	-	the resulting copper product of the process of separating mill head grade ore or metal from its containing rock.
Eligible Shareholder	-	a shareholder of the Company as of the Record Date, thus entitled to subscribe to the Offer Shares
EMB – CARAGA	-	Environmental Management Bureau Region XIII.
Entitlement Rights	-	The number of shares each Eligible Shareholder is entitled to subscribe to calculated at one (1) Offer Share for every five (5) shares held as of the Record Date
Epithermal	-	referring to mineral veins and ore deposits, deposited from warm waters at rather shallow depth under conditions in the lower ranges of temperature and pressure

Exploration Permit (EP)	-	a permit issued by the MGB that grants the right to conduct exploration for all minerals in specified areas.
First Round	-	the distribution of Offer Shares to shareholders solely on the basis of, and without exceeding, their Rights Entitlement.
KCGRI	-	Kalayaan Copper-Gold resources, Inc., a wholly-owned subsidiary of the Company
Kalayaan Project	-	The mining tenements covered by Exploration Permit No. EP No. XIII-014B and subject of a Farm-In Agreement among MMC, KCGRI, and Philex Mining Corporation. This project is still in the exploration stage.
LCMC / Lepanto	-	Lepanto Consolidated Mining Company
MPSA	-	Mineral Production Sharing Agreement which is an agreement where the government grants to the contractor (mining company) the exclusive right to conduct mining operations within a contract area and shares in the gross output. The contractor shall provide the financing, technology, management and personnel necessary for the implementation of this agreement. Mining Operations in the context of an MPSA include exploration, feasibility, development, utilization, and processing.
Manila Mining; MMC/ /Company	-	Manila Mining Corporation
Mill head grade	-	the content of precious metal in the ore as it enters the mill.
Offer/ Rights Offer	-	The 1:5 Stock Rights Offering of the Company
Offer Period	-	The period commencing on May 16, 2022 and ending on May 20, 2022
Offer Shares	-	The shares subject of the Offer, totaling 51,917,357,741
Placer Project-	-	The mining tenements within the site of MMC's historical operations
PDTC	-	Philippine Depository and Trust Corporation
PCIC	-	Penta Capital & Investment Corporation, the Underwriter
PMRC	-	Philippine Mineral Reporting Code
PSE	-	Philippine Stock Exchange
Record Date	-	April 29, 2022
Receiving Agent	-	Office of the Chief Accountant of MMC



SCCP	-	Securities Clearing Corporation of the Philippines
SEC	-	Securities and Exchange Commission
Second Round	-	The distribution after the First Round of the unsubscribed Offer Shares to Applicants for Additional Entitlement Rights in proportion to their shareholdings as of the Record Date
Subscription	-	The payment by an Eligible Shareholder of the required 25% down payment for Entitlement Rights as indicated in the Subscription Agreement submitted to MMC within the Offer Period.
Subscription Agreement	-	The document evidencing an Eligible Shareholder's Subscription and bearing the confirmatory signature of MMC's representative
TPD	-	Tonnes per day

## Business and General Information

### Business

MMC was incorporated on June 3, 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 19.61 % of MMC's outstanding capital.

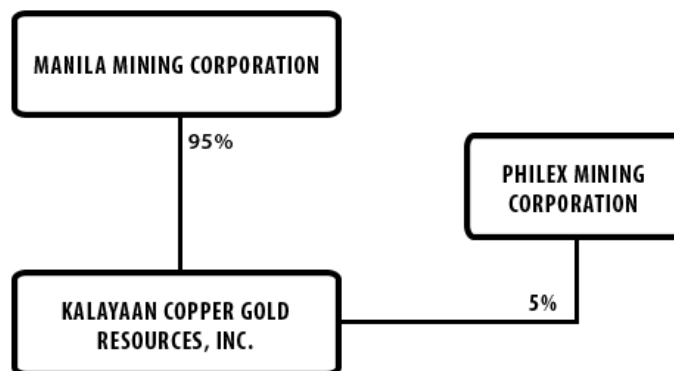
MMC started mining operations in the Placer Project in the 1970s. From 1982 until 2001 when it suspended mining operations, MMC produced a total of 761,835 ounces gold and 261,720 ounces silver. During its 4 years of copper operations from 1997-2001, MMC produced a total of 19,810,616 lbs. of copper. MMC suspended its mining operations in the Placer Project due to the expiration of the Temporary Authority to construct and operate Tailings Pond No. 7 issued by the EMC- CARAGA.

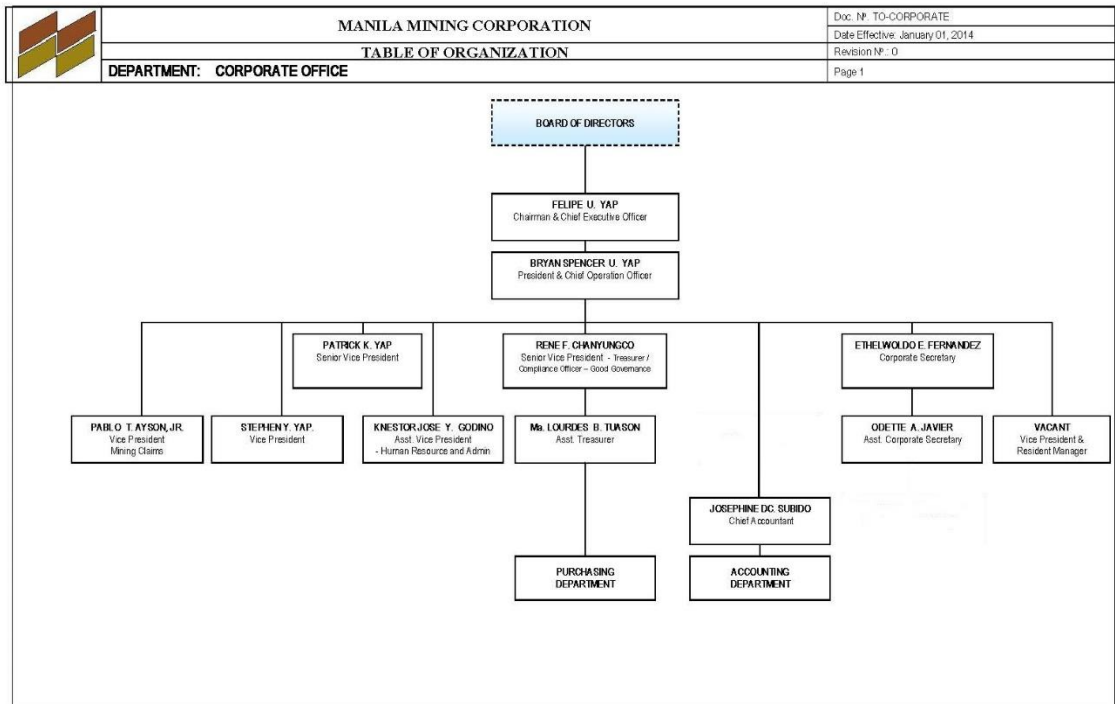
The Placer Project is located in the municipality of Placer, Province of Surigao del Norte, and lies at the center of the well-known Surigao Mineral District. The area may be reached from both Surigao City and Butuan City via some 32 and 102 km of concrete roads, respectively. Daily commercial flights to and from Manila are being serviced by the Philippine Airlines and Cebu Pacific using the Butuan airport.

MMC has no parent company. It has a subsidiary, the Kalayaan Copper-Gold Resources, Inc. ("KCGRI"). 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
MMC	June 3, 1949	₱2.6 Billion	₱2.59 Billion	4,175 Stockholders
KSGRI	May 31, 2007	₱100 Million	P8.125 million	95% owned by MMC; 5% by Philex Mining Corporation

### GROUP CORPORATE STRUCTURE





MC has an exploration program for the Placer Project designed to pursue leads established from previous drilling and to increase its mineral resource. The ultimate goal is to resume mine operations.

**KCGRI holds rights to the Kalayaan Project by virtue of its Exploration Permit or EP No. XIII-014B.** In May 2011, MMC, KCGRI and Philex Mining Corporation (“Philex”) executed a Farm-In Agreement for the exploration and joint development of the Kalayaan Project (“Project”) located in Placer, Surigao del Norte. Pursuant to their agreement:

1. MMC sold to Philex for US\$25 million a total of 125,000 shares of stock of KCGRI, representing a 5% interest in Kalayaan.
2. All the pre-development expenses, including the Final Feasibility Study for the Kalayaan Project, will be financed 100% by Philex, and by such spending, Philex will earn an additional 55% interest in the Kalayaan Project through the issuance of new shares of KCGRI, such that the total interest of Philex will increase to 60%.

There are as yet no estimates of revenue generation, operating expenses, or timeline on the start of operations, as these will be determined during the Final Feasibility Study Phase. Operating expenses will to be for the account of KCGRI, which at that point will be 60% owned by Philex and 40% owned by MMC.

Philex implemented an extensive exploration program aimed to define and elevate the mineral resources of Kalaya-an into measured and indicated categories. Outside of the definition drilling targets, scout holes tested the periphery of the porphyry deposit. By September 2013, the almost two years of exploration of the Bayugo deposit through closely spaced drilling was completed, with a total of 124 holes drilled with an aggregate length of 73,520.20 meters.

Both MMC and its subsidiary KCGRI are yet in the exploration stage.

### **Competition, Customers and Suppliers and Marketability of Products**

There is virtually no market competition among metals producers. Whatever is produced may be sold 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. Until 2001 when mining operations were suspended, MMC sold its gold dore 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.

As stated above, the Company stopped its mining and milling operations in 2001 and has been doing exploration work since 2007, the details of which are discussed under Recent Development on page 6. It has no major suppliers, not being in operation, but has engaged the services of MDGI Philippines, Inc. as driller for the 2022 Exploration Program for the Placer Project.

There are several drilling outfits in the country but MDGI Philippines has done deep-drilling for MMC previously, with good results.

### **Government Approvals/Cost and Effects of Compliance with Environmental Laws**

Operations are currently suspended. Nonetheless, the Company, in compliance with Environmental regulations, spent a total of P2,113,813.23 in 2020 (P2,452,939.42 in 2019) for tailings pond maintenance 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-XIII014-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**

From 2018-2020, the company spent a total of P5,968,296 for the rehabilitation and equipping of the MMC Assay laboratory to industry standards. The rehabilitation of the said laboratory is necessary for the analysis and interpretation of the core samples from exploration drilling.

Exploration work in 2015 focused on the processing of the geologic information from the database generated in 2014 and from historic drilling data covering 191,744.57 meters of drilling. The database was validated to produce geologic model and resource estimation of the Ntina and Suyoc deposits. In 2016, the exploration team put together a Technical Report in compliance with the PMRC detailing the exploration results from recent years.

## **Employees**

MMC had a total of 43 employees, 3 in Makati and 40 at Placer, Surigao del Norte as of the end of 2021; 12 of them were managerial, 11 were supervisory, 19 rank-and-file and 1 project employee. The Company not being in operation, none of the employees are subject to a CBA. There are presently no arrangements with the employees for any supplemental benefits or incentives.

## **History**

MMC started work at the Placer Project in the mid 1970's after taking over the former grounds of East Mindanao Mining Company (EMMC), Mapaso Goldfields and Surigao Suyoc Mines. EMMC started mining the property in 1936 with a 100-tpd straight cyanidization mill capacity, which increased to 200 tpd just prior to the outbreak of World War II. Operations ceased soon after. MMC took over in the early 1970's, producing, until 1982, a total of 82,683 tonnes of ore averaging 7.46 g/t gold. Mining method switched from underground to open-pit mining by late 1982.

Both underground and open pit ores were initially treated in the mill employing the Carbon- In- Pulp (CIP) process at 250 tpd. This gradually increased to a maximum of 1500 tpd. Heap leaching was later adapted to process the lower grade ore in 1989. The original mill ceased commercial operation in early 1995 as operating costs increased, and a new mill was commissioned, designed for a 3000-tpd operation. The new mill reached a peak capacity of 10,000 tpd using CIP/CIL process to extract the gold. At this time, the major source of gold ore was the Heine pit supplemented by ore from the Ntina, Suyoc, Reno-Emma and other minor areas. Heine was a comparatively easy to extract open pit operation and the ore is metallurgically clean and ideal for the Carbon in Pulp (CIP) gold recovery process.

MMC has contributed significant revenues to the national and local governments in the form of taxes, fees and duties.

On 25 July 2001, MMC shut down its Placer Project due to the expiration of the Temporary Authority to construct and operate Tailings Pond No.7 (TP-7) issued by the EMB-CARAGA. This has caused a reduction of manpower to less than a fifth of the total workforce of more than 500. Thereafter, activities have been limited to exploration and securing the Company's assets.

