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S.E.C. Registration No.

**UNITED PARAGON MINING CORPORATION**

(Company's Full Name)

**6<sup>TH</sup> Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City**

(Company's Address: No. Street, City/Town/Province)

**(632) 8631-5139**

(Company's Telephone Numbers)

**September 30, 2024**

(Quarter Ending – Month & Day)

**SEC FORM 17-Q**

(Form Type)

**N/A**

Amendment Designation (If applicable)

Period Ended Date

**N/A**

(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

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

1. For the quarterly period ended: September 30, 2024

2. Commission ID No. **40938**

3. BIR Tax Identification No. **000-169-117-000-V**

4. **UNITED PARAGON MINING CORPORATION**  
Exact name of issuer as specified in its charter

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

6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)

7. **Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City** **1550**  
Address of issuer's principal office Postal Code

8. **(63 2) 8631-5139**  
Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
<b><u>Common Stock</u></b>	<b><u>261,314,797,080 shares</u></b>

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

Yes [] No []

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

**Philippine Stock Exchange, Inc.** **Common Stock**

12. Indicate by check mark whether the registrant:

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]

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## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements

1. The unaudited Financial Statements of the Company (Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows) for the interim period ended September 30, 2024 and December 31, 2023 are included in this report.
2. The basic and diluted loss per share is presented on the face of the attached Statements of Comprehensive Income as well as the basis of computation thereof.
3. The Company's interim financial statements for the period September 30, 2024 and September 30, 2023 have been prepared in accordance with accounting principles generally accepted in the Philippines and Philippine Financial Reporting Standards.
4. The Company follows/adopts the same accounting policies and methods of computation in its interim financial statements (January to September 30, 2024) as compared with the most recent annual financial statements (December 31, 2023) and no policies or methods have been changed.
5. All adjustments, which are in the opinion of management, are necessary to a fair statement of the results for the interim period (January to September 30, 2024) is reflected in the interim financial statements.
6. Unusual items during the interim period (January to September 30, 2024), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company are shown/described under Management's Discussion and Analysis of Financial Condition and Results of Operations.
7. There were NO changes in the estimates of amounts reported in prior financial years (December 31, 2023 and 2022), which had a material effect in the current interim period (January to September 30, 2024).
8. There were NO long-term contracts entered into by the Company during the interim period January to September 30, 2024).
9. There were NO capitalization of liabilities, new borrowings and any modification of existing financing arrangements during the interim periods under review (January to September 30, 2024 and December 31, 2023) other than discussed under Management's Discussion and Analysis of Financial Condition and Results of Operations and Discussion and Analysis of Material Events and Uncertainties.
10. There were NO issuances, repurchases, and repayments of debt and equity securities for this interim period (January to September 30, 2024) and for the same period last year.

11. There were NO dividends paid (aggregate or per share) separate for ordinary shares and other shares for this interim period (January to September 30, 2024) and for the same period last year.
12. The Company has NO business segment, which would require disclosure of segment revenue and segment result for business segments or geographical segments.
13. Up to the time of filing of this report, there were NO material events subsequent to the end of the interim period (January to September 30, 2024) that have not been reflected in the financial statements for the interim period.
14. There were NO changes in the composition of the Company during the interim period (January to September 30, 2024), including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.
15. There were NO material changes in contingent liabilities or contingent assets since the last annual balance sheet date (December 31, 2023).
16. There were NO additional material contingencies and any other events or transactions that are material to the understanding of the current interim period that are not disclosed in this report.

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

Comparative financial highlights for the first semester ending September 30, 2024 and September 30, 2023 and for the year ended December 31, 2023 are presented below:

	<b>September 30, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>	<b>September 30, 2023 (Unaudited)</b>
Revenues	0	0	0
Net Income/(Loss)	<b>(80,876,814)</b>	(108,172,548)	(71,736,245)
Total Assets	<b>1,122,551,920</b>	1,122,235,410	1,132,303,626
Total Liabilities	<b>1,602,793,312</b>	1,521,599,987	1,495,231,898
Net Worth	<b>(480,241,392)</b>	(399,364,577)	(362,928,273)
Issued and Subscribed Capital	<b>261,314,797,080</b>	261,314,797,080	261,314,797,080

### **Results of Operations (September 30, 2024 vs. September 30, 2023)**

The Company has no operating income earned for the period end September 30, 2024 and September 30, 2023 and sustained a net loss of P80.9 million and P71.7 million, respectively. The net loss was due to increase in accrued interest expense on outstanding loans, and mine site and head office administrative expenses offset by unrealized foreign currency loss due to better peso against US dollar year on year.

General and administrative expenses of P9.8 million were incurred for the period ending September 30, 2024 as compared to P9.6 million as of end September 30, 2023.

The finance expenses for the period ending September 30, 2024 were up by P9.1 million compared to the same period in 2023 of P61.3 million due to compounded interest calculation on Camarines Minerals Inc., past due obligation.

The Company recognized a loss on foreign exchange of P0.6 million due to peso depreciation from P55.37 (12.31.2023) to P55.89 (09.30.2024) as of September 30, 2024 compared to a foreign exchange loss of P1.6 million on the same period in 2023.

#### **Financial Condition (September 30, 2024 vs. December 31, 2023)**

The Company has total assets of P1,122.6 million and P1,122.2 million as of September 30, 2024 and December 31, 2023, respectively. The increase was due to cash advances from related party offset by payment of current operating expenses.

Total current liabilities of P1,601.6 million and P1,520.4 million for the period ending September 30, 2024 and December 31, 2023, exceeded its current assets by P1,598.6 million and P1,517.3 million, respectively. The increase was mainly due to interest accrual and other payables and related party transaction.

