COVER SHEET

- 4 0 9 3 8 -

SEC Registration Number

U N I T E D P A R A G O N M I N I N G

C O R P O R A T I O N

(Company's Full Name)

Q U A D A L P H A C E N T R U M ,

1 2 5 P I O N E E R S T M A N D A L U Y O N C I T Y

(Business Address: No., StreetCity / Town / Province)

Contact Person	Company Telephone Number
Mr. Gilbert V. Rabago	631-5139

DEFINITIVE INFORMATION STATEMENT 2018

SEC FORM 20-IS

1 2 (Month) 3 1 (Day)

Fiscal Year

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
Information Statement Pursuant to Section 20 of the Securities Regulation Code

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
NOV 08 2018
MARKET REGULATION DEPT.
BY: Oyue TIME: 2:00pm

1. Check the appropriate box:

   [] Preliminary Information Statement
   [√] **Definitive Information Statement**

2. Name of Registrant as specified in its charter: **UNITED PARAGON MINING CORPORATION**

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

4. SEC Identification Number: **40938**

5. BIR Tax Identification Code: **000-169-117**

6. Address of principal office, Postal Code: **6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, 1550**

7. Registrant's telephone number, including area code: **(63 2) 631-5139**

8. Date, time and place of the meeting of security holders: **December 05, 2018, 2:00 PM, Angono Function Room, Valle Verde Country Club, Capt. Henry P. Javier St., Bo. Oranbo, Pasig City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **On or before November 13, 2018.**

10. Securities registered pursuant to Sections 8 & 12 of the SRC:

Title of Each Class	Number of Shares Outstanding
Common Stock	**261,314,797,080**

11. Are any or all of registrant's securities listed on a Stock Exchange?
    [√] Yes [ ] No

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Philippine Stock Exchange, Inc. - Common Stock

GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The Annual Meeting of Stockholders of United Paragon Mining Corporation ("UPMC" or the "Company") will be held on Tuesday, December 05, 2018, 2:00p.m.at the Angono Function Room, Valle Verde Country Club, Capt. Henry P. Javier St., Bo. Oranbo, Pasig City, Philippines.

The complete mailing address of the Company is 6th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City, Philippines 1550.

This Information Statement together with the Notice and Agenda of the Meeting will be sent or given to security holders on or before **November 13, 2018.**

Item 2. Dissenters' Right of Appraisal

A stockholder has the right to dissent or demand payment of the fair value of his share: (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or of authorizing preference over the outstanding shares or of extending or shortening the term of corporate existence; (2) in case of any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; (3) in case of any merger or consolidation; and (4) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand on the corporation for the payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment.

There are no matters to be acted upon at the meeting involving instances set forth in the Corporation Code of the Philippines for which a stockholder may exercise the right of appraisal.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer, nominee for election as director, or associate of such director, officer or nominee, of the Company has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office. Likewise, no director has informed the Company in writing of his opposition to any matter to be acted upon at the Meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

The Company has three (3) classes of shares; Common Shares, which are voting shares, entitled to one (1) vote per share, and Preferred Class "A" and Preferred Class "B", which are non-voting shares.

Only stockholders of record as at the close of business on October 22, 2018 (the "Record Date") are entitled to notice of and to vote at the Meeting. As of the Record Date, the outstanding capital stock of the Company is 261,327,397,080 shares, consisting of 261,314,797,080 Common Shares, 12,200,000 Preferred Class "A" shares and 400,000 Preferred Class "B" shares.

All stockholders entitled to vote at the Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer books of the Company as of the Record Date. In the election of the Directors, each common stockholder shall have the right to cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; provided, that the whole number of votes cast by a stockholder shall not exceed the number of said shares multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners

As of October 22, 2018, the Company knows of no one who beneficially owns in excess of 5% of the Company's common and preferred stocks except as set forth in the table below:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of beneficial owner and relationship with record owner	Citizenship	No. of shares held	Percent of Class
Common	National Book Store Inc. (1,6,7)3rd Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder)	National Book Store Inc.	Filipino	84,325,108,842	32.27
Common	Anglo Phil. Holdings Corp. (2,6,7) 6th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder)	Anglo Phil. Holdings Corp.	Filipino	67,119,143,395	25.69
Common	Alakor Corporation (3,6,7) 9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder)	Alakor Corporation	Filipino	53,884,038,981	20.62
Common	PCD Nominee Corporation (4) G/F, MSE Bldg., 6767 Ayala Avenue, Makati City (No relationship with issuer)	Various Please see Note 4	Filipino/ Foreign	47,449,851,411	18.16
Preferred "A"	Pargold Mining Corp. (6,7) c/o 9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder)	Pargold Mining Corp.	Filipino	4,050,000	33.2
Preferred "A"	Lancaster Holdings Limited (5,6,7) 9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder)	Lancaster Holdings Limited	Foreign	2,835,000	23.24
Preferred "A"	Aurora B. Caringal 7759 St. Paul St., San Antonio Village, Makati City (Stockholder)	Aurora B. Caringal	Filipino	2,700,000	22.13
Preferred "A"	Edmundo M. Tolentino No. 7 Commonwealth Village,	Edmundo M. Tolentino	Filipino	2,000,000	16.39

	Commonwealth Ave., Quezon City (Director until 1993/Stockholder)				
Preferred "B"	Lancaster Holdings Limited [5,6,7] 9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder)	Lancaster Holdings Limited	Foreign	280,000	70
Preferred "B"	Alakor Corporation [3,6,7] 9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder)	Alakor Corporation	Filipino	89,500	22.38

Notes:

-1 National Book Store, Inc. is a local corporation engaged in retailing business. The said shares are mortgage to BDO.

-2 Anglo Philippine Holdings Corp. is an investment holding firm focused on infrastructure and related property development activities.

-3 Alakor Corporation is a holding company with investments in real estate and stock market.