## **Mining Tenements**

The MMC Tenements consist of groups of claims totaling 9,844.547 hectares of mineral land located in the Municipalities of Placer, Tagana-an, Sison, Tubod and Claver. These are covered by mining lease contracts that have been converted into an MPSA, and two exploration permits, and three applications for MPSAs or APSAs pursuant to the Philippine Mining Act of 1995 (R.A. No. 7942).

Permit	Date of Grant/Date Filed	Date of Expiry	Status	Area	Location
MPSA No. 253-2007-XIII	July 28, 2007 (renewable for another 25 years)	July 28, 2032	Exploration	211.5000 has.	Placer, Surigao del Norte
EP No. XIII-014A	April 28, 2010	Pending renewal	Pending renewal	2,176.2810 has.	Placer, Surigao del Norte
EP No. XIII-014B	April 28, 2010	Pending renewal	Pending renewal	286.6342 has.	Placer, Surigao del Norte

Mining claims previously covered by Mining Lease Contract No. V-1128, including the Ntina Gold-Copper project, are now covered by MPSA No. 253-2007-XIII covering 211.500 has. and valid for 25 years until 2032 and renewable thereafter under existing law. MMC expects to obtain approval of its Exploration Work Program for this MPSA within March 2022.

The Company 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 95%-owned subsidiary, Kalayaan Copper-Gold Resources, Inc. or KCGRI. 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 KCGRI, both subject of applications for third renewal. The said applications were filed in 2012 and MMC and KCGRI have completed the requirements. The timing of the approval of the renewal is not within the control of these two companies.

The 2022 exploration program subject of this SRO or fund-raising activity relates not to Exploration Permit No. XIII-014-A nor Exploration Permit No. EP-X111014-B, but to areas within the Company's MPSA No. 253-2007-XIII. The short-term objectives of the Company are therefore not affected by the delay in the approval of the said EPs.

While MMC and KCGRI have submitted the required documents prior to expiration of the EPs in 2012, the actual approval of the renewal is beyond the Company's control. The Company is not aware of any reason why the approval of the renewals has been delayed. It is common knowledge however that DENR and MGB implemented a moratorium on the issuance of new mining permits from 2012 and until April 2021 when the moratorium was lifted. With such lifting, it is expected that the EP renewals will be obtained within the year.

While the delay have prevented the Company and KCGRI from drilling in the pertinent areas,-their rights to the tenements remain firm considering that they are compliant with the documentary requirements.

This matter is further discussed under Risk Factors, page 14 of this Prospectus.

The Company has three (3) MPSA applications, namely, APSA No. 000006-X in Surigao del Norte covering 1,580.0409 has.; APSA No. 000007-XIII covering 4,793.85 has. (which area is presently subject of a survey for possible reduction of hectarage). Data compilation study is on-going in the areas covered by APSA No. 00006-X and APSA 00007-XIII. A portion of the area covered by APSA No. 00006-X, consisting of 2,462.91 has., is now covered by Exploration Permit No. XIII-014A. Mining Contracts Nos. MRD- 322,

MRD- 323 and MRD-324 have been converted into APSA No. 000107-XIII with a total hectareage of 266.10 has. The lease contracts nos. MRD-480 and MRD-67 have been converted to APSA No. 000083-XIII covering 530.1470 has.

A copy of the certification of the MGB as to the mining tenements of MMC as of March 30, 2021 is attached hereto as Annex "A" hereof.

## **Recent Developments**

From 2009-2016, a further 348 holes aggregating 87,645.85 meters have been drilled from which deep- seated deposits have been identified. These include the Ntina Deeps, a gold-rich porphyry copper resource immediately below the Ntina pit, and other prospective porphyry copper-gold deposits, such as Ophelia, Suyoc, Nene, and Mapaso. The Ntina Deeps was modeled for future drilling to establish the size and grade potential of the resource.

Exploration work in 2015 focused on the processing of the geologic information from the database generated in 2014 and from historic drilling data covering 191,744.57 meters of drilling. The database was validated to produce a geologic model and resource estimation of the Ntina and Suyoc deposits. In 2016, the exploration team put together a Technical Report detailing the exploration results from recent years.

In July 2021, the Company engaged the services of Mr. Joey Nelson R. Ayson, a PMRC- accredited competent person, to review the results of the drilling undertaken up to 2016. His comments and recommendations are as follows:

### ***Summary of the Review of the June 2016 Technical Report on the Exploration Results and Mineral Resources of Placer Project as prepared by the MMC Exploration Team***

*The Placer Project of Manila Mining Corporation is located in Surigao del Norte and covers approximately 5,070.66 hectares under one (1) Mineral Production Sharing Agreement ("MPSA"), two (2) Exploration Permits ("EP") and three (3) Applications for a MPSA ("APSA"). The deposits included in the resource estimates are within MPSA 253-2007-XIII, EP XIII-014A, APSA 00083-XIII and APSA 00107-XIII.C*

*Two (2) distinct mineralization types have been identified in the Placer Project, a shallow steeply dipping vein-type epithermal gold mineralization within a diatreme breccia and andesite (Mabuhay Volcanics) overprinting the deeper porphyry copper-gold mineralization within diorite.*

*Though there are a number of distinct deposits in the project area, with some already mined in the past, the resource estimate being considered are only on the Ntina, Nellie, Cloudburst and Mindoro deposits which were grouped together as the Ntina Complex and the Suyoc and Kinta Limbo deposits which were grouped together as the Suyoc Complex.*

*The mineral resource estimates for the shallow epithermal mineralization at the Ntina Complex and Suyoc Complex are constrained at elevations above -560mRL and -200mRL respectively. A cut-off grade of 0.55 g/t AuEq was applied for both the Ntina Complex and Suyoc Complex shallow epithermal mineralization while a cut-off grade of 0.60% CuEq was applied for the Ntina Deep Porphyry. The formula used are as follows:*

$$\text{AuEq (g/t)} = \text{Cu\%} \times 2 + \text{Au g/t} \quad \text{while} \quad \text{CuEq (\%)} = \text{Au g/t} \times 0.5 + \text{Cu\%}.$$

DEPOSIT	DOMAIN	CLASSIFICATION	ONNAGE (kT)	AuEq (g/t)	Au (g/t)	Cu (%)	Au (koz)	Cu (klb)
Ntina Complex	Au	Measured	3,764	1.84	1.59	0.13	191	10,743
		Indicated	7,802	1.87	1.69	0.09	424	15,700
	Cu	Measured	1,612	1.18	0.48	0.36	24	12,524
		Indicated	5,497	1.04	0.32	0.36	58	43,219
<b>SUB-TOTAL</b>			<b>18,675</b>	<b>1.56</b>	<b>1.16</b>	<b>0.20</b>	<b>697</b>	<b>82,286</b>
Suyoc Complex	Au	Measured	932	2.31	1.29	0.51	39	10,540
		Indicated	478	1.92	1.35	0.28	20	3,023
	Cu	Measured	1,328	1.14	0.44	0.35	19	10,244
		Indicated	1,750	1.08	0.44	0.32	25	12,427
<b>SUB-TOTAL</b>			<b>4,488</b>	<b>1.44</b>	<b>0.71</b>	<b>0.37</b>	<b>103</b>	<b>36,234</b>
<b>GRAND TOTAL</b>			<b>23,163</b>	<b>1.54</b>	<b>1.08</b>	<b>0.23</b>	<b>800</b>	<b>118,520</b>

Table 1. Measured and Indicated Mineral Resource Estimate for the Ntina and Suyoc Complexes Shallow Epithermal Mineralization

DEPOSIT	DOMAIN	CLASSIFICATION	ONNAGE (kT)	AuEq (g/t)	Au (g/t)	Cu (%)	Au (koz)	Cu (klb)
Ntina Complex	Au	Inferred	5,389	1.87	1.71	0.08	297	9,387
	Cu	Inferred	4,023	0.96	0.30	0.33	39	29,147
<b>SUB-TOTAL</b>			<b>9,412</b>	<b>1.48</b>	<b>1.11</b>	<b>0.19</b>	<b>336</b>	<b>38,534</b>
Suyoc Complex	Au	Inferred	120	1.53	1.06	0.24	4	629
	Cu	Inferred	2,112	0.92	0.34	0.29	23	13,527
<b>SUB-TOTAL</b>			<b>2,232</b>	<b>0.95</b>	<b>0.38</b>	<b>0.29</b>	<b>27</b>	<b>14,156</b>
<b>GRAND TOTAL</b>			<b>11,644</b>	<b>1.38</b>	<b>0.97</b>	<b>0.21</b>	<b>363</b>	<b>52,690</b>

Table 2. Inferred Mineral Resource Estimate for the Ntina and Suyoc Complexes Shallow Epithermal Mineralization

DEPOSIT	DOMAIN	CLASSIFICATION	TONNAGE (kT)	CuEq (g/t)	Au (g/t)	Cu (%)	Au (koz)	Cu (klb)
Ntina Complex	Porphyry	Inferred	49,201	0.95	0.74	0.58	1,166	634,110
<b>GRAND TOTAL</b>			<b>49,201</b>	<b>0.95</b>	<b>0.74</b>	<b>0.58</b>	<b>1,166</b>	<b>634,110</b>

Table 3. Inferred Mineral Resource Estimate for the Ntina Complex Deep Porphyry Mineralization

Although the data in the Technical Report are about five years old, the same are still valid as certified by a competent person as stated above. The Technical Report may be updated after completion of the exploration program.

## KEY STRATEGIES

The medium-term goal of Manila Mining Corporation is to resume mining operations. The company's strategy moving forward is:



1. Complete a drilling program to validate the extent of the Mineral Resource and come up with an Ore Reserve Estimate.
2. Based on the results of drilling, undertake a Feasibility Study which would prescribe a commercially viable operation.
3. Embark on a capital-raising activity (equity or debt) for the development of the mine, establishment of a mill and ancillary facilities.

The current buoyant copper and gold prices and future demand projections for copper provide an opportune time for the Company to resume exploration and resource definition drilling, especially in the known high grade deep-seated deposits, commencing with the Ntina Deeps located in Placer, Surigao del Norte and covered by the Company MPSA No. 253-2007-XIII. The Company's Senior Exploration Consultant, Mr. Douglas Kirwin, who is a member of the Board, has declared that potential exists to greatly increase the gold-copper resources already discovered by MMC in this location. This potential needs to be evaluated through further drilling. Considering the recent lifting of the moratorium on the issuance of mining permits, coupled with the favorable metals prices and future projections, especially for copper, there is no better time to resume drilling than now.

After completion of the exploration program, further drilling may be needed, or the Mineral Resource Estimate may already be converted to Ore Reserve, justifying mine development. If so justified, taking into consideration the tonnage of the resource, metal grades, metal prices and cost of production, A Declaration of Mine Feasibility will be finalized and once approved by the MGB, mine development and construction phase will follow, which will include rehabilitation of equipment and facilities and or purchase of new ones; then the mine operations phase. The ultimate goal is to eventually resume mining operations.

After completion of the exploration program, further drilling may be needed, or the Mineral Resource Estimate may already be converted to Ore Reserve, justifying mine development. If so justified, mine development and construction phase will follow, which will include rehabilitation of equipment and facilities and/or purchase of new ones, then the mine operations phase. The ultimate goal is to eventually resume mining operations.

Anent the Kalayaan Project, as stated earlier, Philex announced in 2019 the updated PMRC-compliant Mineral Resource Estimate for the Kalayaan Project. The Kalayaan Project, referred to by Philex as Bayugo-Kalayaan, has a measured and inferred resource of 122 million tonnes.

### **Risks Factors**

Prospective investors should consider the risk factors discussed below in addition to the other information contained in this Prospectus, including the Company's financial statements and notes relating thereto, before making any investment decision relating to the Offer. This risk disclosure does not purport to disclose all the risks and other significant aspects investing in these securities. An investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He/she may request information on the securities and the issuer thereof from the Commission which are available to the public.

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities specially those high risk securities.

**a. General Risk**

- ❖ The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.
- ❖ Past performance is not a guide to future performance.
- ❖ There is an extra risk of losing money when securities are brought from smaller companies. There may be a big difference between the buying and selling price of these securities.
- ❖ An investor deals in a range of investments each of which may carry a different level of risk.

**b. Risks Relating to the Company and its Business**

(i) MMC not in operation and will incur further Net Losses

MMC suspended its mining operations in 2001 due to the expiration of the Temporary Authority to construct and operate Tailings Pond No.7 (TP-7). Since then, activities have been limited to exploration drilling, upgrading and rehabilitation of the Assay Laboratory to support exploration drilling; maintenance of assets, protection/enhancement of the environment; and community development. As reflected in the projected financial statements, no revenues are projected from 2021-2022. Thus, all expenses related to administrative matters and depreciation/depletion will be booked as losses. Exploration expenses are capitalized. There can be no assurance as to when MMC will resume its mining operations as this will depend largely on the results of exploration drilling. The 2022 Exploration Program will be undertaken with diligence precisely with a view to ultimately develop the mine and resume mining operations.