The Company has a capital deficiency of P480.2 million and P399.4 million resulting from cumulative losses of P3,114.1 million and P3,033.2 million for the period September 30, 2024 and December 31, 2023, respectively.

The loans and advances due to a related party are covered by promissory notes subject to automatic roll over every ninety (90) days with interest accrued in the books.

Due to the suspension of mining and milling operations and limited sources of funds, the Company failed to meet payments within the stated terms to majority of its suppliers, contractors and creditors. However, the Company has been continuously paying the accounts that relates to its current working capital requirement, and the old accounts due to its suppliers, contractors and creditors remain unchanged. The internal and external sources of funds and the courses of action that the Company plans to undertake to address the liquidity problem are discussed under "Plan of operations for the year 2024".

The gold price as of September 30, 2024 increase by twenty-four percentage (24%) from December 31, 2023 and twenty-seven percentage (27%) higher year-on-year ending September 30, 2023. The gold (Au) was traded in the London Metal Exchange ("LME") with a closing price of US\$2,577.55/oz, US\$2,077.80/oz, and US\$1,871.60/oz for period ending September 30, 2024, December 31, 2023 and September 30, 2023 respectively. For the six months ending September 30, 2024 gold price reached an all-time high of US\$2,577.55 on September 30, 2024.

Inasmuch as the Company's mining and milling operations are still suspended, the key performance indicators of the Company as of September 30, 2024 as compared to September 30, 2023 are as follows:



Ratios	Formula		September 30 2024		September 30 2023
Current Ratio			<b>0.0019</b>		<b>0.0019</b>
	Current Assets/ Current Liabilities	P P	2,971,456 1,601,585,088	P P	2,814,448 1,494,291,731
Quick Ratio			<b>0.0016</b>		<b>0.0017</b>
	Current Asset-Inventory-Prepaid/ Current Liabilities	P P	2,549,347 1,601,585,088	P P	2,533,436 1,494,291,731
Solvency Ratio			<b>0.7004</b>		<b>0.7573</b>
	Total Assets/ Total Liabilities	P P	1,122,551,920 1,602,793,312	P P	1,132,303,626 1,495,231,898
Debt Ratio			<b>1.43</b>		<b>1.32</b>
	Total Liabilities/ Total Assets	P P	1,602,793,312 1,122,551,920	P P	1,495,231,898 1,132,303,626
Debt to equity ratio			<b>(3.34)</b>		<b>(4.12)</b>
	Total liabilities/ Stockholders' equity	P P	1,602,793,312 (480,241,392)	P P	1,495,231,898 (362,928,273)
Equity to debt ratio			<b>(0.30)</b>		<b>(0.24)</b>
	Stockholders' equity/ Total liabilities	P P	(480,241,392) 1,602,793,312	P P	(362,928,273) 1,495,231,898
Asset to equity ratio			<b>(2.34)</b>		<b>(3.12)</b>
	Total Assets Stockholders' equity/	P P	1,122,551,920 (480,241,392)	P P	1,132,303,626 (362,928,273)
Interest coverage ratios			<b>(0.15)</b>		<b>(0.17)</b>
	Earnings (loss) before interest & taxes Interest Expense	P P	(10,429,734) 70,447,080	P P	(10,430,036) 61,306,209
Book value per share			<b>(0.00184)</b>		<b>(0.00139)</b>
	Stockholders' equity/ Total # of shares	P	(480,241,392) 261,314,797,080	P	(362,928,273) 261,314,797,080
Loss per share			<b>0.00031</b>		<b>0.00027</b>
	Net loss/ Total # of shares	P	80,876,814 261,314,797,080	P	71,736,245 261,314,797,080

The change in key indicators as of September 30, 2024 as compared to September 30, 2023 are as follows;

Decrease in Current and Solvency Ratio year-on-year ending September 30, 2024 due to a reclassification of accounts receivables from current asset to non-current asset, an increase in cash and cash equivalents and related party transaction liability due to related party cash advances; Decrease in Debt-to-Equity, Equity-to-Debt, Asset-to-Equity and Interest Coverage Ratio due to increase in total liabilities and increase in net capital deficiencies.

The key performance indicators of the Company as of September 30, 2024 as compared to December 31, 2023 are as follows:

Ratios	Formula	September 30 2024	December 31 2023
Current Ratio		<b>0.0019</b>	<b>0.002</b>
	Current Assets/ Current Liabilities	P 2,971,456 P 1,601,585,088	P 3,064,726 P 1,520,391,763
Quick Ratio		<b>0.0016</b>	<b>0.002</b>
	Current Asset-Inventory-Prepaid/ Current Liabilities	P 2,549,347 P 1,601,585,088	P 2,974,237 P 1,520,391,763
Solvency Ratio		<b>0.7004</b>	<b>0.7375</b>
	Total Assets/ Total Liabilities	P 1,122,551,920 P 1,602,793,312	P 1,122,235,410 P 1,521,599,987
Debt Ratio		<b>1.43</b>	<b>1.36</b>
	Total Liabilities/ Total Assets	P 1,602,793,312 P 1,122,551,920	P 1,521,599,987 P 1,122,235,410
Debt to equity ratio		<b>(3.34)</b>	<b>(3.81)</b>
	Total liabilities/ Stockholders' equity	P 1,602,793,312 P (480,241,392)	P 1,521,599,987 P (399,364,577)
Equity to debt ratio		<b>(0.30)</b>	<b>(0.26)</b>
	Stockholders' equity/ Total liabilities	P (480,241,392) P 1,602,793,312	P (399,364,577) P 1,521,599,987
Asset to equity ratio		<b>(2.34)</b>	<b>(2.81)</b>
	Total Assets Stockholders' equity/	P 1,122,551,920 P (480,241,392)	P 1,122,235,410 P (399,364,577)
Interest coverage ratios		<b>(0.15)</b>	<b>(0.29)</b>
	Earnings (loss) before interest & taxes Interest Expense	P (10,429,734) P 70,447,080	P (24,190,756) P 83,981,792
Book value per share		<b>(0.00184)</b>	<b>(0.00153)</b>
	Stockholders' equity/ Total # of shares	P (480,241,392) 261,314,797,080	P (399,364,577) 261,314,797,080
Loss per share		<b>0.00031</b>	<b>0.00041</b>
	Net loss/ Total # of shares	P 80,876,814 261,314,797,080	P 108,172,548 261,314,797,080