-4 PCD Nominee Corporation is a wholly owned subsidiary of Philippine Central Depository, Inc. (PCD) and is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owners of such shares are either PCD's participants (Brokers) themselves or the clients of these PCD participants in whose names these shares are recorded in their respective books. No individual or entity owns more than 5% of outstanding common shares in UPMC. Net of 130,442,765,879 shares in the name of Alakor Securities Corporation (ASC) and 94,440,484,634 shares in the name of BDO Securities Corporation. Of the 224,883,250,513 shares in the name of ASC and BDO Securities, (a) National Book Store, Inc. owns 84,325,108,842 shares,(b) Anglo Philippine Holdings Corp. owns 67,119,143,395 shares and (c) Alakor Corporation owns 53,884,038,981 shares;

-5 Lancaster Holdings Ltd. is a company incorporated in the Bahamas.

-6 National Book Store Inc., Anglo Philippine Holdings Corp., Lancaster Holdings Limited,Alakor Corporation and Pargold Mining Corporation are record and beneficial owners owning more than 5% of the Company's common and or preferred shares. Based on previous practice, these companies issue proxies nominating, constituting and appointing Mr. Alfredo C. Ramos, Chairman & President as proxy to vote for the number of shares they beneficially owned as of Record Date.

-7 Mr. Alfredo C. Ramos has some direct or indirect interests/shareholdings with these companies.

Security Ownership of Management

Following are the securities beneficially owned by directors and executive officers of the Company as of October 22, 2018:

Title of Class	Name of Beneficial Owner	Amount and nature of Record ®/Beneficial Ownership		Citizenship	Percent of Class
		Direct	Indirect		
Common	Alfredo C. Ramos	500,050	318,476,767	Filipino	0.12
Common	Christopher M. Gotanco	500,000	90,312,500	Filipino	0.03
Common	John Peter C. Hager	-	87,000,000	Filipino	0.03
Common	Eduardo B. Castillo	54,375,000	-	Filipino	0.02
Common	Gerard Anton S. Ramos	100,000	-	Filipino	0.00
Common	Adrian Paulino S. Ramos	500,000	-	Filipino	0.00

Common	Presentacion S. Ramos	-	73,050,000	Filipino	0.02
Common	Maureen Alexandra S. Ramos-Padilla	-	65,000,000	Filipino	0.02
Common	Laurito E. Serrano	1	-	Filipino	0.00
Common	Iris Marie U. Carpio-Duque	-	-	Filipino	0.00
Common	Gilbert V. Rabago	-	-	Filipino	0.00

As of October 22, 2018, the aggregate number of shares owned by the Company's directors and executive officers is 689,814,318 shares or approximately 0.24% of the Company's outstanding common stock. Except for shares appearing on record in the names of the directors and officers above, the Company is not aware of any shares, which said persons, may have the right to acquire beneficial ownership.

Voting Trust Holders of 5% or More

To the extent known to the Company, there are no voting trust holders of 5% or more of the Company's stocks.

Change in Control

No change in control of the Company has occurred since the beginning of its last fiscal year. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company.

<u>Item 5.</u> Directors and Executive Officers

The names, ages, citizenship, positions and periods of service of directors, executive officers and persons nominated to become as such are as follows:

NAME	AGE	CITIZENSHIP	POSITION	PERIOD OF SERVICE	COMMITTEE MEMBERSHIP/POSITON
Alfredo C. Ramos	74	Filipino	Chairman President & CEO	1990-present 1992-present	-
Presentacion S. Ramos	76	Filipino	Director	2014-present	Corporate Governance-Member
Gerard Anton S. Ramos	44	Filipino	Director Vice-President	2010-present 2012-present	Compensation-Member Corporate Governance-Member
Adrian Paulino S. Ramos	40	Filipino	Director Treasurer	2006-present 2006-present	Audit-Member Compensation- Member
Eduardo B. Castillo	71	Filipino	Director	1990-present	Audit-Member
Christopher M. Gotanco	69	Filipino	Director	2012-present	Audit-Member Compensation-Member
John Peter C. Hager	49	Filipino	Independent Director	2012-present	Corporate Governance-Chairman Audit-Member Compensation- Chairman
Alexandra S. Ramos-Padilla	46	Filipino	Director	December 04, 2017 - present	Corporate Governance-Member
Laurito E. Serrano	58	Filipino	Independent Director	2016-present	Audit- Chairman
Iris Marie U. Carpio-Duque	40	Filipino	Corp. Secretary Compliance Officer & CIO-Alternate	2013-present 2012-present	-
Deborah S. Acosta-Cajustin	38	Filipino	Assistant Corp. Secretary	October. 2017 - present	-

Gilbert V. Rabago	41	Filipino	Finance, Purchasing & Administrative Manager and CIO-Alternate	2012-present	-

The directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until each respective successor shall have been elected and qualified. As of this date, the following directors are nominated to the Board of Directors in the Company's forthcoming election:

- Alfredo C. Ramos
- Presentacion S. Ramos
- Gerard Anton S. Ramos
- Adrian Paulino S. Ramos
- Eduardo B. Castillo
- Laurito E. Serrano
- Christopher M. Gotanco
- John Peter C. Hager
- Alexandra S. Ramos-Padilla

Mssrs. Laurito E. Serrano and John Peter C. Hager are the current independent directors. They are neither officers nor substantial shareholders of the Company nor a director, officer or substantial shareholder of its related parties.

The following current executive officers are nominated for reelection to the positions set forth opposite their respective names:

- Alfredo C. Ramos - Chairman of the Board and President
- Gerard Anton S. Ramos - Vice-President
- Adrian Paulino S. Ramos - Treasurer
- Iris Marie U. Carpio-Duque - Corporate Secretary
- Deborah S. Acosta-Cajustin - Assistant Corporate Secretary

Officers are appointed or elected annually by the Board of Directors during its organizational meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified.

In compliance with SRC Rule 23, directors, officers and principal stockholders are required to report their initial holdings of the Company's securities and any subsequent transactions thereof.