As stated above, the Company's Senior Exploration Consultant, Mr. Douglas Kirwin, who is a member of the Board, has declared that potential exists to greatly increase the gold-copper resources already discovered by MMC in this location. This potential needs to be evaluated through further drilling.

Should the results of the drilling be favorable, resulting in a Declaration of Mine Feasibility, the Company will move to the development and construction phase, followed by resumption of mining operations. The Company expects to reach the operating phase within three years.

(ii) Additional Capital May be Needed for Mine Development and Revival of Mining Operations

After completion of the exploration program, further drilling may be needed, depending on the exploration results. Ultimately, the present Ore Resource Estimates will have to be converted to an Ore Reserve Estimate, which requires further drilling, until the point when mine development is justified taking into consideration the tonnage of the resource, metal grades, metal prices and cost of production.

This will be followed by a Declaration of Mine Feasibility. Mine development and construction phase will follow, which will include rehabilitation of equipment and facilities and/or purchase of new ones, then the mine operations phase. For all these, more funding will be needed by the Company, the amount of which will depend on the exploration results, cost of materials and metal prices at that time.

The Company's ability to raise funds will depend on various factors, including the state of financial markets, general condition of the Philippine economy, public perception of the Company's health, and other factors which are beyond the Company's control.

To ensure a successful exploration program, the Company is engaging the services of experts, guided by a strong Exploration Team, including consultants.

Mining and financial experts will also be engaged to ensure that all necessary factors (metal grades and prices, cut-off grade, cost of production, mining method) are considered in the finalization of a Feasibility Study that will justify the revival of mining operations.

(iii) Geology Risks-Valuation of Tenements or Minerals are only Estimates

Resource estimates may materially vary from actual ore reserves. Until the ore is actually mined and processed, the tonnage and grade of mineral resources and reserves may only be considered as estimates. Thus, the actual mine life of a project may vary from initial estimates. The exploration of mineral properties is based on samples. The sampling is exposed to several risks such as the inaccuracy and unreliability of the laboratory sampling methods and practices. To mitigate these risks, the Company 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 and will determine valuations based on judicious cut-off grades.

(iv) Risk that Exploration Drilling may not immediately translate into mining operation

Mineral exploration, albeit undertaken on the basis of scientific data, is a speculative economic activity. Of primary importance in exploration drilling are the exploration targets. Targeting should be based on information from previous studies and drilling.

Drilling in a particular area will not guarantee the generation of a Mineral Resource Estimate, defined in the Philippine Mineral Reporting Code as the "calculation of a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction."

In the same manner, further drilling in an area determined to have a mineral resource (which is true in the case of MMC) will not guarantee (but is absolutely necessary for) the generation of an Ore Reserve Estimate, defined in the PMRC as "the economically mineable part of a Measured and/or Indicated Mineral Resource". It takes more than drilling to generate an Ore Reserve Estimate. An Ore Reserve Estimate requires a detailed study of the mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors that may affect the potential mining operations given the tonnage and metal grades of the available resource. Many factors are beyond the control of the producer, such as the prices of metals, which fluctuate and are dictated by world

market forces, and some components of production including fuel, labor, and equipment. Laws could change from time to time rendering unallowable what used to be allowable mining activities.

To mitigate the above risks, MMC, through its Exploration Team, based its drilling targets on information from preserved drill core samples and data kept from MMC's past operations and exploration drilling activities. Execution of the drilling program will be done by MDGI Philippines, Inc., which has the proven capability for core drilling for deep seated mineralization supported by experienced crew and equipment. The drilling program will involve directional drilling which is within the competence of MGD. In addition, exploration drilling will be performed in an area covered by an approved MPSA.

Once sufficient drilling information is obtained, the potential Mineral Resource will be reviewed by a team of technical, financial, and legal experts, which are available to MMC.

(v) Risks Relating to Mining Tenements and Renewal of Permits

MMC and KCGRI filed with the MGB in 2012 applications for renewal of Exploration Permits EP No. XIII-014 and XIII-014B, respectively. MMC and KCGRI have complied with all the requirements for such approvals. It should be noted that under Section 18, Book VII, Chapter 11 of the Philippine Administrative Code of 1987: "Where the licensee has made timely and sufficient application for the renewal of a license with reference to any activity of a continuing nature, the existing license shall not expire until the application shall have been finally determined by the agency. The EPs therefore are not deemed expired. However, MMC and KCGRI may resume exploration work in the pertinent areas only after the applications for EP renewal are granted.

MMC has pending APSAs (APSA nos. 000006-XIII; 00007-XIII; and 000107-XIII; and 000083-XIII; the timing of approvals of which is outside of MMC's control. MMC diligently prosecutes these applications and is compliant with the DENR's requirements for the approval of the same. There was a moratorium on issuance of mineral agreements since 2012 by virtue of Executive Order No. 79. The moratorium was lifted only in April 2021. APSA No. 0083-XIII is discussed under Mining Tenements on page 8, but not under Material Contracts because it is not yet a contract but an application for an MPSA.

To mitigate the above risks, MMC is focusing on tenements that are covered by an MPSA. The areas that MMC intends to mine in the medium-term, if warranted by exploration results, are covered by an approved MPSA (MPSA No. 253-2007-XIII).

(vi) Risks relating to malfunction and failure of equipment to operate

The Company is not engaged presently in mining operations and effect of malfunctioning of its own equipment will be minimal. It is important however that the drilling equipment of its contractor,

MDGI Philippines, Inc. (“Driller”) be functional and efficient at all times so as not to delay the completion of the Exploration Program. MMC is engaging the services of a reputable driller that warrants the capacity and efficiency of its equipment as well as competence of its employees.

Major capital equipment are subject to standard warranties and the Company will call on these warranties in the event of malfunction or failure to operate.

(vii) Risks on related party transactions and its effect on the financials of the Company

The Company is not a party to related party transactions in which it is at risk of detrimental consequences. Since the Company has no revenue-generating activity, it incurred payables to officers and related parties who advanced certain amounts for the Company’s administrative expenses. These amounts will be repaid without interest from the SRO proceeds. It is risk-free to the Company.

(viii) Risk of Volatility of Metal Prices

Gold, silver and copper prices are generally on an uptrend. But such prices, being dictated by international market world market forces, could fall below, or rise higher, than the prices upon which future feasibility studies may be based. Feasibility studies, as required, will include sensitivity parameters to mitigate this risk.

(ix) Environmental Risk Hazards

Mining is a highly-regulated industry and the Company complies with all environmental and mining laws and regulations. Environmental protection is a priority of the Company. MMC has adopted an Environmental Policy that integrates safety, health and environmental concerns in all phases of its operations.

Risk hazards include exposure of workers and other stakeholders to possible occurrence of accidents in the exploration sites and eventually operations site. Also, pollutants may be generated from mining and milling operations. To mitigate these risks, the Company strictly complies with health, safety and environmental standards.

**c. Risk on Environmental Legislation**

Mining activities in the Philippines are monitored and highly regulated by the DENR. Non-compliance or failure to comply with government regulations may delay mining operations. New government regulations affecting the Company’s exploration or mining activities will have to be complied with and could entail additional costs. Despite not being in operation, the Company continues to comply with environmental laws. It has an Environmental Superintendent whose task is to ensure such compliance and who has carved a good environmental track record for the company, without any violations.

**d. Risk on Pending Material Cases against the Company and Directors**

There are no material cases pending against the Company, its Officers, and Directors.

**e. Risks Relating to the Offer**

(i) Marketability of Shares

The Entitlement Rights will be listed on the PSE. Trading volumes in the Philippines have historically been significantly smaller than those in securities markets in more developed countries and have also been highly volatile. There is no assurance that an active market for the Entitlement Rights will develop following the Offer or if developed, that such market will be sustained. The price at which the shares offered will be traded on the PSE after the Offer may vary from the Rights Offer Price. It should be noted that MA and MAB shares have remained relatively marketable all these years, despite the limited exploration and absence of mining operations. The exploration program of the Company was designed by Mr. Douglas Kirwin, an internationally renowned geologist who was directly involved in the exploration drilling at the giant Oyu Tolgoi deposit in Mongolia. The program is based on good technical data duly reviewed by a PMRC-competent person. The program can therefore add good value to MA and MAB shares.

(ii) Risk that the Offer Shares will come from the increase in Authorized Capital Stock (ACS) which increase has not been approved by the SEC

The existing authorized capital stock of the Company is P2,600,000,000, of which only P4,132,113 or 413,211,300 remain unissued. The Offer Shares totaling 51,917,357,740 shares will therefore come from the increase in ACS which is subject to SEC approval. Thus, the Entitlement Rights pertain to Common A and B Shares which have yet to be created. The Entitlement Rights shall be issued from the Company's increased ACS, subject to the approval of the Company's Application for ACS Increase and Amendment of Article VII of the Articles of Incorporation with the Company Registration and Monitoring Department (CRMD) of the SEC. Such application will be filed within 15 calendar days from the end of the Offer Period as defined in this Prospectus, or not later than June 6, 2022. The proceeds from the subscription to the Entitlement Rights shall be used to comply with the minimum subscription requirement for the Application to Increase ACS. Upon creation of the Shares, the Shares shall be registered in the name of the investor through the PCD Nominee Corporation, who is the registered owner of the shares in the books of Company's transfer agent. On the other hand, in the event that such application should be disapproved, the Company will refund the subscription payments within forty- five (45) days from the submission with the CRMD of the Application to Increase ACS.

To mitigate the risk, the Company engaged an underwriter, PCIC, and in addition, the principal shareholder, F. Yap Securities, Inc., and the Chairman, Mr. Felipe U. Yap, have undertaken to subscribe to all such Offer Share as will not be taken up at the end of the Offer Period. Furthermore, the Company will procure that all documents are in order and that it is compliant with all of the reportorial requirements of the SEC, to be assured of obtaining the needed clearances prior to approval of the application for increase of ACS.

(iii) Liquidity Risk

The Offer Shares have yet to be created, fully paid, and thereafter listed with the PSE. There will be a delay between the full payment for, and trading of, the Entitlement Rights on the PSE; the listing of the Entitlement Rights may be delayed. Purchasers of Entitlement Rights in the Offer will be required to pay the initial 25% upon subscription; the second 25% 60 days from the end of the Offer Period; and the balance of 50% 90 days from the end of the Offer Period. The Entitlement Rights are not expected to be listed on the PSE until listing date. Delays in obtaining the requisite approvals to increase the ACS as well as delays in the admission and the commencement of trading in shares on the PSE have occurred previously. If the PSE does not admit the Entitlement Rights onto the PSE by the listing date, the market for the Entitlement Rights will be illiquid and Shareholders may not be able to trade the Entitlement Rights. This may also materially and adversely affect the value of the Entitlement Rights.

**f. Risk that since Philex has the option to increase its interest shareholdings in to the Kalayaan-Bayugo project, the Company will no longer be the controlling shareholder.**

The Company entered into a Farm-In Agreement with Philex for the Kalayaan Project with the intention of reducing its interest in the Project from 100% to 40%. Manila Mining Corporation has several tenements under its name, and more ground can be covered if it enters into partnerships with other mining companies such as Philex, especially for the Kalayaan Project, which adjoins the Bayugo Project of Philex.

**g. Covid-19 Related Risks**

With no major activities in the last two years other than Care-and- Maintenance, the effect of the Covid-19 virus on the Company's activities are minimal. For the execution of the Exploration Program, safety protocols will be employed to minimize the risk of Covid infection.

**h. Risk on Weather Disturbances and Natural Calamities**

Severe weather conditions like typhoons and heavy rainfall as well as other natural calamities like earthquakes can disrupt operations and cause material losses. Surigao del Norte, in particular, experience heavy rainfall from time-to-time. Material losses can be insured against through appropriate insurance coverages. It is also important that mitigating measures, such as voluntary stoppage of operations (drilling operations since the Company is not yet in mining operations) are resorted to during extreme weather conditions to protect the employees as well as material assets.

**i. Country Risks: International Disputes, and Changes in Laws**

The location of the Company's mineral rights in Surigao del Norte is distant from areas of international disputes. Other than the 2022 national elections, there are no foreseen events which can possibly result in political instability.

Changes in law such as those relating to the mining industry, labor, and taxation, may result in additional cost for the Company and affect its business plans. Proposed changes need to be analyzed from time to time to prepare the Company for any adverse effects thereof.

**j. Fluctuations in the value of the Peso vis-à-vis the US Dollar**

Since the minerals of interest are exportable, the projected revenue when the project is finally put in operation will be subject to foreign exchange fluctuations. Such fluctuations affect not only the revenue stream but also capital and operating expenses as some mining equipment and materials used for processing are not produced locally. This risk may be mitigated by close monitoring of cash flow position and exposures in non-Peso currencies.