The change in key indicators as of September 30, 2024 as compared to December 31, 2023 are as follows;

An increase in current and quick ratio for the quarter ending September 30, 2024 compared to December 31, 2023 due to increase in cash and cash equivalent in the current asset because of related party cash advances and seen a decrease in all other areas due to an increase in current liabilities brought about by accrual of interest on CMI payables and cash advances from related party transaction and increase in capital deficiencies due to net operating loss for the period ended September 30, 2024.

Changes in other line items shown in the Company's Unaudited Financial Statements in Part 1, Items 1 and 2 of this report are due to the usual period-to-period fluctuation in amounts natural in every business operation. There are no material unusual items other than as discussed above.

### **Discussion and Analysis of Material Events and Uncertainties**

Except as discussed in this report, management is not aware of any material event or uncertainty that affected the current interim period and/or would have a material impact on future operations of the Company. The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional/global financial and political crises. The Company's financial statements for the interim period ended September 30, 2024 reflect foreign exchange loss on the Company's dollar denominated accounts.

1. There are NO known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity except as disclosed below:

The Company entered into a P250.0 million Convertible Loan Agreement with Alakor Corporation, which was approved on September 20, 2011. The proceeds of the facility shall be used to finance the cost of conducting a feasibility study on the Longos Gold Project and for general working capital requirements of the Company. In the meantime, the Company will pursue various options to raise project funding for its exploration work program and for further rehabilitation of the Longos mine, once the Company obtained the necessary government permits. Should the required permits be obtained and the financing materialize during the year; this will have a material impact on liquidity. Also, please refer to item "C" under "Plan of Operations".

2. There are NO events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
3. There are NO material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
4. There are NO material commitments for capital expenditures.
5. There are NO known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

6. There are NO significant elements of income or loss that did not arise from the Company's continuing operations.
7. There were NO seasonal or cyclical aspects that have or had a material effect on the financial condition or results of operations of the Company.

### **Plan of Operations**

#### **A. The plan of operations for the year 2024 covers the following activities:**

- a. The Company and its co-applicant Camarines Minerals Inc. (CMI) are working closely with the MGB and Environmental Management Bureau (EMB) in order to comply with all mandatory requirements for eventual approval of Declaration of Project Mining Feasibility (DMPF) and restoration of Environmental Compliance Certificate (ECC). Also, the company is working with MGB 5 on the completion of two exploration permit applications EXPA-00233 and EXPA-00234, both of which are situated in the province of Camarines Norte.
- b. The Company has acquired rights and interests for the Negros Copper Project under Mineral Production Sharing Agreement (MPSA) Nos. 092-97-VI and 113-98-VI that expired on November 20, 2022 and May 26, 2023. The Company filed for the renewal of both MPSA's on July 28, 2022, which are currently under review at the Mines and Geosciences Bureau (MGB) Regional Office No. 6. The Exploration Permit for both MPSA's was restored for a period of two years, expiring on July 19, 2024, to recover the unused term during the pandemic. On July 18, 2024, the Company submitted the Final Exploration Report (FER) using the data of exploration work done by its predecessor Vulcan Industrial & Mining Corporation. The exploration report meets the criteria for mineral resource as certified by an Accredited Competent Person for Mining and Geology, but it will require additional exploration drilling works to increase its present mineral resource, if successful it will merit for filing of a DMPF application. A request for further exploration activity was filed on request on July 18, 2024.
- c. The Company will work on getting the financing requirement needed to comply all the mandatory requirement for DMPF and later the Mineral Processing Sharing Agreement application either by external sources or internal sources.
- d. The Company intends to address and mitigate the impact of net loss to equity in the financial statements by renegotiating current loan obligations.

#### **B. Summary of any product research and development for the term of the plan.**

Exploration, drilling and development for a mining company, are the equivalent of research and development.

In October 2020, the Company completed the exploration work program by drilling of 3 holes, totalling 604.9 meters east south-east of Bula-ay mining area under EP-016-2016. These holes were to check the up-dip continuity of Baluate Vein and San Antonio Vein (between level 200 and level 400) above ultramafic-granodiorite contact. On February 4, 2021, the Company file a Declaration of Mining Project Feasibility Study (DMPF) prior to exploration permit expiration on February 19, 2021. The Company and its co-applicant Camarines Minerals Inc. (CMI) are working closely with the MGB and Environmental Management Bureau (EMB) in order to comply with all mandatory requirements for eventual approval of Declaration of Project Mining Feasibility (DMPF) and restoration of Environmental Compliance Certificate (ECC). Also, the company is working with MGB 5 on the completion of two exploration permit application EXPA-00233 and EXPA-00234 both are situated in the province of Camarines Norte.