Independent Directors. In compliance with SRC Rule 38, which provides for the guidelines on the nomination and election of independent directors, a Corporate Governance Committee has been created. The following directors are the current members:

- John Peter C. Hager(Chairperson)
- Gerard Anton S. Ramos
- Presentacion S. Ramos
- Alexandra S. Ramos-Padilla

The Nomination Committee was tasked to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in SRC Rule 38 and the Company's Manual on Corporate Governance, and to prepare and to make available to the SEC and the stockholders before the Annual Meeting of Stockholders a Final List of Candidates as required in said SRC Rule 38. Below is the final list of nominees for independent directors as pre-screened by the Corporate Governance Committee:

- Laurito E. Serrano
- John Peter C. Hager

Mr. Adrian Paulino S. Ramos nominated Messrs. Laurito E. Serrano and John Peter C. Hager for election as independent directors in the forthcoming annual stockholders' meeting. Mr. Ramos is not related to either or both Messrs. Serrano and Hager. With due regard to the qualifications and disqualifications set forth in the Company's Manual on Corporate Governance, the Securities Regulation Code and its Implementing Rules and the criteria prescribed in SRC Rule 38, the Corporate Governance Committee has determined that Messrs. Serrano and Hager are qualified to sit in the Board of the Company as independent directors.

Business Experience of Executive Officers and Director-Nominees

Alfredo C. Ramos is the Chairman of the Board, President &Chief Executive Officer of the Company. For the past five (5) years, he has served as director and/or executive officer, and maintained business interests in companies involved in the printing, publication, sale and distribution of books, magazines and other printed media, transportation, financial services, infrastructure, oil and gas exploration, mining, property development, shopping center, department store, gaming and retail, among others.

Presentacion S. Ramos is a Director of the Company. For the past five (5) years, she has served as a director and/or executive officer of, and maintained business interests in companies involved in the printing, publication, sale and distribution of books, magazines and other printed media, department store, stock brokerage, oil and gas exploration, and mining, among others.

Adrian Paulino S. Ramos is a Director and the Treasurer of the Company. For the past five (5) years, he has worked as an Instructor at a business school, Operations Manager for a major book retailer and Business Analyst for Mckinsey& Company. He is currently working in various management capacities and served as Director and/or Executive Officer, in companies involved in mining, investment holdings, securities, sale and distribution of books, magazines and other printed media, property development, transportation, oil and gas exploration, among others.

Gerard Anton S. Ramos is a Director and the Vice-President of the Company. For the past five (5) years, he has served as a Director and/or Executive Officer in companies involved in the music, broadcasting, stock brokerage, mining, investment holding, property development, sale and distribution of books, magazines and other printed media,andshopping centers, among others.

Eduardo B. Castillo is a Director of the Company. For the past five (5) years, he has served as a director and/or executive officer and maintained business interests in companies involved in agribusiness, travel and tourism, real estate, food processing, medical products, marketing, telecommunication, mining, among others.

Christopher M. Gotanco is a Director of the Company. For the past five (5) years, he has served as Director, Chairman and/or Chief Executive Officer in companies involved in natural resources (oil and gas), investment banking, holdings, mass transportation, property development, and mining, among others.

Alexandra S. Ramos-Padilla is a Director of the Company. She serves as director and/or executive officer and maintains business interests in companies engaged in department store, media and music distribution, securities brokerage, property development, oil and gas exploration and development (2013-present), among others.

John Peter C. Hager is an Independent Director of the Company. For the past five (5) years, he has been working in various management capacities and serves as Managing Director in companies involved in import/export commodities trading particularly pulp, paper, packaging, security paper and security printing products, rubber, coconut oil and other coconut-related products, among others. His business activities also include managing local interests of foreign principals and serving as commercial advisor to several international companies and local agents.

Laurito E. Serrano is an Independent Director of the Company. For the past five (5) years, his professional experience has covered, among others, financial advisory, project development engagements, transaction structuring, public debt/equity offerings, asset securitization and monetization, business acquisitions, investment promotion, audit services and other similar financial advisory services. He concurrently sits as a member of the Board of Directors of companies involved in banking, mining, transportation, gaming and investment holding. He is a certified public accountant.

Iris Marie U. Carpio-Duque is the Company's Compliance Officer, Corporate Information Officer and Corporate Secretary. For the past five (5) years, she has served as officer and/or corporate secretary or assistant corporate secretary in companies involved in mining, investment holding, securities brokering and real estate. She is a member of the Integrated Bar of the Philippines.

Deborah S. Acosta-Cajustin is the Assistant Corporate Secretary of the Company. She has been in active corporate and taxation law practice for more than five (5) years and serves as an officer of companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media, investment holding, and securities brokering. She is a certified public account and a member of the Integrated Bar of the Philippines.

Gilbert V. Rabago is the Company's Finance, Purchasing & Administrative Officer and Alternate Corporate Information Officer. For the past five (5) years, he has served in different managing capacities in companies involved in mining both in the Philippines and abroad. He is a certified public accountant.

Directors with other Directorship(s) held in Reporting and/or Publicly Listed Companies (PLC)

	Corporate Name of the Group/Company	Type of Directorship (Executive, Non-Executive, Independent) Indicate if director is also the Chairman
Alfredo C. Ramos	Vulcan Industrial & Mining Corporation	ED (Chairman)
	Anglo Philippine Holdings Corporation	ED (Chairman)
	Atlas Consolidated Mining &Devt. Corp.	ED (Chairman)
	The Philodrill Corporation	ED (Chairman)
	Shang Properties, Inc.	ED
	Alakor Securities Corporation	ED (Chairman)
Christopher M. Gotanco	Anglo Philippine Holdings Corporation	ED
	Penta Capital Investment Corporation	ED
	The Philodrill Corporation	ED
	Vulcan Industrial& Mining Corporation	ED
Adrian Paulino S. Ramos	Atlas Consolidated Mining &Dev't. Corp.	ED
	Vulcan Industrial & Mining Corporation	ED
	Anglo Philippine Holdings Corporation	NED
	Alakor Securities Corporation	ED
Gerard Anton S. Ramos	The Philodrill Corporation	NED
	Anglo Philippine Holdings Corporation	NED
	Atlas Consolidated Mining &Dev't. Corp.	NED
	Alakor Securities Corporation	ED
Presentacion S. Ramos	Anglo Philippine Holdings Corporation	NED
	The Philodrill Corporation	NED
	Vulcan Industrial & Mining Corporation	NED
	Alakor Securities Corporation	ED
Francisco A. Navarro	The Philodrill Corporation	ED
	Anglo Philippine Holdings Corporation	NED
	Vulcan Industrial & Mining Corporation	NED
Laurito E. Serrano	Pacific Online Systems Corporation	ID
	Atlas Consolidated Mining &Dev't. Corp.	ID
	APC Group, Inc.	ID
	MJC Investments Corporation	ID
Maureen Alexandra S. Ramos-Padilla	Anglo Philippine Holdings Corporation	NED
	The Philodrill Corporation	NED
	Alakor Securities Corporation	NED
Eduardo B. Castillo	-	
John Peter C. Hager	-	

Significant Employees. Other than the above named directors and executive officers, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company. The business of the Company is not dependent on certain key personnel and there are no arrangements to assure that certain personnel will remain with the registrant and not compete upon termination.