**RISK MITIGATION**

As discussed above, the Company prudently considers its risks and is prepared, to the extent possible, to mitigate the risks. Reiterated hereunder are the major risk-mitigating measures:

At this stage when activities are limited to care-and –maintenance and soon, drilling, business risks are mitigated through a carefully designed exploration program to be implemented using a reputable drilling outfit, to be supervised by a competent in-house exploration team.

Valuations of resources and tenements are but estimates. The estimates however are diligently done using appropriate price and grade parameters.

There are EP renewal applications that have yet to be granted, as well as APSAs which have not been approved. The Company will therefore focus its drilling on the already approved MPSA while it will continue to prosecute and follow-up its renewal and MPSA applications. Drilling results will determine when and how mining operations shall resume.

Employees are properly trained, and should there be a need to outsource any activity, reputable contractors will be engaged.

Environmental hazards as well as compliances are managed by an environmental team guided by sustainability principles.

When changes in laws result in additional costs, cost-saving measures will be resorted to so that operations may be sustained.

Generally, risk mitigation is done employing prudence and by complying with regulatory requirements.



**Use of Proceeds:**

	<u>Amount</u>
Exploration and Administration Cost	P407,250,000
- Drilling and drilling-related services	P273,990,000
- Assaying	30,960,000
- Construction of Core house	20,000,000
- Administrative: Salaries/ wages, security Professional fees, materials and supplies, etc.	82,300,000
Accounts Payable Trade and accruals	100,000,000
- Trade payable	2,170,000
- Accrued expenses and other liabilities	50,420,000
- Payable to government	8,730,000
Payable to employees	12,620,000
Retirement benefits obligation	26,060,000
Cost of Offering	11,750,000
<b>TOTAL</b>	<b>P 519,000,000</b>

All the accounts shown above will be paid within the period 2022-2023 as shown below:

<b>DISBURSEMENT OF PROCEEDS OF SRO</b>	Amount in Pesos	Period of Disbursement
<b>Exploration and Administrative Cost</b>	<b>407,250,000</b>	2nd quarter 2022 to -4th quarter 2023
Drilling and Drilling-related services	273,990,000	2nd quarter to 4th quarter 2022
Assaying	30,960,000	2nd quarter to 4th quarter 2022
Construction of Corehouse	20,000,000	2nd quarter to 4th quarter 2022
Administrative Expenses	82,300,000	2nd quarter 2022 to 4th quarter 2023
Accounts Payable Trade and Accruals	<b>100,000,000</b>	2nd quarter 2022-3rd quarter 2022
Trade Payable	2,170,000	2nd quarter 2022-3rd quarter 2022
Accrued expenses and Other Liabilities	50,420,000	2nd quarter 2022-3rd quarter 2022
Payable to Government	8,730,000	2nd quarter 2022-3rd quarter 2022
Payable to Employees	12,620,000	2nd quarter 2022-3rd quarter 2022
Retirement Benefits Obligation	26,060,000	2 <sup>nd</sup> quarter 2022-3 <sup>rd</sup> quarter 2022
Cost of Offering	11,750,000	2nd quarter 2022
<b>Total</b>	<b>519,000,000</b>	

**NTINA DEEPS 2022 EXPLORATON PROGRAM**

A review of the completed resource block model and resource estimate for the Ntina complex beneath near surface epithermal style mineralization was able to identify two zones of higher grade mineralization. These two zones occur on the northeast and southwest sides of the Ntina drilled area and appear to dip steeply to the north and south, respectively. It is part of the Placer Project in Placer, Surigao del Norte, covered by MPSA No. 2007-253-XIII. MMC expects to obtain approval of its Exploration Work Program for this MPSA within March 2022.

A drilling program was designed to achieve a better understanding of the controls on deep porphyry style mineralization and to define the shape of the higher grade mineralization that may be extracted by underground mining method. This program will involve the drilling of 13 drill holes with a total length of **14,370** meters starting in the second quarter of 2022 and utilizing two diamond drill rigs. MDGI Philippines, Inc. will undertake the drilling.

A new core house will also be constructed to store the cores that will be generated not only during this drilling program but also for future drilling programs.

## **EXPLORATION AND ADMINISTRATION COSTS**

### Components of Exploration Costs

The bulk of the exploration cost is Drilling and Drilling-related Services totaling P274 million. The drilling will be performed by MDGI Philippines That amount also covers all materials and supplies not provided by the drilling contractor, contingency costs, Consultant's Fees, and core-handling costs.

Also included in Exploration Costs are Assaying Costs which pertain to the expenses of the Assaying Department (which analyzes the drill cores produced by drilling), including labor, materials, and supplies, as well as fees to be paid to a third party assay laboratory located in Manila, since the in-house laboratory cannot handle all the assaying requirements. Transportation costs to Manila are also covered.

All costs for the construction of a Core House for the proper storage and protection of all drill cores are also included in Exploration Costs.

Also included are all other costs emanating from Placer, Surigao del Norte. These include utilities, materials and supplies, and salaries of all Placer-based employees from the following departments or sections:

- (i) Administration Department: includes Human Resource, Personnel; Medical and Legal Services; and Day Care;
- (ii) Environment Department: in charge of Environmental protection and enhancement; Community Development and Relations; Safety and Health; and Tenements;
- (iii) Security: both in-house and the Security Agency
- (iii) Electrical Department: maintains the substation, the powerhouse, electrical posts and lines;
- (v) Finance Group: composed of Cashiering/ Accounting Department and Inventory Management Dept.; and
- (vi) Exploration Department: Geologists and services to support Exploration.

### Components of Administrative Costs

The Administrative Costs include salaries and wages, office rental, materials and supplies and other outside services for the Makati Head-Office. It also includes legal retainer, professional fees to the external auditor, transfer agent's fees, and PSE listing maintenance fees.

The Administrative Costs include salaries and wages, materials and supplies and other outside services for the Makati Head-Office. It also includes legal retainer, professional fees to the external auditor, transfer agent's fees, and PSE listing maintenance fees.

## ACCOUNTS PAYABLE-TRADE AND ACCRUALS

The Trade Payable of P2.17 million consists of accounts with various service providers and suppliers of materials and supplies, medical expenses, hotel expenses, gas, etc. ; Accrued Expenses amounting to about P17.8 Million include amounts payable to a security agency, the power provider, and other service providers and suppliers; Other Liabilities refer to advances by related parties amounting to P32.62 million that were used for the following administrative expenses in the last two years: wages and salaries, security agency, separation pay of a few employees, PSE Listing Maintenance Fees, legal retainer and other professional fees, and some components of the “Cost of Offering” which have been paid already, such as the PSE processing and listing fees and the SEC filing fee for the application for confirmation of exempt transaction. None of the accounts payable and accruals are subject to interest charges.

“Due to Employees” refer to accrued salaries.

“Retirement Benefit Obligations” refer to accrued retirement benefits.

“Payable to government” includes real property and withholding taxes and occupation fees, SSS, Pag-ibig, Philhealth premiums and SSS loans payable.

Following are the Projected Income Statements for 2021 and 2022, reflecting the forgoing usage/expenses.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company’s current plans and anticipated expenditures.

In the event that there is any change in the Company’s development plan, including *force majeure* and circumstances such as failure to obtain requisite approvals, changes in government policies that would render any of the above plans not viable, the Company may reallocate the proceeds to other purposes taking into consideration the prevailing business climate and the interests of the Company and the shareholders taken as a whole. In the event of any significant deviation, material adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the SEC and the PSE. The Company shall regularly disclose to the PSE, through the PSE Electronic Disclosure Generation Technology (“PSE EDGE”), any disbursements from the proceeds generated from the Offer.

### Cost of Offering

The Expenses that this exercise will entail are estimated at PhP4,900,000.00, broken down as follows:

PSE Listing fee	581,474.41
SEC Confirmation as exempt Transaction-filing fee	524,365.32
DST	5,191,735.77
SEC Filing Fee	4,000,000.00
Transfer Agent's Fees	60,000.00
PDTC's Fee	200,000.00
Administrative- printing of notices and subscription agreement, mailing, Escrow Agent’s fees, etc.	1,186,416.25
<b>TOTAL</b>	<b>₱ 11,743,991.075</b>

### **Determination of Offering Price**

The shares will be offered to all eligible MMC shareholders at the exercise price of P0.01 per share of either class, the same as the closing price of MMC Class "A" and "B" shares on August 17, 2021 the day of the MMC Board's approval and announcement of the offering. The exercise price is equivalent to the par value of per share. Under the Revised Corporation Code and PSE rules, the Rights Offer Price should not be lower than the share's par value.

### **Plan of Distribution**

The Entitlement Rights shall be offered on a pre-emptive rights basis to existing shareholders of the Company as of the Record Date. The Company will notify in writing all existing shareholders of the Offer. The Notice will include a subscription agreement and details as to the shareholder's entitlement on the basis of one share for every five shares held as of Record Date, and how this may be availed. To be valid, subscriptions should be paid at the Company's Offices through the Office of the Chief Accountant (20th Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City) not later than the last day of the Offer Period. If mailed, the Subscription Agreement and payment should be post-marked not later than the said last day of the Offer Period. Subscription payments may also be deposited, physically or thru online transfer, into the designated bank account of MMC as specified in the Notice of SRO.

Additional Entitlement Rights shall be granted to those shareholders who had exercised their Entitlement Rights in the First Round of the Rights Offer and signified their intention to subscribe in the mandatory Second Round of the Rights Offer to any unsubscribed Entitlement Rights and paid the corresponding 25% down payment for the said Additional Entitlement Rights. These shall be distributed by the Office of the Chief Accountant, in coordination with PCIC, on a pro-rata basis, to be determined after all the subscription agreements with the required payments shall have been received by the Company. Any unsold Entitlement Rights after the end of the Second Round of the Rights Offer will be taken up by F. Yap Securities, Inc., a principal shareholder of the Company, which has firmly committed to subscribe not just to its Entitlement Rights but also to any Entitlement Rights that will not otherwise be taken up by other eligible shareholders. In the event that F. Yap Securities, Inc. should fail to subscribe to the unsubscribed portion of the SRO, Mr. Felipe U. Yap will fully take up all the unsubscribed shares. If F. Yap Securities, Inc. or Mr. Felipe U. Yap should fail to subscribe to the unsubscribed portion of the Rights Offer, the Underwriter has committed to underwrite, on a firm basis, to fully take up all the unsubscribed shares.

Holdings of existing shares in certificated and in scripless form will be treated as separate holdings for the purpose of calculating entitlements under the Offer. Fractions of the Entitlement Rights will not be allotted to existing shareholders and fractional entitlement will be rounded down to the nearest whole number of the Entitlement Rights.

PCIC will act as Underwriter of the Offer but no commissions or remuneration will be paid to them by MMC, directly or indirectly, in relation to the sale of Entitlement Rights. Neither will F. Yap Securities, Inc. collect any commissions or remuneration, directly or indirectly, in relation to the sale of Entitlement Rights.

### **Relationship with the Issuer**

No relationship exists between PCIC and the Company, other than as stated in the Underwriting Agreement entered into by both parties. F. Yap Securities, Inc. is a principal stockholder of MMC.

## TERMS AND CONDITIONS OF THE OFFER

ISSUER:	Manila Mining Corporation
RATIO:	one (1) Entitlement Right for every five (5) common shares held
ELIGIBLE SHAREHOLDER	a shareholder of at least five (5) shares of stock of the Company as of the Record Date
OFFER SHARES:	Common Shares of the Company with par value of P0.01 per share totaling 51,917,357,740 common shares consisting of 31,159,217,274 class "A" shares and 20,758,140,466 class "B" shares. The Offer Shares shall be considered issued upon approval of MMC's application for increase of authorized capital stock with the SEC, and shall rank equally in all respects with the existing shares after a valid Subscription Agreement is perfected between MMC and the Eligible Shareholder as evidenced by the confirmatory signature of MMC's representative on the Subscription Agreement and issuance of an official receipt covering the payment of at least 25% of the Subscription Price.
OFFER PRICE:	P0.01 per Entitlement Right
PAR VALUE:	P0.01 per share
RECORD DATE:	April 29, 2022
EX-DATE:	April 26, 2022
OFFER PERIOD:	May 16-20, 2022
PAYMENT TERMS:	25% due within the Offer Period; another 25% due 60 days from the end of the Offer Period or on July 19, 2022; and the balance of 50% is due 90 days from the end of the Offer Period or on August 18, 2022. Full Payment is acceptable and will be duly receipted but such full payment does not guarantee the Company's approval of the Additional Subscription, as the Available Shares, to be determined only after the Offer Period, will be distributed to the Applicants in proportion to their original shareholdings as of the Record Date. Shares not paid on due date shall be declared delinquent and dealt with in accordance with the Revised Corporation Code.