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C. Any expected purchase or sale of plant and significant equipment.

At present, both UPM and CMI have complied with the requirements for the approval of the DMPF. Their joint MPSA application is now pending with the MGB Central Office. The Company has no intention at present to acquire any plant and significant equipment until it has been granted a mining permit and funding for the planned rehabilitation and further development of the Longos mine becomes available, in which case, additional plant and significant machinery and equipment will be acquired.

In the meantime, the Company is continuing with its care and maintenance of existing mine buildings, equipment and other facilities to preserve them for future use in order to minimize the capital requirement of the rehabilitation of the mine.

D. Any significant changes in the number of employees.

Manpower as of September 30, 2024 consists of eight (8) regular personnel. The Company expects no significant change in the number of employees for the ensuing year unless the necessary permits have been awarded to the company and the needed funding requirements for exploration and further rehabilitation and development of the Longos Mine becomes available, in which case, a significant number of employees will be hired.

### Item 3. Management’s Assessment and Evaluation of Financial Risk Exposures

The Company’s financial instruments consist mainly of cash, accounts payable and other current liabilities, due to related parties and redeemable preferred shares. The main purpose of the Company’s dealings in financial instruments is to fund its operations and capital expenditures.

The risks arising from the Company’s financial instruments are credit risk, liquidity risk and foreign exchange risk.

The BOD has the overall responsibility for the establishment and oversight of the Company’s risk management policies. The Finance & Accounting Manager is responsible for developing and monitoring the Company’s risk management policies. Issues affecting the operations of the Company are reported regularly to the BOD.

Management addresses the risks faced by the Company in the preparation of its annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company’s operations and forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company’s cash.

With respect to credit risk arising from cash, the Company’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses.

As at September 30, 2024 the Company used general approach in the assessment of cash credit quality. The ECL relating to Company’s cash is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.

	September 30, 2024				
	Neither Past Due nor Impaired		Past Due but		Total
	High Grade	Standard Grade	Not Impaired	Impaired	
Cash in bank*	2,549,347	0	0	0	2,549,347
<b>Total credit risk exposure</b>	<b>2,549,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,549,347</b>

<b>December 31, 2023</b>					
	<b>Neither Past Due nor Impaired</b>		<b>Past Due but</b>		<b>Total</b>
	<b>High Grade</b>	<b>Standard Grade</b>	<b>Not Impaired</b>	<b>Impaired</b>	
Cash and cash equivalents*	2,974,237	0	0	0	2,974,237
<b>Total credit risk exposure</b>	<b>2,974,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,974,237</b>

The adoption of new impairment model under PFRS 9 did not have a significant effect on the Company's financial statements.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities as they fall due. Management is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by the management. To effectively manage liquidity risk, the Company has arranged for funding from related parties and continues to dispose of scrap, obsolete and excess assets to raise additional funds.

The following table summarizes the maturity profile of the Company's financial liabilities and financial assets as at September 30, 2024 and December 31, 2023, based on contractual undiscounted cash flows. The analysis into relevant maturity groupings is based on the remaining term at the end of the reporting period to the contractual maturity dates, including estimated interest payments and excluding the impact of netting agreements:

### September 30, 2024

	<b>Due and Demandable</b>	<b>Within 6 Months</b>	<b>6 to 12 Months</b>	<b>Over 1 year</b>	<b>Total</b>
<b>Financial Asset:</b>					
Cash	2,549,347	0	0	0	2,549,347
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities	1,227,095,809	0	0	0	1,227,095,809
Due to related parties	348,389,279	0	0	0	348,389,279
Redeemable preferred shares	26,100,000	0	0	0	26,100,000
<b>Net Financial Liabilities</b>	<b>(1,601,585,088)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(1,601,585,088)</b>

**December 31, 2023**

	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 year	Total
<b>Financial Asset:</b>					
Cash	2,974,237	0	0	0	2,974,237
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities	1,160,891,179	0	0	0	1,160,891,179
Due to related parties	333,389,279	0	0	0	333,389,279
Redeemable preferred shares	26,100,000	0	0	0	26,100,000
<b>Net Financial Liabilities</b>	<b>(1,520,380,458)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(1,520,380,458)</b>

**Foreign Exchange Risk**

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company uses the Philippine Peso (₱) as its functional currency and is therefore exposed to foreign exchange movements, primarily on the US Dollar (\$). The Company follows a policy to manage this risk by closely monitoring its cash flow position and by providing forecast on its exposures in non-peso currency.

The Company's net exposure to foreign exchange risk arises from \$-denominated accrued interest and other current liabilities.

Information on the Company's \$-denominated monetary liabilities and their ₱ equivalent is as follows:

As at September 30, 2024 and December 31, 2023, the exchange rate of ₱ to the \$ is ₱ P55.89 and ₱55.37, respectively.

	September 30, 2024		December 31, 2023	
	USD	PHP	USD	PHP
Accrued interest and other current liabilities	1,928,364	107,780,121	1,928,364	106,73,514
Other current liabilities	17,461	975,930	17,461	966,815

The following table demonstrates the sensitivity to a reasonably possible change in Philippine Peso/US Dollar exchange rate, with all other variables held constant, of the Company's loss before income tax. There is no other impact on the Company's equity other than those affecting the statement of comprehensive income.