Family Relationships. The following are the family relationships among officers and directors: Messrs. Gerard Anton S. Ramos, Director, and Adrian Paulino S. Ramos, Vice-President and Treasurer, respectively, are the sons of Mr. Alfredo C. Ramos, Chairman of the Board & President and Mrs. Presentacion S. Ramos, Director, Mrs. Alexandra S. Ramos-Padilla is their daughter.

Involvement in Certain Legal Proceedings. For the past five (5) years and up to the date of this Information Statement, the Company is not aware that anyone of the incumbent directors and executive officers and persons nominated to become a director or executive officer have been the subject of bankruptcy petitions or pending criminal proceedings in court or have been by judgment or decree found to have violated securities or commodities law and enjoined from engaging in any business, securities, commodities or banking activities.

Involvement of Directors with Government Agencies or its Instrumentalities
Mr. Alfredo C. Ramos (Chairman/President) has been reelected as a member of the governing Board of the National Book & Development Board (NBDB).

Certain Relationships and Related Transactions

The Company, on a regular basis secures loans and advances from its related parties (i.e. companies with shareholders common with the Company) to fund its capital expenditure and working capital requirements. The loans and advances are covered by promissory notes subject to roll over every ninety (90) days with interests at 24% per annum and are guaranteed by another related party with a guaranty fee of 4% per annum. Interest rates are determined on arm's length basis and are based on terms similar to those offered to other related and non-related parties by the creditor-related parties. These loans and advances, inclusive of accrued interests, guaranty fees and other liabilities to related parties in the amount of ₱2.2 billion were converted to common shares of stock of the Company in July 2008 as part of the capital restructuring program approved by the SEC on July 24, 2008. On September 20, 2011, the Company entered into a loan agreement with Alakor Corporation, a company under common control, to finance the Company's cost of conducting feasibility study on the Longos Gold Project and provides for its general working capital requirements. The loan amounts to ₱250.0 million with 10% interest per annum due 36 months after draw down date. As of December 31, 2015, the initial drawdown amounted to ₱120.0 million. The loan agreement gives the following rights to Alakor Corporation: (i) Option to convert, at any time after the earliest draw down date, all amounts outstanding under the loan into equity of the Company at the price of ₱0.018 per share. (ii) Subscribe to no more than 2,700,000 shares of the Company at ₱0.018 per share within five years from the execution of the loan documents.

The identities of the related parties, the nature of the relationships, amounts and details of the transactions are disclosed on Note 11 of the Company's 2017 Audited Financial Statements.

There is no on-going contractual or other commitments as a result of the loans and advances obtained from related parties other than the payment of the loans and advances, interests and guaranty fees and/or conversion of the same to equity as mentioned above.

During the last two (2) years, there were no other transaction involving the Company in which any of its directors or executive officers, any nominee for election as director, or security holder owning 10% or more of the Company's total outstanding shares and members of their immediate family had a material interest.

There were no transactions with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24.

Parent of the Company

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

Resignation or Declination to Stand for Re-election of a Director

Since the Company's last annual meeting of stockholders held on December 04, 2017,none of the directors elected therein by the stockholders has resigned or declined to stand for re-election to the Board of Directors.

Item 6. Compensation of Directors and Executive Officers

The aggregate compensation paid or incurred for the Company's Chief Executive Officer and four (4) most highly compensated executive officers and employees named below as a group for the two (2) most recently completed years (2017 and 2016) and the ensuing fiscal year (2018) are as follows:

Name	Position	Year	Salary	Bonus	OtherAnnual Compensation
Alfredo C. Ramos	Chairman/President/CEO				
Gerard Anton S. Ramos	Vice-President				
Gilbert V. Rabago	Finance and Admin Manager				
Sammuel Q. Tacalan	Mine Planning/Technical Officer & Mine Site-OIC				
Iris Marie U. Carpio-Duque	Legal and ComplianceOfficer/CorporateSecretary				
Total (Top 5 Executives)		2016	₱2.4million	0	0
		2017	₱2.5 million	0	0
		2018 (Est.)	₱2.0 million	0	0
Total (All Executives & Directors)		2016	₱2.4 million	0	0
		2017	₱2.5 million	0	0
		2018 (Est)	₱2.0 million	0	0

For the most recently completed fiscal year and the ensuing fiscal year, directors will receive a per diem of not more than ₱5,000.00 per board meeting to defray their expenses in attending board meetings. There are no other arrangements for compensation of directors, as such, during the last fiscal year and for the ensuing fiscal year.

The Company maintains standard employment and consultancy contracts with the above officers, all of which provide for their respective compensation and benefits. Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive more than ₱2.5 million as a result of their resignation, retirement or any other termination of employment, or from a change in control of the Company, or a change in the executive officers' responsibilities following a change in control of the Company.

The Company has not granted any bonus and other compensation to directors and executive officers since 1994 except for the mandatory 13th month pay, which is already included in the amounts shown in the above table. There are no warrants or options outstanding in favor of directors and officers of the Company other than the item discussed under stock option plan above.

Warrants or Options. Currently, UPMC Board of Directors approved and authorizes the adoption of a Stock Option Plan for the Directors and Management to cover an aggregate of 20 Billion UPMC Common Shares at various prices per share as follows:

Number of Shares	Strike Price per share
5 Billion	P0.020
10 Billion	0.0250
5 Billion	0.0275

The company hired a consultant to formulate and design a stock option plan to insure its proper implementation.