Payment may be in cash or check delivered to the Office of the Chief Accountant of MMC together with the Subscription Agreement and the documents indicated below; or may be deposited, physically or thru online transfer, into the designated bank account of MMC as specified in the Notice of SRO; PDCs for the 25% and 50% balances are acceptable. For prompt listing of the shares, all subscriptions should be paid on the due date.

**ADDITIONAL DOCUMENTS  
NEEDED:**

If the Subscriber is a partnership, corporation or trust account, the Subscription Agreement must be accompanied by a Secretary's Certificate embodying the resolution authorizing the subscription to the Rights offer and designating the authorized signatory for the transaction;

Individual subscribers must submit a copy of a valid ID together with the Subscription Agreement.

**SECOND ROUND:**

To be considered for the Second Round, Additional Entitlement Rights must be indicated in the Subscription Agreement and submitted within the Offer Period with the corresponding 25% payment. In the event that the SRO is not fully taken up on the First Round, shareholders who have applied for Additional Entitlement Rights ("Applicant") will automatically qualify for the Second Round of the rights offering; the Available Shares shall be distributed to the Applicants in proportion to their original shareholdings as of the Record Date. To ensure that all validly mailed-in subscriptions are taken into account, the Second Round shall not commence until five (5) days from the end of the Offer Period.

**THIRD ROUND COMMITMENT:**

Should there be unsubscribed Entitlement Rights after the Second Round, then all these Entitlement Rights shall be taken up by the principal stockholder, F. Yap Securities, Inc., as it has committed to do.

**FOURTH ROUND:**

If there should be unsubscribed Entitlement Rights left after the third round, Mr. Felipe U. Yap will take up all such Entitlement Rights.

**REFUND:**

The initial subscription payment of each Applicant shall be applied first to the approved Additional Entitlement Rights; then to the payment of the balance of the entire subscription. Any further balance shall be refunded via check not later than five (5) banking days after the end of the Offer Period. Such refund check shall be mailed to the Applicant's address as indicated in the Subscription Agreement.

UNDERWRITER: PENTA CAPITAL & INVESTMENT CORPORATION will underwrite, on a firm commitment basis, all such Entitlement Rights as will not be taken up by F. Yap Securities, Inc. and Mr. Felipe U. Yap.

Notwithstanding any agreement between the Underwriter and its designated purchaser, the Underwriter shall remain responsible for the fulfillment of its firm underwriting commitment. If the Underwriter's designated purchaser shall fail to purchase and pay for any Offer Shares remaining after the Third and Fourth Rounds of the Offer, the Underwriter shall be obligated to take up and pay for said Offer Shares to ensure that the Offer Shares will be fully subscribed.

The Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Company's or Underwriter's inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Company, the Underwriter, or any other entity/ person to take up any shares remaining after the Offer Period.

In undertaking the Underwriter's firm commitment to purchase, the Underwriter hereby manifests its conformity to comply with and be bound by all applicable listing and disclosure rules, requirements and policies of the Exchange.

ESCROW AGENT: BDO Unibank, Inc.

RECEIVING AGENT: Office of the Chief Accountant, MMC, 20<sup>th</sup> Floor, Lepanto Bldg. 8747 Paseo de Roxas, Makati; payments may be deposited into MMC's bank account, and the subscription agreement and other documents may simply be emailed to [oaj@manilamining.com](mailto:oaj@manilamining.com) cc [johc.subido@manilamining.com](mailto:johc.subido@manilamining.com); the bank account details will be provided in the Notice of SRO to be sent to each stockholder.

LEGAL COUNSEL: ATTY. MA. BELINA B. MARIANO

INDEPENDENT AUDITORS: Sycip, Gorres, Velayo & Co.

STOCK TRANSFER AGENT: STOCK TRANSFER SERVICE, INC.

USE OF PROCEEDS: To fund the 2022 Exploration Program, administrative costs, and settle trade payables and accruals

ISSUANCE TAX/  
DOCUMENTARY STAMP TAX All documentary stamp taxes applicable to the issuance of the Offer Shares shall be for the account of MMC.

LISTING DATE:	June 20, 2022 or not later than ten calendar days from SEC approval of the Company's application for increase of ACS.
TRADING DATE:	The shares will be tradable after full payment by the shareholder concerned of the subscribed shares and MMC's compliance with post-listing requirements of the PSE.
REGISTRATION AND LODGMENT OF SHARES WITH PDTC	All fully-paid Offer Shares shall be lodged with the PDTC not earlier than the Listing Date; no stock certificates shall be issued corresponding to fully- paid subscriptions. Instead a Registry Confirmation Advice will be issued by the Transfer Agent to the Depository Participants or brokers designated by the subscriber; if the Subscriber does not indicate any broker's name, then the Company will designate F. Yap Securities, Inc. on the Subscriber's behalf.
OWNERSHIP RESTRICTION	Common "A" Shares, constituting 60% of the capital stock of the Company, are available only to Filipino Shareholders. This is a built-in mechanism to ensure that at any one time, foreign ownership in the Company does not exceed 40% of the outstanding capital.
ACCEPTANCE / REJECTION OF SUBSCRIPTIONS	<p>The Company has full discretion to accept or reject all or a portion of any subscription under the terms and conditions of the Offer. The actual number of Entitlement Rights to which any Eligible Shareholder may be entitled is subject to the confirmation of the Company. Subscriptions where checks are dishonored upon first presentment or which do not comply with the terms of the Offer shall be rejected. Moreover, payment received upon submission of a subscription does not constitute approval or acceptance by the Company of the same.</p> <p>A Subscription, when accepted, shall constitute a binding and effective agreement between the Eligible Shareholder and the Company for the subscription to the Entitlement Rights notwithstanding any provision to the contrary as may be found in the Prospectus and other offer-related documents.</p>



## Withdrawal of the Offer

The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the ex-Rights Date and prior to Listing, if there is a supervening force majeure or fortuitous event, such as:

a. An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the Prospectus, or would have a material adverse effect on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the Prospectus, or the Philippine economy or on the securities or other financial or currency markets of the Philippines, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Company's or Underwriter's inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Company, the Underwriter, or any other entity/ person to take up any shares remaining after the Offer Period;

b. An order canceling, suspending, or terminating the Offer, sale, distribution or listing of the Offer Shares is issued by a competent Philippine government agency having jurisdiction on the matter;

c. Cancellation, revocation or termination of the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration or the SEC Permit to Sell;

d. Trading in the PSE is cancelled or suspended for at least ten (10) consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by the PSE;

e. A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation,

decree or order which (i) materially and adversely affects: (a) the ability of the Company to engage in the business it is presently engaged in; or (b) the capacity and due authorization of the Company to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer, or (ii) would render illegal the performance by the Underwriter of its underwriting obligations hereunder;

f. Any significant, adverse, and unforeseeable change or development in the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;

g. The Company decides to or is compelled to stop its operations which is not remedied within five (5) Business Days;

h. The Company shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Company shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Company shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Company; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Company; or (vi) any event occurs which under the laws of the Philippines or to other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;

j. Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against the Underwriter in connection with or with respect to the issuance or sale by the Company of the Offer Shares or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;

k. Any event occurs which makes it impossible for the Underwriter to perform its underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting the Underwriter, or directing the Underwriter to cease, from performing its underwriting obligations;

l. Any representation, warranty or statement of the Company in the Prospectus shall prove to be untrue or misleading in any material respect or the Company shall be proven to have omitted a material fact necessary in order to make the statements in the Prospectus not misleading, which untruth or omission: (a) was not known and could not have been known to the Underwriter on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;

m. Unavailability of PDTC and PSE facilities used for the Offer and/or Listing and such unavailability impacts the ability of the Company and the Underwriter to fully comply with the listing requirements of PSE; and

n. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Company's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

The Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Company's or Underwriter's inability to sell or market the Offer Shares or

refusal or failure to comply with any undertaking or commitment by the Company, the Underwriter, or any other entity/ person to take up any shares remaining after the Offer Period.

Notwithstanding the foregoing, the Company and the Underwriter recognize and acknowledge that the PSE, in the exercise of its authority as a self-regulatory organization and further to its mandate to maintain a fair and orderly market, may impose appropriate sanctions and penalties on the Company and/or the Underwriter if subsequently even after the conduct of the offer and the listing of the Offer Shares, the PSE makes a determination that the cancellation or suspension of the underwriting commitment was not warranted based on the facts gathered by PSE after proper evaluation.

Notwithstanding the acceptance of any Subscription, the actual issuance of the Offer Shares to an Eligible Shareholder shall take place only upon the listing of the Offer Shares on the PSE. The PSE issued its Notice of Approval on \_\_\_\_\_, subject to compliance by the Company with certain conditions. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to Listing Date pursuant to this section, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.

If the Offer Shares are not listed on the PSE on Listing Date, all Subscription payments will be returned to the Eligible Shareholders without interest starting on the \_\_\_ Business Day after the end of the Offer Period or on \_\_\_\_\_.

## SECURITIES

### Market for Registrant's Common Equity and Related Matters

MMC's shares of stock are listed in the Philippine Stock Exchange. On March 15, 2022, the closing price of the shares on the PSE was ₱0.01 per share for both MA and MAB.

Following are the quarterly prices of MMC securities since 2019:

#### Manila Mining "A"

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Low	0.0083	0.0076	0.0091	0.0078	0.0061	0.0068	0.0081	0.0100	0.0097	0.0100	0.0096	0.0098
High	0.0090	0.0080	0.0091	0.0079	0.0061	0.0069	0.0091	0.0099	0.0097	0.0120	0.0097	0.011

#### Manila Mining "B"

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Low	0.0090	0.0079	0.010	0.0080	0.0084	0.0069	0.095	0.0110	0.009	0.011	0.0100	0.01
High	0.0090	0.0080	0.010	0.0080	0.0084	0.0079	0.095	0.0120	0.009	0.012	0.0110	0.01

### Securities and Shareholders

As of November 30, 2021, there were a total of 2,997 shareholders holding Common "A" shares, or 60% of total shareholders; and 1,145 shareholders with Common "B" shares, or 40% of total.

#### Top 20 Stockholders of the Company (as of November 30, 2021)

	STOCKHOLDER	"A" SHARES	"B" SHARES	TOTAL
1	PCD NOMINEE CORPORATION (FIL)	107,605,398,089	51,031,405,641	158,636,803,730
2	F.YAP SECURITIES INC.	27,945,887,346	17,195,705,019	45,141,592,365
3	F.YAP SECURITIES INC.		12,477,721,842	12,477,721,842
4	F.YAP SECURITIES INC.		9,325,685,411	9,325,685,411
5	BRYAN YAP	1,945,977,139	1,124,317,007	3,070,294,146
7	CHRISTINE YAP	1,861,557,111	461,919,918	2,323,477,029
8	PCD NOMINEE CORPORATION (NON-FIL)		2,180,557,238	2,180,557,238
9	EMMA YAP	1,478,067,401	962,564,863	2,440,632,264
10	CORONET PROPERTY HOLDINGS CORP	833,093,546	851,662,573	1,684,756,119
11	F.YAP SECURITIES INC.		1,665,206,615	1,665,206,615
12	CRESENCIO YAP	152,817,233	1,454,767,065	1,607,584,298
13	PAUL YAP, JR.	1,113,677,703	434,761,927	1,548,439,630
14	CHRISTINE KAREN YAP	886,334,939	492,917,544	1,379,252,483
15	PATRICK RESOURCES CORP	1,301,152,163		1,301,152,163
16	PACITA YAP	351,786,420	824,539,227	1,176,325,647
17	DAVID GO SECURITIES CORP.	436,519,534	586,065,344	1,022,584,878
18	VENTURA RESOURCES CORPORATION	718,565,954		718,565,954
19	ZAMCORE RESOURCES CORPORATION	707,395,421		707,395,421
20	LINDSA Y RESOURCES CORPORATION	651,542,763		651,542,763
18	ARLENE K. YAP	457,065,671	90,152,434	547,218,105
19	A/C - CKY FYSI	420,690,037	18,454,855	439,144,892
20	QUALITY INVESTMENTS AND SEC. CORP.	415,011,235		415,011,235

## Recent Sales of Unregistered or Exempt Securities

The last rights offering of the Company was made in 2014, of one share for every 3.56 shares held by shareholders of record as of May 22, 2014, at the price of P0.012. The Offer covered 34,165,808,415 class "A" and 22,761,118,932 class "B" shares and raised a total of P683.12 million during the period June-July 2014, and was confirmed by the Securities and Exchange Commission as an exempt transaction in an Order dated April 29, 2014.

## 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 42, Revised Corporation Code).

## Properties

Following are the properties of MMC other than the Mining Tenements described on page 7 of this Prospectus:

### Description of Properties

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 houses the offices and living quarters of employees in Surigao del Norte. The rest were acquired by the Company for its tailings pond and for other mining purposes.