	Change in exchange rate	
	\$ strengthens by 5%	\$ weakens by 5%
Increase (decrease) in income before income tax and equity		
September 30, 2024	<b>(5,389,006)</b>	<b>5,389,006</b>
December 31, 2023	<b>(5,387,017)</b>	<b>5,387,017</b>



#### Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

#### *Cash, Accounts Payable and Other Current Liabilities, Due to Related Parties and Redeemable Preferred Shares*

The carrying amounts of cash, accounts payable and other current liabilities, due to related parties and redeemable preferred shares are equal or approximate their fair values due to their short-term maturities and are considered due and demandable.

During the years ended September 30, 2024 and December 31, 2023 there were no transfers among Levels 1, 2 and 3 of fair value measurements.

#### Capital Management

The Company maintains a capital base to cover risks inherent in the business. The primary objective of the Company's capital management is to increase the value of shareholders' investment. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure upon commencement of its operations.

The BOD has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry. No changes were made in the objectives, policies or processes during the period ended September 30, 2024 and year ended December 31, 2023.

Management's plans on how to address the Company's deficit in explained under Plan of Operations for 2024.

The following table summarizes what the Company considers as its total capital as of September 30, 2024 and December 31, 2023.


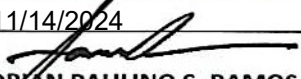

Capital stock	₱2,613,147,971
Share premium	19,449,376
	<u>₱2,632,597,347</u>

**PART II - OTHER INFORMATION**

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

**SIGNATURES**

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

Issuer	 <b>GERARD ANTON S. RAMOS</b>
Signature & Title	Chairman of the Board
Date	11/14/2024
Issuer	 <b>ADRIAN PAULINO S. RAMOS</b>
Signature & Title	President
Date	11/14/2024
Issuer	 <b>GILBERT V. RABAGO</b>
Signature & Title	Treasurer
Date	11/14/2024

**UNITED PARAGON MINING CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2024**

	September 30, 2024	December 31, 2023
<b>CURRENT ASSETS</b>		
Cash and cash Equivalents	2,549,347	2,974,237
Materials and supplies - at net realizable value	62,018	24,124
Other current assets	360,091	66,365
<b>TOTAL CURRENT ASSETS</b>	<b>2,971,456</b>	<b>3,064,726</b>
<b>NONCURRENT ASSETS</b>		
Property, plant and equipment	994,047,287	994,047,287
Deferred exploration costs	123,941,463	123,746,611
Other noncurrent assets	1,591,714	1,376,786
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,119,580,464</b>	<b>1,119,170,684</b>
<b>TOTAL ASSETS</b>	<b>1,122,551,920</b>	<b>1,122,235,410</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and other current liabilities	1,227,095,809	1,160,891,179
Due to related parties	348,389,279	333,389,279
Redeemable preferred shares	26,100,000	26,100,000
Income tax payable	-	11,305
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,601,585,088</b>	<b>1,520,391,763</b>
<b>NONCURRENT LIABILITIES</b>		
Pension liability	940,167	940,167
Deferred tax liability	268,057	268,057
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,208,224</b>	<b>1,208,224</b>
<b>TOTAL LIABILITIES</b>	<b>1,602,793,312</b>	<b>1,521,599,987</b>
<b>EQUITY</b>		
Capital stock - P.01 par value		
Authorized - 397,325,000,000 shres		
Issued - 261,314,797,080 shares	2,613,147,971	2,613,147,971
Additional paid-in capital	19,449,375	19,449,376
Actuarial gains on retirement benefits obligation	1,241,123	1,241,123
Deficit	(3,114,079,861)	(3,033,203,047)
<b>TOTAL EQUITY</b>	<b>(480,241,392)</b>	<b>(399,364,577)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,122,551,920</b>	<b>1,122,235,410</b>

**UNITED PARAGON MINING CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
For the Nine Months Ended September 30, 2024  
(Unaudited)

	Nine Months ended September 30		Quarter (July to September)	
	2024	2023	2024	2023
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	9,800,996	9,600,885	3,084,496	3,651,792
<b>OTHER (INCOME) EXPENSES</b>				
Finance expenses	70,447,080	61,306,209	25,637,628	21,805,327
Foreign exchange (gain) loss	630,151	1,630,637	(5,770,246)	3,100,344
Interest income	(1,413)	(1,487)	(604)	(608)
Other (income) expenses	-	(800,000)	-	-
	71,075,818	62,135,360	19,866,778	24,905,063
<b>NET LOSS FOR THE PERIOD</b>	80,876,814	71,736,245	22,951,274	28,556,854
<b>LOSS PER COMMON SHARE COMPUTED AS FOLLOWS: In Philippine Pesos</b>				
Net loss	80,876,814	71,736,245	22,951,274	28,556,854
Weighted average no. of shares	261,314,797,080	261,314,797,080	261,314,797,080	261,314,797,080
<b>LOSS PER COMMON SHARE</b>				
Basic and diluted	0.00031	0.00027	0.00009	0.00011

**UNITED PARAGON MINING CORPORATION**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Nine Months Ended September 30, 2024**  
**(Unaudited)**