During the annual meeting of the stockholders of United Paragon Mining Corporation ("the corporation") on September 28, 2012, the stockholders approved and/or ratified the adoption and implementation of the Stock Option Plan for the directors and management of the Corporation, under such terms and conditions as determined by the Board, subject to the compliance with the applicable laws and rules and regulation of the Securities and Exchange Commission and Philippine Stock Exchange. As of date of this report, no stock options were subscribed and/or availed.

Item 7. Independent Public Accountants

The accounting firm of SyCipGorresVelayo& Co. CPAs ("SGV') with address at the 6760 Ayala Avenue 1226 Makati City, has been appointed as external auditor of the Company yearly since 2010, in line with the Company's commitment to good corporate governance and in compliance with SRC Rule 68(3)(b)(iv).

For 2018, SGV with Mr. Jose Raoul J. Balisalisa as partner-in-charge is again recommended to stockholders for appointment as independent external auditor of the Company. The representatives of SGV are expected to be present at the Meeting and they will be given an opportunity to make a statement if they desire to do so. They are also expected to respond to questions, if needed.

No external auditor engaged by the Company has resigned, or has declined to stand for re-election, or was dismissed.

Changes in and Disagreements with Independent Accountants on Accounting and Financial Disclosure. The Company never had any disagreement with SGV, its current external auditor or withon any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedure.

External Audit Fees and Services. The fees of the external auditor in the past three (3) years are as follows:

Year	Audit & Related Fees	Tax Fees	Other Fees
2017	₱354,000	0	0
2016	₱354,000	0	0
2015	₱344,000	0	0

For the past three (3) years, the Company had not engaged the services of SGV (2015-2017) except for the audit and/or review of the annual financial statements in connection with statutory and regulatory filings and certification of the proposed accounts to be converted to equity.

The Company's Audit Committee is headed by Mr. Laurito E. Serrano, as Chairman and the members are Mssrs. John Peter Hager, Eduardo Castillo, Christopher Gotanco and Adrian Paulino Ramos. The Audit

Committee reviews and recommends to the Board and stockholders the appointment of the external auditor and the fixing of the audit fees for the Company. The Board and stockholders approve the Audit Committee's recommendation.

The Audit Committee has an existing policy, which prohibits the Company from engaging the external auditor to provide services that may adversely impact their independence, including those expressly prohibited by SEC regulations.

Item 8. Compensation Plans

Not applicable.

Item 9. Authorization or Issuance of Securities Other than for the Exchange

Not Applicable.

Item 10. Modification or Exchange of Securities

Not Applicable.

Item 11. Financial and Other Information

See the Company's 2017 Audited Financial Statements following this Information Statement.

Item 12. Mergers, Consolidation, Acquisitions and Similar Matters

Not Applicable.

Item 13. Acquisition or Disposition of Property
Not Applicable.

Item 14. Restatement of Accounts

NO restatement of any account has been made from the time the Company's financial statements were last audited (31 December 2017) up to the date of this Information Statement.

NO material reclassification, merger, consolidation or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company during the last three (3) years.

NO action will be taken at the meeting with respect to the restatement of any asset, capital or surplus account of the Company.

OTHER MATTERS

Item 15. Action with Respect to Reports

The following reports/minutes shall be submitted to the stockholders for approval/ratification:

1. Minutes of the Annual Stockholders' Meeting held on December 04, 2017

   Approval of the Minutes of the 2017 Annual Stockholders' Meeting constitutes a ratification of the accuracy and faithfulness of the Minutes to the events that transpired during the said meeting. This does not constitute a second approval of the matters taken up at the 2017 Annual Stockholders' Meeting, which have already been approved.

2. Annual Report for the year ended December 31, 2017 (a copy containing the information required by SRC Rule 20A is enclosed)

   Approval of the Annual Report constitutes a ratification of the Company's performance during the previous fiscal year as contained therein.

3. Acts and Resolutions of the Board of Directors and Management from the date following the last Annual Stockholders' Meeting (December04, 2017) to the present (December 05, 2018) including but not limited to the following:

   - Approval of the minutes of previous meetings and Annual Stockholders' Meeting 2017
   - Approval of the 2017 Audited Financial Statements
   - Nomination of SycipGorresVelayo& Co. as external auditor for the year 2018.
   - Postponement of the Annual Stockholders' Meeting
   - Authorizing Iris Marie U. Carpio-Dque, Gilbert V. Rabago, Sammuel Q. Tacalan and/or Loreto T. Undazan to represent the Corporation in the case entitled "Ofelia R. Delos Santos and Josefa M. Ratilla vs. United Paragon Mining Corporation.
   - Authorizing the setting of Annual Stockholders' Meeting on December 05, 2018and setting the record date on October 22, 2018, venue and agenda of the meeting.

Item 16. Matters Not Required to be Submitted

Proofs of transmittal to stockholders of the required Notice of the Meeting and of the presence of a quorum at the Meeting form part of the Agenda for the Meeting and will not be submitted for approval by the stockholders.

Item 17. Amendment of Articles of Incorporation

Not Applicable

Item 18. Other Proposed Action

NO action on any matter, other than those stated in the Agenda for the Meeting, is proposed to be taken, except matters of incidence that may properly come at the Meeting.

Item 19. Voting Procedures

In the election of the Directors, each common stockholder shall have the right to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; provided, that the whole number of votes cast by a stockholder shall not exceed the number of said shares multiplied by the whole number of directors to be elected.

All other matters requiring approval by the stockholders as contained in the agenda would need the affirmative vote of stockholders holding a majority of outstanding common stock present and/or represented and entitled to vote at the meeting.

Voting and counting shall be by *viva voce*, except in the election of directors where voting may be by ballot if requested by a common stockholder pursuant to Section 24 of the Corporation Code of the Philippines. Votes cast during the annual meeting shall be counted by the Corporate Secretary or Assistant Corporate Secretary.