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

## **Mortgages, Liens, Encumbrances and Lease**

MMC has no properties that are subject to any mortgage, lien, or encumbrances. The only property it leases is a 38.36 sqm. office space at the 20th Floor of the Lepanto Building, Paseo de Roxas, Makati, where its head office is located. The lease is at P21,100 per month. The current 10-year term will expire on December 31, 2023 but the lease may be renewed upon agreement of the parties.

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

## **Legal Proceedings**

There are no material pending legal proceedings against the Company. There are no bankruptcy, receivership or similar proceedings against the Company.

## **Summary of Material Contracts**

Aside from the Company's Transfer Agency Agreement with the STOCK TRANSFER SRRVICE, INC. which is renewable every year, following are the Material Contracts of the Company:

### **1. MPSA NO. 253-2007-XIII**

Date granted	-	July 28, 2007
Expiry date	-	June 4, 2032
Term	-	25 years
Names of claims	-	LLC No. V-1128 (II-a) "JESS", "EDY", etc.
Area	-	211.5000 has.

### **2. EXPLORATION PERMIT NO. XIII-00014A (pending 3<sup>rd</sup> renewal)**

Name of Permittee	-	Manila Mining Corp.
Date granted	-	April 28, 2010
Expiry date	-	April 28, 2012
Term	-	2 years
Area	-	2,176.2810 has.

The application for renewal was filed with the MGB in 2012. All required documents have been submitted to the MGB.

### **3. EXPLORATION PERMIT NO. XIII-00014B (pending 3<sup>rd</sup> renewal)**

Name of Permittee	-	Kalayaan Copper-Gold Res. Corp.
Date granted	-	April 28, 2010
Expiry date	-	April 28, 2012
Term	-	2 years

Area	-	286.6342 has.
Location	-	Placer, Surigao del Norte
Area	-	2,176.2810 has.

The application for renewal was filed with the MGB in 2012 and all required documents have been submitted to the MGB.

### **Investor Relations**

All queries and matters relating to Shareholders and Investors are directed to the Office of the Assistant Corporate Secretary, Atty. Odette A. Javier. Her office directly deals with investors and shareholders or otherwise refers the matter to the Department or Officer concerned. The Assistant Corporate Secretary holds office at the 21<sup>st</sup> Floor, Lepanto Building, 8747 Paseo de Roxas, Makati City and may be reached through: Tel nos. 8815-9447; oaj@manilamining.com

### **Corporate Governance**

MMC adopted a Manual on Corporate Governance to institutionalize the principles of good governance in the entire organization. MMC adopted the SEC's Revised Manual in 2017. Pursuant to the said Manual, the Company's Board of Directors have constituted the following committees: Audit Committee; Compensation and Remuneration Committee; Nomination Committee; Stock Option Committee.

### **2022 Plan of Operation**

The Company intends to raise capital this year for the purposes of resuming exploration drilling within its tenements, settlement of liabilities, and to meet other cash requirements. No purchase of plant or equipment is intended, nor will there be a significant change in the number of employees. Other activities will focus on maintenance of assets; protection/enhancement of the environment; and community development.

### **Management's Discussion and Analysis of Financial Condition and Results of Operations for the First, Second and Third Quarters ended March 31, June 30, and September 30, 2021, respectively and for the years 2020, 2019 and 2018**

In understanding the discussions below, it should be noted that MMC suspended mining operations in 2001 and since then, revenues have been nil (except for an extraordinary income made in 2011). Thus, administrative and depreciation expenses translate to net losses. Exploration-related expenses are not immediately expensed but are capitalized. There are no seasonal aspects in the "operations" of the Company.



### **As of 30 September 2021**

With no operations, revenue in the third quarter was nil. Expenses, consisting of depreciation and administration costs, amounted to P0.465 million, compared with and P0.348 million for the same quarter in 2020. The increase was due to maintenance expenses and licenses. There having been no operations, the said expenses constitute the net losses for the said periods.

For the six months ended September 30, 2021. Depreciation and administration expenses (equivalent to net loss) amounted to P1.35 million down from P1.4 million last year.

Cash and Cash Equivalents increased by 85% amounting to P1.582 million as cash advances were obtained from a shareholder to meet administrative expenses.

Material and supplies increased by 16% amounting to P.89 million due to purchase of materials (core trays and markers) in preparation for next year's drilling operations.

Accounts payable and accruals increased by 9% to P192.15 million from the year-end balance of P175.55 million on account of continuing care and maintenance activities.

The Company intends to raise capital within the year to fund exploration drilling and settle some liabilities.

### **As of 30 June 2021**

With no operations, revenue in the second quarter was nil. Expenses, consisting of depreciation and administration costs, amounted to P0.62 million, compared with P0.38 million for the same quarter in 2020. The increase is due to the PSE listing fee. There having been no operations, the said expenses constitute the net losses for the said periods.

For the six months ended June 30, 2021, depreciation and administration expenses (equivalent to net loss) amounted to P0.89 million and P1.05 million, respectively. The decrease is on account of deferred rental charges.

Accounts payable and accruals increased by about 5% to P183.82 million from the year-end balance of P175.55 million on account of continuing care and maintenance activities.

The Company intends to raise capital within the year to fund exploration drilling and other cash requirements, and settle liabilities.

### **As of 31 March 2021**

With no operations, revenue was nil, Expenses, consisting of depreciation and administration costs, totaled P0.26 million, compared with P0.67 million in the same quarter last year. The decrease was due to the full depreciation of some items. Accordingly, Net loss for the first quarter amounted to P0.26 million compared with P0.67 million last year.

The Company intends to raise capital this year to fund its exploration program and the settlement of some liabilities.

## **2020**

In 2020, interest income amounted to P7,026 compared with P16,115 in 2019. An interest expense of P703,060 (vs. P949,241 in 2019) was booked as a result of actuarial valuation of retirement benefits obligations. Impairment provision amounting to P1.38 Million was recognized in 2020 (vs. 1.28 Million in 2019) to increase allowance for doubtful recoverability of Input VAT.

This year's Administration and overhead costs (inclusive of depreciation and current service cost/pension cost) amounted to P3.76 Million compared with P6.37 Million last year on account of managed expenses due to pandemic. There being no operations and revenues, the administration and overhead costs usually translate to net losses.

## **2019**

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

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

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

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

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

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

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

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

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

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

## **2018**

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

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

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

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

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

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

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

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

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

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, the key performance indicators are the ratios below.

**MANILA MINING CORPORATION**  
**FINANCIAL RATIOS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
(With Comparative Annual Figures for 2020)

**Profitability Ratios:**

<u>3rd Quarter</u>	<u>YEAR END</u>		
		September 2021	December 2020
Return on assets		-0.04%	-0.22% Return
on equity		-0.04%	-0.24% Net
Profit Margin		N/A	N/A

**Solvency and liquidity ratios:**

Current Ratio	0.28	0.29
Debt to equity	0.09	0.09
Quick Ratio	0.01	0.00

**Financial Leverage ratio:**

Asset to equity	1.09	1.09
Debt to Asset ratio	0.09	0.08
Interest rate coverage ratio	N/A	N/A

**Independent Public Accountant**

Sycip Gorres Velayo & Co. has been MMC's independent public accountant since 2006. 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. Mr. Jaime F. del Rosario became the certifying partner from 2007 to 2011 and from 2014 to 2017. Ms. Eleanore A. Layug, certifying partner from 2012- 2013, is also the certifying partner for 2018 to 2020.

SGV's principal office is at SGV I Building, 6760 Ayala Avenue, Makati City.

The following table indicates the fees billed by SGV for professional services rendered to the Company as external auditors:

Years Ended December 31

	2018	2019	2020
Audit and Audit Related Fees	P300,000.00	P440,000.00	P440,000.00
Others			

**Tax Fees**

No other professional services, whether for taxes or otherwise, were rendered by SGV to the Company in the last three years.

**Other Fees**

No services other than the audit referred to in the foregoing paragraph were rendered by SGV to the Company in the last three years.

**Audit Committee's Approval Policies and Procedures**

Prior to commencement of audit services, the external auditors present their Audit Plan to the Audit Committee, indicating the applicable accounting standards, audit objectives, scope, approvals, methodology, needs and expectations and timetable, among others. All the items in the Plan are considered by the Committee, along with industry standards, in approving the services and fees of the external auditors. The Audit Committee is composed of: Mr. Eduardo A. Bangayan, Committee Chairman and an independent director; Atty. Jose Raulito E. Paras, 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	84	Filipino	Since 1976
EDUARDO A. BANGAYAN (Independent)	69	Filipino	Since 1989
ETHELWOLDO E. FERNANDEZ	93	Filipino	Since 2001
JOSE RAULITO E. PARAS (Independent)	49	Filipino	Since 2019
BRYAN U. YAP	48	Filipino	Since 1994
RENE F. CHANYUNGCO	69	Filipino	Since 2004
DOUGLAS JOHN KIRWIN	70	Australian	Since 2014
PATRICK K. YAP	42	Filipino	Since 2005
STEPHEN Y. YAP	51	Filipino	Since 2013

Executive Officers:

Position

FELIPE U. YAP	-	Chairman of the Board and Chief Executive Officer
BRYAN U. YAP	-	President and Chief Operating Officer

RENE F. CHANYUNGCO	-	Senior Vice President and Treasurer
PATRICK K. YAP	-	Senior Vice President
ETHELWOLDO E. FERNANDEZ	-	Corporate Secretary
STEPHEN Y. YAP	-	Vice President
PABLO AYSON, JR.	-	Vice President
KNESTOR JOSE Y. GODINO	-	Asst. Vice President for Human Resource
MA. LOURDES B. TUASON	-	Asst. Treasurer
ODETTE A. JAVIER	-	Asst. Corporate Secretary

### **Business Experience in the Last Five (5) Years**

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

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

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

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

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

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

Mr. **Douglas John Kirwin** was the Exploration Manager of Ivanhoe Mines from 1995 (when it was known as Indochina Goldfields Ltd) until 2012. He was the Vice President of the Society of Economic Geology from 2009 to 2011, where he continues to serve as an honorary lecturer. He is

now semi-retired with a part time consulting business. He is also a member of the board of Zeus Holdings, Inc. since June 2017.

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

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

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

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

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

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

### **Significant Employees**

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

### **Family Relationships**

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

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

The Company is not aware of any bankruptcy proceeding against any of its directors and officers during the past five (5) years. Neither is the Company aware of any conviction by final judgment in any criminal proceeding, or the involvement, of any of its directors or officers, in any case where such officer or director has been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, or found to have violated a securities or commodities law.

## 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.

LCMC holds a 19.60% equity interest in the Group. It provides cash advances and pays expenses on behalf of the Group.

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

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

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

Related Party	Relationship	Year	Amounts/ Volume	Outstanding Balance	Terms and Conditions
<i>Contract Deposits (Note 7)</i>					
DDCP	Affiliate under common control	2020	P–	<b>P12,649,531</b>	On demand Noninterest-bearing Refundable in cash
		2019	P–	P60,014,594	Unsecured, no impairment
<i>Due to Related Parties (Note 12)</i>					
LCMC	Stockholder	2020	<b>P2,672,071</b>	<b>P7,693,904</b>	On demand Noninterest-bearing To be settled in cash
		2019	P2,263,664	P4,874,523	Unsecured, no guarantee
Shipside, Inc.	Affiliate under common control	2020	–	<b>336,947</b>	On demand Noninterest-bearing To be settled in cash
		2019	–	336,947	Unsecured, no guarantee
<b>Totals</b>		<b>2020</b>	<b>P2,672,071</b>	<b>P8,030,851</b>	
Totals		2019	P2,263,664	P5,211,470	

Total compensation of the Group's key management personnel in 2020, 2019 and 2018, which pertains to short-term benefits, amounted to P484,450 for three years. Key management of the Group are the executive officers and directors. There were no post-employment benefits paid for the Group's key management personnel in 2020, 2019 and 2018.