	2024	2023
<b>SHARE CAPITAL</b>		
<b>Authorized</b>		
Common – 397,325,000,000 shares @ ₱0.01 par value per share	3,973,250,000	3,973,250,000
Preferred Class “A” – 13,500,000 shares @ ₱0.50 par value per share <sup>(1)</sup>	6,750,000	6,750,000
Preferred Class “B” – 400,000 shares @ ₱50.00 par value per share <sup>(1)</sup>	20,000,000	20,000,000
<b>Total Authorized Capital Stock</b>	<b>4,000,000,000</b>	<b>4,000,000,000</b>
<b>Issued and outstanding</b>		
Common shares-261,314,797,080 shares @ ₱0.01 par value per share		
Balance at beginning of year	2,613,147,971	2,613,147,971
Issuance for the period	0	0
<b>Balance at end of 3rd quarter</b>	<b>2,613,147,971</b>	<b>2,613,147,971</b>
<b>SHARE PREMIUM</b>		
Balance at beginning of year	19,449,375	19,449,375
Movement for the period	0	0
<b>Balance at end of 3rd quarter</b>	<b>19,449,375</b>	<b>19,449,375</b>
<b>ACTUARIAL GAINS ON RETIREMENT BENEFIT OBLIGATION</b>		
Balance at beginning of year	1,241,123	1,241,123
Movement for the period	0	0
<b>Balance at end of 3rd quarter</b>	<b>1,241,123</b>	<b>1,241,123</b>
<b>EQUITY</b>		
Balance at beginning of year, as previously reported	(3,033,203,047)	(2,925,030,499)
Net loss for the period	(80,876,814)	(71,736,245)
<b>Balance at end of 3rd quarter</b>	<b>(3,114,079,861)</b>	<b>(2,996,766,744)</b>
	<b>(480,241,392)</b>	<b>(362,928,273)</b>

**UNITED PARAGON MINING CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**For the Nine Months Ended September 30, 2024**  
**(Unaudited)**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss) before income tax	(80,876,814)	(71,736,245)
Adjustments for:		
Finance expenses	70,447,080	61,306,209
Depreciation Expense	(0)	4,086
Foreign Exchange (gain) loss	630,151	1,630,637
Interest & Other Income	(1,413)	(1,487)
Operating loss before changes in working capital	(9,800,996)	(8,796,799)
Changes in:		
Receivables		
Materials and supplies	(37,894)	(1,031)
Prepaid expenses and other current assets	(293,726)	(243,697)
Accrued interest and other current liabilities	(4,872,602)	(2,566,997)
Cash used in operations	(15,005,218)	(11,608,524)
Interest received	1,413	1,487
Income taxes paid (MCIT)	(11,305)	-
Net cash used in operating activities	(15,015,110)	(11,607,038)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Additions (deductio) to property, plan, and equipment	-	-
Deferred exploration costs - evaluation expenditures	(194,852)	(53,858)
Increase in other assets	(214,928)	(197,596)
Net Cash used in investing activities	(409,780)	(251,454)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from related parties	15,000,000	14,000,000
Loan Payable		
Net cash provided by financing activities	15,000,000	14,000,000
<b>EFFECTS OF EXCHANGE RATE CHANGES IN CASH</b>		
	-	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(424,890)</b>	<b>2,141,509</b>
<b>CASH</b>		
January 1	2,974,237	391,926
<b>September 30</b>	<b>2,549,347</b>	<b>2,533,436</b>

**SCHEDULE A**

**UNITED PARAGON MINING CORPORATION**  
**FINANCIAL ASSETS IN EQUITY SECURITIES**  
September 30, 2024

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (Figures in thousands)	Income received and accrued
<div style="border: 1px solid black; padding: 5px; display: inline-block;">NOT APPLICABLE</div>			

**SCHEDULE B**

**UNITED PARAGON MINING CORPORATION**  
**AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS**  
**(OTHER THAN RELATED PARTIES)**  
September 30, 2024

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written-off	Current	Not Current	Balance at end period
NOT APPLICABLE							



**UNITED PARAGON MINING CORPORATION  
AMOUNTS RECEIVABLE FROM RELATED PARTIES  
WHICH ARE ELIMINATED DURING THE  
CONSOLIDATION OF FINANCIAL STATEMENTS**  
September 30, 2024

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected/Settlements	Amounts Written-off	Current	Not Current	Balance at end period
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NOT APPLICABLE

**SCHEDULE D**

**UNITED PARAGON MINING CORPORATION**  
**INTANGIBLE ASSETS - OTHER ASSETS**  
September 30, 2024

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

**SCHEDULE E**

**UNITED PARAGON MINING CORPORATION**  
**LONG-TERM DEBT**  
September 30, 2024  
**(Amounts in Thousands)**

Title of Issue and type of obligation	Amount authorized by: Indenture	Amount shown under the caption “Current Portion of long-term borrowings” in related balance sheet	Amount shown under the caption “Long-term borrowings- net of current portion” in related balance sheet
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NOT APPLICABLE

**SCHEDULE F**

**UNITED PARAGON MINING CORPORATION  
INDEBTEDNESS TO RELATED PARTIES  
(LONG-TERM LOANS FROM RELATED COMPANIES)  
September 30, 2024**

Name of Related Party	Balance at beginning of period	Balance at end of period
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NOT APPLICABLE

**UNITED PARAGON MINING CORPORATION**  
**GUARANTEES OF SECURITIES OF OTHER ISSUERS**  
September 30, 2024

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

**UNITED PARAGON MINING CORPORATION**  
**CAPITAL STOCK**  
September 30, 2024

The Company's authorized share capital is ₱4.0 billion divided into 397.3 billion shares at ₱0.01 par value. As at September 30, 2024, total shares issued and outstanding is 261,314,797,080 held by 1,180 shareholders.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	Directors and Officers	Principal/Substantial Stockholders	No of shares held by Government	Banks	Others
Common Stock	397,325,000,000	261,314,797,080	–	399,562,501	205,647,268,035	–	–	55,267,966,544