Incorporated herein are the following:

1. General Nature and Scope of Business of United Paragon Mining Corporation
2. Market for Registrant's Common Equity and Related Stockholder Matters
3. Management's Discussion and Analysis of Financial Condition and Results of Operations for 2017, 2016 and 2015 and Interim Report for the 3rd Quarter Report ending Sept 30, 2018.
4. Plan of Operations for 2018
5. Audited Financial Statements for 2017 and Management's Responsibility for Financial Statements
6. Interim Financial Statements for the 3rd quarter ended September 30, 2018 are included in this report.

MANAGEMENT REPORT ACCOMPANYING INFORMATION STATEMENT
PURSUANT TO PARAGRAPH 4, SRC RULE 20
BUSINESS AND GENERAL INFORMATION

Business

United Paragon Mining Corporation ("UPMC" or the "Company") is a Philippine corporation whose main business is the exploration, development, exploitation, recovery and sale of gold.

UPMC was the result of a merger in 1989 between United Asia Resources and Geothermal Corporation ("UAR") and Abcar Paragon Mining Corporation ("Abcar Paragon"). Under the terms of the merger, UAR became the surviving corporation and Abcar Paragon transferred all of its assets and properties (real and personal, including rights, franchises and receivables, as well as the operating rights of the Longos Mine) to UAR. UAR was renamed United Paragon Mining Corporation in 1990. UAR was formed as a corporation in 1970 while AbcarParagon was formed in 1986.

The Company's principal mining operation is the Longos Mine at Paracale, Camarines Norte. The Company operated an open pit area in the mine from August 01, 1988 to June 01, 1994 having extracted 888,809 metric tonnes (MT) of ore, which yielded 79,120 ounces of gold. This was more than twice its originally calculated reserve. By April 1994, the Company began the commercial operations of the underground mine at the same site. It was placed under care and maintenance in December 1998 because of depletion of economic reserves above Level 800, high operating cost and low metal prices

In 1999, the management of the Company decided to continue exploration drilling in the main Longos lode area and the neighboring sub-parallel veins to search for more ore to increase reserves. However, in the last quarter of 2003, the management of the Company was convinced that sufficient drilling had been done in these areas. In November 2003, the Company decided to suspend further drilling in Longos.

Another prospective area is San Mauricio in Jose Panganiban as an exploration target for the Company. The Company has plans of continuing exploration drilling in San Mauricio once the necessary clearance from the Department of Environment and Natural Resources ("DENR") is secured.

With the current gold prices, the present ore reserves of the Company are now sufficient for a viable project at 500-600 tonnes per day capacity. The Company pursued various options to raise project financing subject to the company being awarded appropriate government permits to resume further development and rehabilitation of Longos Mine.

Properties

The Company owns various office furniture, fixtures and transportation equipment in its Head office located at Mandaluyong City. The Company also owns various drilling, mining and milling equipment and support facilities in its Longos mine site. There is no mortgage, lien or encumbrance over the aforementioned properties.

The Company has no intention at present to lease or acquire any additional significant real property or machinery and equipment in the next twelve (12) months unless the appropriate government permit have been awarded to the company and the required funding for exploration and further development of the mine becomes available, in which case, additional significant real property or machinery and equipment will be acquired. Machinery and equipment are usually acquired month to month as needed usually through direct purchase or through letters of credit, if imported, under suppliers' or bank's credit terms.

The Company through an Operating Agreement executed on February 10, 1987 and Option and Operating Agreement dated November 17, 1987 with Camarines Minerals, Inc. ("CMI") has the exclusive rights to operate the mineral properties in the name of CMI that are covered by mining lease contracts, including the right to occupy the other real properties of CMI. The operating agreement expired on June 18, 2006. On July 30, 2007, the Company and CMI signed an operating agreement renewing and consolidating the previous option and operating agreements. This operating agreement provides for the extension of the term for twenty-five years or co-terminus with the relevant mineral production sharing agreement that may be issued by the Philippine Government and a royalty rate of 3.5% based on gross revenues, net of marketing and refining charges.

The principal properties subject of an operating agreement with CMI consists of 1,204.6160 hectares with confirmed mineral resources and prospective exploration areas. The approved mining lease contracts with the Philippine Government cover 394 hectares, 64 hectares expired in 2006 and 330 hectares expired in 2010. However, prior to expiry of these mining lease contracts, the Company submitted applications for conversion to mineral production sharing agreement/s. The mining claims covered by the operating agreement with CMI are all located in the Paracale - Jose Panganiban District.

The mining lease contracts assigned to the Company by CMI are as follows:

- Mining Lease Contract ("MLC") No. MRD 267, granted on June 18, 1981 covering a group of nine (9) mining claims with a total area of 64.1609 hectares, expired on June 17, 2006. This is the central portion of Longos.

- MLC No. MRD 401, granted on March 19, 1985, covering twelve (12) mining claims with an area of 92.8699 hectares, expired on March 18, 2010. This is the southern portion, known as Malaguit group of claims, which includes HaliguingBato area.

- MLC No. MRD 445, granted on July 01, 1985, covering a group of twenty-nine (29) mining claims with a total area of 194.2786 hectares, expired on June 30, 2010. This is the portion, which includes the UPMC village, the Tailings Pond No. 1, Baluarte and San Antonio structures and Barangay Palanas.

- MLC No. MRD 446 granted on July 01, 1985, covering a group of six (6) mining claims with a total area of 43.5000 hectares, expired June 30, 2010. This is the Tugos area.

The Company and CMI filed a joint application for production sharing agreement ("APSA") for the above MLCs on February 7, 2006 (denominated as APSA V-375). However, with the passage of the Executive Order 79 (EO 79) dated July 6, 2012 "INSTITUTIONALIZING AND IMPLEMENTING REFORMS IN THE PHILIPPINE MINING SECTOR PROVIDING POLICIES AND GUIDELINES TO ENSURE ENVIRONMENTAL PROTECTION AND RESPONSIBLE MINING IN THE UTILIZATION OF MINERAL RESOURCES", the processing of the renewal of the APSA application is on hold until a legislation rationalizing existing revenue sharing schemes mechanism shall have taken effect. In line with the company management mandate to upgrade its ore reserve the said APSA 375 application was converted to an exploration permit application in February 4, 2013. On October 4, 2013 the company received approval on the conversion of application from APSA-00375-V to EXPA-00180-V. On August 24, 2018, the company received approval of its exploration permit (EP-016-2016-V dated August 20, 2018 covering an area of 580.27 hectares).