## Summary Compensation Table

<b>Board of Directors per diem:</b>	<b>Year 2021</b>	<b>Year 2020</b>	<b>Year 2019</b>
Felipe U. Yap	none	none	3,000
Bryan U. Yap	none	none	3,000
Eduardo A. Bangayan	none	none	3,000
Rene F. Chanyungco	none	none	3,000
Ethelwoldo E. Fernandez	none	none	3,000
Douglas John Kirwin	none	none	2,000
Jose Raulito E. Paras	none	none	n/a
Patrick K. Yap	none	none	3,000
Stephen Y. Yap	none	none	3,000
<b>Chief Executive and Executive Officers:</b>	<b>2019 Total (All Cash)</b>	<b>Basic Salary</b>	<b>Bonus (13th month)</b>
Felipe U. Yap, Chairman Bryan U. Yap, President Rene F. Chanyungco, Sr. Vice Pres./Treasurer Patrick K. Yap, Sr. Vice Pres. Stephen Y. Yap, Vice Pres.	P467,950	P421,800	P35,150
	<b>2020 Total (All Cash)</b>	<b>Basic Salary</b>	<b>Bonus (13th month)</b>
Felipe U. Yap, Chairman Bryan U. Yap, President Rene F. Chanyungco, Sr. Vice Pres./Treasurer Patrick K. Yap, Sr. Vice Pres. Stephen Y. Yap, Vice Pres.	P90,150	P70,000	P20,150
	<b>2021 Total (Estimate)</b>	<b>Basic Salary</b>	<b>Bonus (13th month)</b>
Felipe U. Yap, Chairman Bryan U. Yap, President Rene F. Chanyungco, Sr. Vice Pres./Treasurer Patrick K. Yap, Sr. Vice Pres. Stephen Y. Yap, Vice Pres.	P90,150	P70,000	P20,150

## Compensation of Directors/Committee Members

The members of the Board did not receive any compensation or per diem for the meetings attended in 2020.

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.

## Voting Trusts and Change in Control

There are no voting trusts involving the Company's shares nor has there been any change in the control of the Company in the last five (5) years.

## Material Reclassification, Merger, Consolidation, or Purchase or Sale of Significant Amount of Assets

There are presently no plans for any reclassification, merger, consolidation, or Purchase/sale of any significant amount of assets.

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

The last stock option award of the Company expired in 2014.

## \*Security Ownership

### Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities, as of November 30, 2021, were as follows:

Title of Class	Name/Address of Record Owner**	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held "A"	%	No. of Shares Held "B"	%
A & B	F. Yap Securities, Inc. 17/F Lepanto Building, Paseo de Roxas, Makati City	Same as the record owner  Ms. Pacita K. Yap is the person appointed to exercise voting power	Filipino	32,290,372,946	20.73	38,897,028,068	37.48
A & B	Lepanto Cons. Mining Co. 21/F Lepanto Bldg., Paseo de Roxas, Makati City	Same as the record owner  Mr. Felipe U. Yap, Chairman, is the person appointed to exercise voting power	Filipino	20,479,027,104	13.14	12,045,531,915	11.61

The Board of Directors of Lepanto Consolidated Mining Company (LCMC) has the power to dispose of the corporation's shares. As to F. Yap Securities, Ms. Pacita K. Yap has such power. Both companies have proxies in favor of the Chairman, Mr. Felipe U. Yap.

## \*\*Security Ownership of Management

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	Filipino	1.892 / 1.613
A & B	Ethelwoldo E. Fernandez	Director/Corp. Sec.	16,422,471 / 15,748,315	Filipino	0.011 / 0.015
A & B	Rene F. Chanyungco	Director/SVP/Treasurer	39,240,449 / 29,780,888	Filipino	0.025 / 0.029
B	Douglas John Kirwin	Director	1	Australian	nil
B	Jose Raulito E. Paras	Director	33,056,179 / 3,202,247	Filipino	0.021 / 0.003
A & B	Eduardo A. Bangayan***	Director	7,566,975 / 35,441,945	Filipino	0.005 / 0.034
A & B	Patrick K. Yap	Director/SVP	60,551,930 / 32,791,011	Filipino	0.039 / 0.032
A & B	Stephen Y. Yap	Director	1,280,898 / -	Filipino	nil
A & B	Pablo T. Ayson, Jr.	Vice President	15,728,270 / 14,513,370	Filipino	0.010 / 0.014
A & B	Ma. Lourdes B. Tuason	Asst. Treasurer	37,388,257 / 40,060,862	Filipino	0.024 / 0.039
A & B	Odette A. Javier	Asst. Corp. Sec.	14,173,314 / 8,145,126	Filipino	0.010 / 0.008
	Aggregate as a group		3,400,598,789 / 2,071,236,408		2.219 / 2.002

\*\* - All of record and directly owned.

\*\*\* - Independent Directors

## Legal Framework for Mining in the Philippines: The Philippine Mining Act

The 1987 Constitution provides that:

“All lands of the public domain, waters, minerals, coal, petroleum and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. The exploration, development and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-production, joint venture, or production sharing agreements with Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens. Such agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and under such terms and conditions as may be provided by law. XXX. *Section 2, Article XII, Philippine Constitution.*

Pursuant to the foregoing Constitutional provision, Republic Act No. 7942, otherwise known as the Philippine Mining Act, was enacted in 1995 under which rights to explore, develop and utilize minerals may be obtained through:

1. Exploration Permits- Valid for a period of two years, subject to annual review and relinquishment or renewal upon the recommendation of the Director of the Mines and Geosciences Bureau; An exploration permit shall grant to the permittee, his heirs or successors-in-interest, the right to enter, occupy and explore the area.
2. Mineral Agreements- shall grant to the contractor the exclusive right to conduct mining operations and to extract all mineral resources found in the contract area. In addition, the contractor may be allowed to convert his agreement into any of the modes of mineral agreements or financial or technical assistance agreement covering the remaining period of e original agreement subject to the approval of the Secretary of the DENR. Mineral Agreements may take any of the following forms:
  - a. Mineral Production Sharing Agreement (MPSA)- an agreement where the government grants to the contractor the exclusive right to conduct mining operations within a contract area and shares in the production output. The contractor shall provide the financing, technology, management and personnel necessary for the implementation of this agreement;
  - b. Co-production Agreement- is an agreement between the Government and the\*\*contractor wherein the Government shall provide inputs to the mining operations other than the mineral resource.
  - c. Joint Venture Agreement- an agreement where a joint venture company is organized by the Government and contractor with both parties having equity shares. Aside from earnings in equity, the Government shall be entitled to a share in the gross output.
3. Financial or Technical Assistance Agreement- Any qualified person with technical and financial capability to undertake large-scale exploration, development and utilization of mineral resources in the Philippines may enter into a financial or technical assistance agreement directly with the Government through the DENR.

*The information in the following sections has been extracted from publicly available documents which have not been prepared or independently verified by the Company or any of their respective affiliates or advisors in connection with sale of the Subject Shares.*

## **PHILIPPINE STOCK MARKET**

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the or any of their respective subsidiaries, affiliates or advisors in connection with sale of the Offer Shares.

### **Brief History**

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective board of governors elected annually by its members. Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. The PSE previously maintained two trading floors, one in Makati City and the other in Pasig City, which were linked by an automated trading system that integrated all bid and ask quotations from the bourses.

In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor.

In June 1998, the SEC granted the PSE “Self-Regulatory Organization” status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorized capital stock of 120.0 million, consisting of 120 million shares with a par value of ₱1.00 per share, of which ₱84.9 million was subscribed and fully paid-up as of October 5, 2018. Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member broker allowing the use of the PSE’s trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the president.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry. Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE’s Main Board or the Small, Medium and Emerging Board. Recently, the PSE issued Rules on Exchange Traded Funds (“ETF”) which provides for the listing of ETFs on an ETF Board separate from the PSE’s existing boards. Previously, PSE allowed listing on the First Board, Second Board or the Small and Medium Enterprises Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of incorporation of the issuer. Each index represents the

numerical average of the prices of component stocks. The PSE has an index, referred to as the PHISIX, which as at the date thereof reflects the price movements of selected stocks listed on the PSE, based on traded prices of stocks from the various sectors.

The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi includes 30 selected stocks listed on the PSE. In July 2010, the PSE's new trading system, now known as PSE Trade, was launched. In December 2013, the PSE Electronic Disclosure Generation Technology (EDGe), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors.

In June 2015, the PSE shifted to a new trading system, the PSEtrade XTS, which utilizes NASDAQ's Xstream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced. In November 2016, the PSE received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

With the increasing calls for good corporate governance, PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public. The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of 10 guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices.

## **Trading**

The PSE is a double auction market. Buyers and sellers are each represented by stock brokers. To trade, bids or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Transactions are generally invoiced through a confirmation slip sent to customers on the trade date (or the following trading day). Payment of purchases of listed securities must be made by the buyer on or before the third trading day after the trade. Equities trading on the PSE starts at 9:30 am and ends at 12:00 pm for the morning session, and resumes at 1:30 pm and ends at 3:30 pm for the afternoon session, with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal and special holidays. Beginning on March 15, 2020, the PSE, in the observance of the government's implementation of the community quarantine in parts of the country including Metro Manila due to the COVID19 pandemic, has implemented shortened trading hours starting at 9:30 and ending at 1:00 pm. The shortened trading hours are still being implemented as of date of this prospectus and will continue to be implemented.

Minimum trading lots range from five shares to one million shares depending on the price range and nature of the security traded. The minimum trading lot for our Preferred Shares is 100 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading. To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50% or down by 50% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the company or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the company is disseminated, subject again to the trading ban. Orders cannot be posted, modified or canceled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- in the event the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price). Otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE;
- in the event the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C). Otherwise, such order will be rejected by the PSE.

Warrants may be listed in the PSE together with the Underlying Shares (where appropriate) under existing rules for listing of securities, and under such other rules as the PSE may adopt, provided, however, that the Warrants shall be automatically delisted upon the lapse of the Exercise Period. Under Article V, Part E, Section 20 of the PSE's Consolidated Listing and Disclosure Rules, the listing of Warrants issued by listed companies shall be mandatory. The listing of Warrants shall be effected seven Trading Days from submission of all requirements specified in the Listed Company's Notice of Approval. However, the actual listing of Warrants will be scheduled three Trading Days from the Company's compliance of all requirements specified in the Notice of Approval. This rule is applicable to all types of securities except convertible bonds.

### **Non-Resident Transactions**

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the shareholder's BSP-licensed custodian bank that will file and process the application for registration of the equity investment. It is the custodian bank that issues the certification of registration on behalf of the BSP. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated with foreign exchange sourced from the Philippine banking system.

## **Settlement**

The Securities Clearing Corporation of the Philippines (“SCCP”) is a wholly owned subsidiary of the PSE and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for: (i) synchronizing the settlement of funds and the transfer of securities through delivery versus payment, as well as clearing and settlement of transactions of clearing members, who are also PSE Trading Participants; (ii) guaranteeing the settlement of trades in the event of a PSE Trading Participant’s default through the 206 implementation of its “Fails Management System” and administration of the Clearing and Trade Guaranty Fund; and (iii) performance of risk management and monitoring to ensure final and irrevocable settlements of trades. SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after transaction date (“T+3”). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each PSE broker maintains a cash settlement account with one of the existing settlement banks of SCCP, which include BDO, Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, Deutsche Bank, The Hongkong and Shanghai Banking Corporation Limited, Unionbank of the Philippines, Maybank Philippines, Inc., Asia United Bank and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level. SCCP implemented its Central Clearing and Central Settlement system (“CCCS”) on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets “buy” and “sell” transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it.

## **Scripless Trading**

In 1995, the Philippine Depository & Trust Corporation (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository. All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders’ meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for nonPSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO, Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, Deutsche Bank, HSBC Philippines, Unionbank of the Philippines and Maybank Philippines, Inc.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee, a corporation wholly owned by the PDTC whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are canceled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares to PCD Nominee will be recorded in the Issuer's registry. This trust arrangement between the participants and PDTC through PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished by way of book-entry settlement. Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians. Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (trading date plus three trading days) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the CCCS 207 system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder. The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are canceled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominee's name. In the registry set-up, settlement



and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

#### **Amended Rule on Lodgment of Securities**

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in the amended rules on Lodgment of Securities of the PSE. Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the SEC. For listing applications, the amended rule on lodgment of securities is applicable to (a) the shares/securities of the applicant company in the case of an initial public offering; (b) the shares/securities that are lodged with the PDTC, or any other entity duly authorized by the SEC in the case of a listing by way of introduction; (c) new securities to be offered and applied for listing by an existing listed company; and (d) additional listing of securities of an existing listed company. Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof. Issuance of Certificated Shares On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply to PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. As stated above, if a shareholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder. Upon the issuance of certificated shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of beneficial ownership in the shares to certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for 208 upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

## **Amended Rule on Minimum Public Ownership**

Pursuant to the amended rules on minimum public ownership promulgated by the PSE and approved by the SEC, companies listed prior to December 6, 2017 are required at all times to maintain a minimum percentage of listed securities held by the public of 10% of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage as may be prescribed by the PSE. The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) purpose of investment; and (c) extent of involvement in the management of the company. The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) social security funds. If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered nonpublic. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public. Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period. On December 1, 2017, the SEC issued SEC Memorandum Circular No. 13, Series of 2017 ("SEC MC 13-2017") on the rules and regulations on minimum public ownership ("MPO") on initial public offerings. Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall. Furthermore, notwithstanding the quarterly public ownership report requirement of the PSE, a company is required to establish and implement an internal policy and procedure to monitor its MPO and to immediately report to the SEC within the next business day if its public float level has fallen below 20%. The company must submit to the SEC within 10 days after knowledge about the deficiency in its MPO, a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of 12 months from the date of such decline. The company must submit to the SEC a public ownership report and progress report on submitted business plan within 15 days after end of each month until such time that its public float reaches the required level. The minimum public ownership requirement is also a requirement for the registration of securities. Noncompliance with these requirements may subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the SEC. Since the Company was already publicly traded as of December 1, 2017, the 20% MPO requirements of SEC MC 13-2017 are not currently applicable to the Company. Accordingly, the Company is currently subject to the 10% minimum public ownership requirement. The PSE has also issued Memorandum Circular 2020-0076 on August 3, 2020 which contain the Guidelines on Minimum Public Ownership Requirement for Initial and Backdoor Listings (the "2020 MPO Guidelines"). The following are the salient points of the 2020 MPO Guidelines:

1. A company applying for initial listing through an initial public offering (“IPO”) is required to have a minimum public offer size of 20% to 33% of its outstanding capital stock post-IPO, as follows:

Market Capitalization	Public Offer
Not exceeding P500M	33% or P50M, whichever is higher
Over P500M to P1B	25% or P100M, whichever is higher
Over P1B	20% or P250M, whichever is higher

The company must maintain a public ownership level of at least 20% at all times after initial listing.