**SCHEDULE 1**  
**UNITED PARAGON MINING CORPORATION**  
**FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED**

	<u>September 30, 2024</u>	<u>September 30, 2023</u>	<u>December 31, 2023</u>
<b><u>PROFITABILITY RATIOS:</u></b>			
Return on Assets	-7.206%	-6.343%	-9.640%
Return on Equity	16.841%	19.766%	-27.090%
Gross profit Margin	0%	0%	0%
Net Profit Margin	0%	0%	0%
<b><u>LIQUIDITY AND SOLVENCY RATIOS:</u></b>			
Current Ratio	0.0019 : 1	0.0019 : 1	0.0020 : 1
Quick Ratio	0.0016 : 1	0.0017 : 1	0.0020 : 1
Solvency Ratio	0.7004 : 1	0.7573 : 1	-0.0695 : 1
<b><u>FINANCIAL LEVERAGE RATIOS:</u></b>			
Asset to Equity ratio	-2.34 : 1	-3.12 : 1	-2.81 : 1
Debt ratio	1.43 : 1	1.33 : 1	1.36 : 1
Debt to equity ratio	-3.34 : 1	-4.12 : 1	-3.81 : 1
Interest Coverage ratio	-0.15 : 1	-0.17 : 1	-0.29 : 1

**UNITED PARAGON MINING CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**

September 30, 2024

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**1. Corporate Information**

Corporate Information

United Paragon Mining Corporation (the Company) was the name given to United Asia Resources and Geothermal Corporation (UARGC), surviving corporation, when the Securities and Exchange Commission (SEC) approved the merger of UARGC and Abcar-Paragon Mining Corporation (APMC) on January 29, 1990. The more significant provisions of the merger, which for accounting purposes were effective July 31, 1989, included the acquisition of assets and assumption of APMC's obligations by UARGC through issuance of shares of stock.

The Company's major activities are principally devoted to the exploration and development of its underground mining operations for the extraction of gold.

No person or entity holds more than 50% of the Company's voting securities. Accordingly, the Company has no parent company.

The Company's registered office address is 6<sup>th</sup> Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City. Its exploration and mining operations are located in Longos, Paracale, Camarines Norte.

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**2. Summary of Significant Accounting Policies**

Basis of Preparation

The financial statements have been prepared using the historical cost basis. The financial statements are presented in Philippine peso (P=), which is the Company's functional currency and presentation currency under the Philippine Financial Reporting Standards (PFRSs). All amounts are rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs). PFRSs include statements named PFRS and Philippine Accounting Standards (PASS) and Philippine Interpretations from the International Financial Reporting Interpretation Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council (FRSC).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.



#### Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and  
Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

#### Amendments to PAS 8, Definition of Accounting Estimates

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments did not have a material impact on the Company's financial statements.

#### Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

The amendments had no impact on the Company's financial statements.

#### Amendments to PAS 12, International Tax Reform – Pillar Two Model Rules

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

#### Pronouncements Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

#### Effective beginning on or after January 1, 2024

Amendments to PAS 1, Classification of Liabilities as Current or Non-current

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

Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

#### Effective beginning on or after January 1, 2025

PFRS 17, Insurance Contracts

Amendments to PAS 21, Lack of exchangeability

Deferred effectivity

Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

#### Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on current or noncurrent classification. An asset is current when it is:

Expected to be realized or intended to be sold or consumed in the normal operating cycle;  
Held primarily for the purpose of trading;  
Expected to be realized within 12 months after the reporting date; or,  
Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as noncurrent.

A liability is current when:

It is expected to be settled in the normal operating cycle;  
It is held primarily for the purpose of trading.  
It is due to be settled within 12 months after the reporting date; or,  
There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

#### Fair Value Measurement

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

In the principal market for the asset or liability, or;

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical asset or liability

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 22.

#### Financial Instruments

#### Date of Recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

#### Initial Recognition

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Company commits to purchase or sell the asset).

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL).

**Classification of Financial Assets.** Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Company's business model for managing the financial assets. The Company classifies its financial assets into the following measurement categories:

Financial assets measured at amortized cost;

Financial assets measured at FVPL;

Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss

Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

**Contractual Cash Flows Characteristics.** If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Business Model.** The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument.

The Company's business model refers to how it manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

**Financial Assets at Amortized Cost.** A debt financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in profit or loss.

As at September 30, 2024 and December 31, 2023, the Company has financial assets at amortized cost consisting of cash.

Financial Assets at FVPL. Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the statement of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Company may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Company, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

As at September 30, 2024 and December 31, 2023, the Company has no equity instruments at FVPL.

Financial Assets at FVOCI. A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

the Company's right to receive payment of the dividend is established;

it is probable that the economic benefits associated with the dividend will flow to the Company; and the amount of the dividend can be measured reliably.

As at September 30, 2024 and December 31, 2023, the Company has no financial assets at FVOCI.

Classification of Financial Liabilities. Financial liabilities are measured at amortized cost, except for the following:

Financial liabilities measured at fair value through profit or loss;

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;

Financial guarantee contracts;

Commitments to provide a loan at a below-market interest rate; and

Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

if a host contract contains one or more embedded derivatives; or if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

The Company's financial liabilities include accounts payable and other current liabilities, due to related parties, and redeemable preferred shares.

#### Impairment of Financial Assets

The Company applied the expected credit loss (ECL) model on the impairment of its financial assets.

No ECL is recognized on debt instruments that are measured at amortized cost.

ECLs are measured in a way that reflects the following:

an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

the time value of money; and

reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

**Stage 1: 12-month ECL.** For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

**Stage 2: Lifetime ECL - not credit-impaired.** For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

**Stage 3: Lifetime ECL - credit-impaired.** Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

the financial instrument has a low risk of default;

the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

**Determination of the Stage for Impairment.** At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.



An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

**Simplified Approach.** The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL. The Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

#### Derecognition of Financial Instruments

##### Financial Assets

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

the rights to receive cash flows from the asset have expired; or  
the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or

the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In such case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an ext or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Company's statement of comprehensive income.