Furthermore, the DENR Secretary, Regina Paz L. Lopez issued Memorandum Circular No. 2016-01 on July 8, 2016, requiring an audit of all operating mines and a moratorium on the acceptance, processing and/or approval of mining applications and/or mining projects for all metallic and non-metallic minerals. She was replaced by Roy Cimatu as the new DENR secretary after her nomination was rejected by the Commission on Appointment (CA). The Company received its Exploration Permit denominated as EP-016-2016-V on August 24, 2018, and is currently complying with the conditions required by the MGB post-approval.

UPMC on its own has located several mineral areas located in Paracale and Labo, Camarines Norte consisting of 531.000 hectares for which APSAs were filed. The Company received a letter from MGB Central Office dated September 9, 2015 returning all APSA applications of the Company to MGB Regional Office No. V for further evaluation.

Following are the APSAs filed by the Company:

- APSA V-041 covers four (4) lots of 101 mining claims. Lots 1, 2 and 3 are owned by CMI (known as San Mauricio claim group) and Lot 4 (Torana Group, 126.0000 hectares) is owned by UPMC with a total area of 753.4439 hectares.

- APSA V-270 covers twenty-four (24) mining claims owned by CMI also known as the Jeff-Sindicado claim group with a total area of 182.3624 hectares.

- APSA V-375 covers fifty-six (56) mining claims owned by CMI also known as the Longos claim group with a total area of 393.8607 hectares, this has been converted into an Exploration Permit Application by UPMC and CMI on February 4, 2013 upon submission of pertinent documents and payment of the required conversion fee and is now renumbered as EXPA-000180-V. On October 4, 2013 the company received approval on the conversion of application from APSA-00375-V to EXPA-00180-V. On August 24, 2018, the company received approval of its exploration permit (EP-016-2016-V dated August 20, 2018 covering an area of 580.27 hectares).

Exploration/Drilling

No exploration work was initiated during the years 2017, 2016 and 2015. In late 2018, the company will start the implementation of its two-year approved exploration work program upon completion of the post approval requirements covered by EP-016-2016-V with an area of 580.27 hectares in Paracale, Camarines Norte. Exploration/drilling activities in the San Mauricio mineral claim in Jose Panganiban, Camarines Norte after completing the 2nd hole in February 2004, pending approval by the DENR of the Company's application for Mineral Production Sharing Agreement ("APSA") over the area. This area is covered by application denominated as APSA V-041.

Mineral Resources and Ore Reserves

There was no change in the resource estimates during the year 2017 as compared to year 2016. The Indicated Mineral Resources Inventory as of January 01, 2017 is 3,160,737MT at 10.89 grams of gold per tonne (Au g/t) containing 1,106,420 ounces of gold.

Summary of the Ore Resources as of January 01, 2018 is presented below:

Identified Mineral Resources	Tonnes	Grade, Au g/t	Ounces, Gold
Above Level 800			
Measured	257,808	11.25	93,248
Indicated	124,955	14.32	57,529
Inferred	-	-	-
Sub Total	382,763	12.25	150,777
Below Level 800			

Measured	590,714	12.68	240,817
Indicated	1,270,611	9.11	372,153
Inferred	338,800	13.09	142,585
Sub Total	2,200,125	10.68	755,555
Adjacent Vein Systems			
Measured	-	-	-
Indicated	577,849	10.77	200,088
Inferred	-	-	-
Sub Total	577,849	10.77	200,088
Identified Mineral Resources as of 01-01-2018	3,160,737	10.89	1,106,420
Identified Mineral Resources as of 01-01-2017	3,160,737	10.89	1,106,420
Difference	-	-	-

Summary of the Ore Reserves as of January 01, 2018 is presented below:

Underground Minable Ore Reserves	Tonnes	Grade, Au g/t	Ounces, Gold
Above Level 800			
Proven	202,071	10.61	68,930
Probable	85,928	8.28	22,875
Sub Total	287,999	9.91	91,805
Below Level 800			
Proven	-	-	-
Probable	1,302,524	11.30	473,211
Sub Total	1,302,524	11.30	473,211
Total			
Proven	202,071	10.61	68,930
Probable	1,388,452	11.30	496,086
Total Ore Reserves	1,590,523	11.05	565,016
Less: Reserves Used For Pillars	6,963	6.63	1,484
Total Ore Reserves -January 01, 2018	1,583,560	11.07	563,532
Total Ore Reserves - January 01, 2017	1,583,560	11.07	563,532
Difference	-	-	-

Note: The ore reserves presented in this table are included in the ore resources presented in the above table.

The estimation, assessment, and evaluation of Mineral Resources and Ore Reserves were undertaken by qualified technical personnel. However, the Company hired Competent Persons to evaluate and certify the mineral resources and ore reserves, in compliance with the Philippine Mineral Reporting Code for Reporting Exploration Results, Mineral Resources and Ore Reserves adopted by the Philippine Stock Exchange, Inc. in October 2007.

The information in this report that relates to Mineral Resources was based on information compiled and certified by Mr. Balgamel B. Domingo, who is a member of the Geological Society of the Philippines (GSP). Mr. Domingo is not employed by any company. He is a consultant for various mining and geologic projects.On the other hand, the information on Ore Reserves was compiled and certified by Mr. Lucio R. Castillo, a member of the Philippine Society of Mining Engineers. Mr. Castillo is the Chairman/CEO of Goldridge Mining Corporation. Both Messrs. Domingo and Castillo are included in the lists of competent persons promulgated by their respective accredited professional organizations.

Messrs. Domingo and Castillo have sufficient experience, which is relevant to the ore genesis of Longos vein mineralization and its deposition, to qualify as Competent Persons as defined in the 2007 Edition of PMRC. Messrs. Domingo and Castillo had given their consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Legal Proceedings

There has not been any bankruptcy, receivership or similar proceedings neither instituted by or against the Company nor has there been any material reclassification, merger, consolidation or purchase or sale of significant amount of assets not in the ordinary course of business. There is no material pending legal proceedings involving the Company.