2. A company applying for listing by way of introduction is required to have at least 20% public float upon and after listing.
3. A company doing a backdoor listing is required to have at least 20% public float upon and after listing.

As of date, the SEC is looking at increasing the MPO requirement of existing listed companies to 15.0%, such proposed rules on MPO are yet to be issued by SEC for comments by the public.

#### Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies

The Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies (the “Supplemental Requirements”) took effect on 8 September 2011 and provides for the following minimum requirements:

- The applicant petroleum or renewable energy company should either be an operator or co-venturer of a valid and subsisting service/operating contract duly approved and awarded by the Department of Energy.
- It should prove that it has the right to participate actively in exploration for and/or extraction of natural resources through adequate control over assets or through adequate rights.

#### Amended Listing Rules for Real Estate Investments Trusts (REIT)

On 7 February 2020, the PSE issued the amended listing rules for REITs in light of the requirement under Section 5 of Republic Act No. 9856 (otherwise known as the REIT Act of 2009) which requires the shares of stock of a REIT to be listed. The general criteria for admission to listing of a REIT are:

- It is a stock corporation principally for the purpose of owning income-generating real estate assets.
- It must have a dividend policy of distributing annually at least 90% of its distributable income as dividends to its shareholders.
- It must be a public company upon and after listing with at least 1,000 public shareholders each owning at least 50 shares of any class of shares who in aggregate own at least 1/3 of the outstanding capital stock.
- It must have a minimum paid-up capital of Php300 million.

- At least 75% of the deposited property of the REIT must be invested in, or consist of, incomegenerating real estate, provided that a REIT shall not invest in real estate located out the Philippine which exceeds more than 40% of its deposited property and provided further, that the REIT shall at all times secure a special authority from the SEC in making such investment outside the Philippines.
- At least 1/3 of the board of directors of a REIT must be independent directors, which in no case shall be less than two.
- It must appoint a qualified fund manager and property manager in accordance with the REIT Act of 2009 and its implementing rules and regulations, as may be amended.
- Its directors or officers, fund manager, property manager, distributor and other REIT participants are subjected to the fit and proper rules under the REIT Act of 2009 and its implementing rules and regulations, as may be amended.
- Its articles of incorporation and by-laws shall provide that all of its shares of stock shall be in the form of certificated securities and an investor may not require the REIT to issue a certificate in respect of any share recorded in their name.
- It shall submit a firm undertaking on the part of its sponsors/promoter which transferred income generating real estate to the REIT to reinvest in real estate or infrastructure projects in the Philippines any monies realized by such sponsors/promoters from (a) the subsequent sale of REIT shares or other securities issued in exchange of income-generating real estate transferred by such sponsors/promoters to the REIT; or (b) the sale of any income-generating real estate to the REIT.

The firm undertaking shall also state the firm commitment to regularly report to the REIT the status of the implementation of the reinvestment plan.

- The submission of a reinvestment plan by the sponsor/promoters which transferred income-generating real estate to the REIT.
- The REIT and its sponsors/promoters which transferred income-generating real estate to the REIT shall be parties to a listing agreement with the PSE which contains, among other, their undertaking to comply with the REIT rules.

### **Data Privacy Act**

The Philippines government enacted legislation with the aim of protecting the fundamental human right to privacy while ensuring the free flow of information. Republic Act No. 10173, or the “Data Privacy Act of 2012” applies to processing of all types of information, whether that be of individuals or legal entities, except for publicly available information, or those required for public functions. The law provides that when an entity collects personal data, the purpose and extent of processing of such information collected must be legitimate and declared specifically to the owner of the personal information (i.e. whether such information will be used for marketing, data-sharing and the like), and that consent must be obtained from the owner. This requirement applies to all data collectors and data processors. The term “data collectors” refers to a natural or juridical person who controls or supervises the person collecting, storing, or processing the relevant personal information, while the term data processors refers to a natural or juridical person who processes the information, whether or not outsourced by the data collector. Personal information that is collected must be retained only

for a reasonable period of time. Such a reasonable period of time is the reasonable amount of time the collector needs the information for its purposes, and the collector must notify the owner of the personal information of that duration. The data collector must implement appropriate measures for the storage and protection of the collected personal information from accidental alteration, destruction, disclosure and unlawful processing. Furthermore, the data controller must assign compliance officer(s) to ensure compliance with the provisions of the Data Privacy Act and its accompanying implementing rules and regulations.

## **TAXATION AND FOREIGN EXCHANGE**

Effective January 1, 2009, the corporation income tax rate was reduced to 30% from 35% of taxable net income pursuant to Republic Act 9337. Gross interest income from the Philippine currency bank deposits and yield from deposit substitutes, trust fund and similar arrangements as well as royalties from sources within the Philippines are subject to a final withholding tax of twenty per cent of the gross amount of such income.

### Tax on Dividends

Cash and property dividends received from a domestic corporation by individual stockholders who are either citizens or residents of the Philippines are subject to tax of ten per cent. Cash and property dividends received by domestic corporations or resident foreign corporations are not subject to tax. Cash and property dividends received from a domestic corporation by a non-resident foreign corporation not engaged in trade or business in the Philippines are generally subject to tax at the rate of 30% effective January 1, 2009.

Subject to applicable preferential tax rates under relevant treaties, cash and/or property dividends received from a domestic corporation by a non-resident corporation are subject to final withholding tax at the rate of 15 per cent; provided that the country in which the non-resident foreign corporation is domiciled (i) imposes no taxes on foreign sources dividends or (ii) allows a credit against the tax due from the non-resident foreign corporation taxes deemed to have been paid in the Philippines equivalent to the difference between the regular income tax on corporations and the 15 per cent tax on dividends.

### Taxes on Capital Gains

Net capital gains realized by a resident or non-resident other than a dealer in securities during each taxable year from the sale, exchange or disposition of shares outside the facilities of the PSE, unless exempt under an applicable treaty, are subject to tax as follows; (a) five (5) per cent on gains not exceeding Php100,000; and (b) 10 percent on gains over Php100,000.

### Taxes on Transfer of Shares Listed and Traded Through the PSE

A sale or other disposition of shares of stock listed and traded through the facilities of the Exchange by a resident or a non-resident holder, other than a dealer in securities, is generally subject to a stock transaction tax at the rate of one-half of one-percent (1/2% of 1%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed which shall be

paid by the seller or transferor. In addition, a value-added tax (“VAT”) of 12 per cent is imposed on the commission earned by the Philippine Stock Exchange registered broker which is generally passed on to the client.

#### Documentary Stamp Tax

The original issue of shares is subject to documentary stamp tax of Php1.00 for each Php200.00, or fractional part thereof, of the par value of the shares issued. The transfer of shares is subject to a documentary stamp tax of Php0.75 for each Php200.00, or a fractional part thereof of the par value of the shares transferred. However, the sale, barter or exchange of shares of stock listed and traded through the local stock exchange shall not be subject to documentary stamp tax pursuant to Republic Act No. 9243 dated February 17, 2004 and Republic Act 9648 dated June 30, 2009.

#### Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Law

Republic Act No. 11534 or CREATE, which amends the Tax Code, was signed into law by the President Duterte on March 26, 2021. CREATE took effect on April 11, 2021. Under CREATE, the Government will no longer grant perpetual fiscal incentives such as the 5% tax on gross income earned (“GIT”). Registered business enterprises whose projects or activities were granted only an income tax holiday (“ITH”) prior to the effectivity of CREATE are given a transitory period and may continue to avail themselves of the ITH for the remaining period after CREATE takes effect, while those currently availing of the 5% GIT prior to the effectivity of CREATE are allowed to continue availing themselves of the said tax incentive for 10 years from the effective date of CREATE. Existing activities may avail of the incentives under CREATE, provided that the activities are included in the Strategic Investment Priority Plan (“SIPP”), and subject to the criteria and conditions in the SIPP. The SIPP will be formulated upon effectivity of CREATE by the BOI, in coordination with the Fiscal Incentives Review Board, Investment Promotion Agencies (as defined under CREATE; includes PEZA), other government agencies administering tax incentives, and the private sector. The SIPP will be submitted to the President for approval and is subject to revision every three years. The new tax incentives which may be granted under CREATE to an export enterprise are, among others, the following:

- ITH of four to seven years, depending on the tier/industry and location of the registered activities;
- Upon expiry of ITH, one of the following for 10 years, at the option of the registered enterprise:
  - (a) special corporate income tax (“SCIT”) of 5% based on the gross income earned, in lieu of all national and local taxes; or
  - (b) enhanced deductions on certain types of expenses; provided that enhanced deductions cannot be availed of simultaneously with the SCIT;
- Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories; and
- VAT exemption on importation and VAT zero-rating on local purchases. The period to avail of the incentives will depend on the combination of both location and tier/industry priorities as defined in the SIPP.

Among others, the SIPP will contain “priority projects or activities that are included in the Philippine Development Plan or its equivalent, or other government programs”, taking into account several factors such as substantial amount of investments, considerable generation of employment (especially towards less developed areas), and contribution to Philippine food security and increased incomes in the agriculture and fisheries sector.

Under CREATE, the location of the registered project or activity shall be prioritized according to the level of development as follows:

- (1) National Capital Region (locators can get ITH for four to six years);
- (2) metropolitan areas, or areas contiguous and adjacent to the National Capital Region (locators can get ITH for five to seven years); and
- (3) all other areas (locators can get ITH for six to seven years).

The metropolitan areas shall be determined by the National Economic and Development Authority. The tier/industry of the registered project or activity, on the other hand, will be prioritized according to national industrial strategy specified in the SIPP. The SIPP will also define the coverage of the tiers and provide the conditions for qualifying the activities. Tier I (ITH period can be for four to six years) includes activities that “(i) have high potential for job creation; (ii) take place in sectors with market failures resulting in under-provision of basic goods and services; and (iii) generate value creation through innovation, upgrading or moving up the value chain; (iv) provide essential support for sectors that are critical to industrial development; or (v) are emerging owing to potential comparative advantage.”

Tier II (ITH period can be for five to seven years) includes activities that “produce supplies, parts and components, and intermediate services that are not locally produced but are critical to industrial development and import-substituting activities, including crude oil refining.” Tier III (ITH period can be for six to seven years) activities include “(i) research and development resulting in demonstrably significant value-added, higher productivity, improved efficiency, breakthroughs in science and health, and high-paying jobs; (ii) generation of new knowledge and intellectual property registered and/or licensed in the Philippines; (iii) commercialization of patents, industrial designs, copyrights and utility models owned or co-owned by a registered business enterprise; (iv) highly technical manufacturing; or (v) are critical to the structural transformation of the economy and require substantial catch-up efforts.”

## **PHILIPPINE FOREIGN INVESTMENT, EXCHANGE CONTROLS AND FOREIGN OWNERSHIP**

Under the BSP regulations, a foreign investment in listed Philippine securities must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon will be sources from the banking system.

The registration with the BSP of all foreign investments in the Subject Shares shall be the responsibility of the foreign investor. The application for registration must be filed by a stockbroker/dealer or an underwriter directly with the BSP or with a custodian bank designated by the investor.

It should be noted that Manila Mining Corporation was an exporter of metals and will export metals if/when it resumes production, so it will be able to generate its own foreign exchange.

Foreign Ownership of Shares in the Company, pursuant to the Philippine Constitution, is limited to 40%. As a built-in mechanism to ensure compliance with such a limitation, the Company has two classes of common shares, "A" and "B", and the "A" shares constituting 60% at any one time of the outstanding capital of the Company, is available only to Filipino citizens or corporations.