#### Cash

Cash includes cash on hand and in banks, which are measured at amortized cost and are subject to an insignificant risk of change in value.

#### Materials and Supplies

Materials and supplies are valued at the lower of cost and net realizable value (NRV). Cost is determined using the moving-average method and includes expenditures incurred in bringing the materials and supplies to their existing location and condition. NRV of materials and supplies is the current replacement cost.

Any write-down of materials and supplies to NRV is recognized as an expense in statement of comprehensive income in the year incurred.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (i.e., the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realizable value.

#### Other Noncurrent Assets

##### Input VAT

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

##### Tax Credit Certificates (TCCs)

TCCs represent instruments evidencing the amount of tax credits granted by the tax authorities which can be used as payment for income taxes. TCCs are classified as current if these can be utilized in the next twelve months after the reporting date. TCCs are recognized under the "Other noncurrent assets" account in the statement of financial position.

#### Property, Plant and Equipment

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

The initial cost of property, plant and equipment consists of construction cost, and its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Property, plant and equipment include capitalized underground development and mine and mining properties.

Depreciation and amortization on property, plant and equipment, except for underground development and exploration and mine and mining properties, is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life.

The average estimated useful lives of property, plant and equipment are as follows:

Category	Number of Years
Buildings and plant improvements	10
Roads and bridges	10
Office and household furniture and equipment	5
Transportation equipment	3-5

Depletion of underground development and exploration costs and mine and mining properties is calculated using the units-of-production method based on estimated ore reserves.

The assets' residual values, useful lives and depreciation, amortization and depletion methods are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from those assets.

Construction in-progress represents work under construction and is stated at cost. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for use. This also include interest on borrowed funds incurred during the construction period.

When assets are disposed of, or are permanently withdrawn from use and no future economic benefits are expected from their disposals, the cost and accumulated depreciation, amortization, depletion and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in the statement of comprehensive income.

Fully depreciated property plant and equipment are retained in the accounts until these are no longer in use.

#### Deferred Exploration Costs and Deferred Development Costs

Deferred exploration costs include costs incurred on activities involving the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Deferred development costs included in “Underground Development” under “Property, Plant and Equipment” include costs incurred after determining the commercial viability of extracting a mineral resource.

Deferred exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

#### Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company used value in use to assess the recoverable amount of an asset.

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

#### Deferred Exploration Costs

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the deferred exploration costs/deferred development costs may exceed their recoverable amounts. To the extent that this occurs,

the excess is fully provided against, in the reporting period in which this is determined. Deferred exploration costs are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or

exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

#### Redeemable Preferred Shares

Equity instruments that include a contractual obligation to deliver cash or another financial asset to another entity are classified as a financial liability. Accordingly, preferred shares that are due for redemption are presented as a liability in the statement of financial position.

Preferred share is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the statement of comprehensive income as accrued.

The Company classified its redeemable preferred shares as a liability.

#### Capital Stock and Additional Paid-in Capital (APIC)

The Company has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock or options are shown in equity as a deduction, net of tax, from the proceeds. Amount of contribution in excess of par value is accounted for as an APIC.

#### Deficit

Deficit includes accumulated losses attributable to the Company's stockholders. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

#### Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

#### Interest Income

Income is recognized as the interest accrues (using the EIR that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

#### Other Income

Other income is recognized when earned. Other income consists of gain on sale of the Company's property and equipment and scrap inventory.

#### Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the expense arises following the accrual basis of accounting.

#### Provisions

##### General

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

##### Provision for Mine Rehabilitation and Decommissioning

Provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at reporting date. The obligation generally arises when the asset is constructed or the ground or environment is disturbed at the mine site. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is classified as interest accretion in the statement of comprehensive income. At the time of establishing the provision, a corresponding asset is capitalized, where it gives rise to a future benefit, and depreciated over future production from the operations to which it relates.

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

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

##### Retirement Benefits

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

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

Defined benefit costs comprise the following:

Service cost;

Net interest on the net defined benefit liability or asset; and

Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. These are retained in other comprehensive income until full settlement of the obligation.

## Income Taxes

### Current Income Tax

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

### Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized in the future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized in the future.

Deferred income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income.

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

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

#### Uncertain Tax Position

The Company records uncertain tax positions on the basis of a two-step process whereby the Company determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Company records interest and penalties on uncertain tax positions in "Income tax expense (benefit)" account in the statement of comprehensive income.

#### Leases – Company as a Lessee

The Company's lease contracts pertain to operating leases of machinery and equipment.

The Company applies the low-value lease recognition exemption to its lease of machinery and equipment. The Company continues to recognize lease payments as expense on a straight-line basis over the lease term.

#### Segment Reporting

An operating segment is a component of an entity that: (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

#### Basic Loss Per Share

Basic loss per common share is computed based on the weighted average number of shares outstanding and subscribed for each respective period with retroactive adjustments for stock dividends declared, if any.

#### Diluted Loss Per Share

Diluted loss per common share amounts are calculated by dividing the net income by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares, excluding treasury shares.

Since the Company has no potential dilutive common shares, basic and diluted loss per common share are stated at the same amount.

#### Foreign Currency Transactions



The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. All differences are taken to "Foreign exchange loss (gain) - net" in the statement of comprehensive income.

#### Contingencies

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

#### **Events After the End of the Financial Reporting Date**

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.