Submission of Matters to a Vote of Security Holders

Except for the matters taken during the annual stockholders meeting on November 08, 2016, no other matter was submitted to a vote of security holders during the period covered by this report.

Market for Registrant's Common Equity and Related Stockholder Matters

Market Information. The Company's shares of common stock are traded in the Philippine Stock Exchange, Inc. ("PSE"). The quarterly high and low stock prices (in Philippine Pesos) for the years 2016, 2017 and the 3rdquarterof year 2018 are as follows:

Market Price	2018		2017		2016	
	High	Low	High	Low	High	Low
First Quarter	0.0075	0.0065	0.00990	0.0083	0.0093	0.0064
Second Quarter	0.007	0.0059	0.011	0.0081	0.018	0.0081
Third Quarter	0.012	0.0057	0.0088	0.0076	0.012	0.009
Fourth Quarter			0.01	0.006	0.0099	0.0075

The Company's shares of common stock were traded with a closing price of ₱0.0067 per share on December 31, 2017and ₱0.0069on October 22, 2018.

Shareholders. The Company has 1,197 shareholders as of December 31, 2017 and 1,194 as of October 22, 2018. The outstanding shares as of December 31, 2017 and October 22, 2018, are 261,314,797,080 shares of common stock; 12,200,000 shares of Class "A" preferred stock and 400,000 shares of Class "B" preferred stock.

The top 20 common stockholders as of October 22, 2018 are as follows:

No.	Name	No. ofShares held	Percentage of Total
1	PCD NOMINEE CORPORATION	252,778,142,629	96.7332
2	LANCASTER HOLDINGS LIMITED	5,235,537,900	2.0035
3	CAMARINES MINERALS, INC.	1,252,097,050	0.4792
4	ENRILE II, WILLIAM RAGOS	250,000,000	0.0957
5	ALAKOR SECURITIES CORPORATION	199,653,850	0.0764
6	LORENZO JR., LUIS P.	109,250,000	0.0418
7	YAN, LUCIO W.	100,000,000	0.0383
8	SY TIONG SHIOU &/OR JUANITA S. TAN	93,500,000	0.0358
9	VALMORA INVESTMENT AND MANAGEMENT CORP.	80,000,000	0.0306
10	CASTILLO, EDUARDO B.	54,375,000	0.0208
11	CASTANEDA, ISA F.	50,000,000	0.0191
12	KERRY SECURITIES (PHILS.), INC. RPS01	49,250,000	0.0188
13	LIM III, JOSE A.	22,500,000	0.0086
14	CORRO, ANTONIO SEBASTIAN T.	20,000,000	0.0077
15	KEH, BENITO	18,000,000	0.0069

16	PONIO, BEN AZEL S.	17,500,000	0.0067
17	CHU, BERNARD	15,000,000	0.0057
	CHIU, JOHNSON CHIU &/OR VICKY	15,000,000	0.0057
18	LEE, DANIEL U.	12,687,500	0.0049
19	HYDEE MANAGEMENT & RESOURCE CORP.	12,600,600	0.0048
20	SAN JOSE, ROBERTO V.	12,600,000	0.0048

The equity ownership on a per-class as of October 22, 2018 is as follows:

Security Class	Outstanding Shares	Percent of Total
1. Common Shares		
Filipino	255,600,480,280	97.8132
Alien:		
Other	5,691,860,550	2.1782
British	1,250,000	0.0005
American	13,000,000	0.0050
Chinese	8,206,250	0.0031
Total	**261,314,797,080**	**100**
2. Preferred A		
Filipino	9,365,000	76.76
Alien-other	2,835,000	23.24
Total	**12,200,000**	**100**
3. Preferred B		
Filipino	120,000	30.00
Alien-other	280,000	70.00
Total	**400,000**	**100**

Dividends. No dividends were declared in year 2018 and in previous years(2017 and 2016). The Company's ability to declare and pay dividends on common equity is restricted by the availability of sufficient retained earnings and funds.

Description of the Company's Shares. UPMC has three (3) classes of shares; Common Shares, which are voting shares, entitled to one (1) vote per share, and Preferred Class "A" and Preferred Class "B" which are non-voting shares. The outstanding shares as of October 22, 2018 are 261,314,797,080 shares of Common Stock and are listed at the PSE; 12,200,000 shares of Preferred "A" stock and 400,000 shares of Preferred "B" stock.

Stock Ownership Plan. Currently, UPMC Board of Directors approved and authorizes the adoption of a Stock Option Plan for the Directors and Management to cover an aggregate of 20 Billion UPMC Common Shares at various prices per share as follows:

Number of Shares	Strike Price per share
5 Billion	P0.020
10 Billion	0.0250
5 Billion	0.0275

The company hired a consultant to formulate and design a stock option plan to insure its proper implementation.

During the annual meeting of the stockholders of United Paragon Mining Corporation ("the corporation") on September 28, 2013, the stockholders approved and/or ratified the adoption and implementation of the Stock Option Plan for the directors and management of the Corporation, under such terms and conditions as determined by the Board, subject to the compliance with the applicable laws and rules and regulation of the Securities and Exchange Commission and Philippine Stock Exchange. As of date of this report no stock options were subscribed and/or availed.

Recent Sale of Unregistered Securities. No securities were sold by the Company within the past three (3) years, which were not registered under the Code. There were no new issues (including securities issued in exchange for property, services, or other securities and new securities resulting from the modification of outstanding securities) or sale of reacquired securities during the same period, except for 217,942,035,530 common shares issued resulting from the conversion of debts to equity approved by the SEC on July 24, 2008. Please refer to Note 1 5 of the 2016 Audited Financial Statements.

MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

Results of Operations.

<u>2017 compared to 2016</u>

The company has posted net loss of ₱51.7 million in 2017 compared to ₱57.8 million in 2016. The decrease in net loss of ₱6.0 million or 11% are represented by decrease in general and administrative of ₱5.0 million arising from outside services/consultants and employee benefits and ₱5.0 million on foreign exchange loss offset by an increase in finance charges of ₱4.3 million.

Finance Expenses of ₱42.2 million in 2017 was slightly higher by ₱4.3 million as compared to ₱37.9 million in 2016 due to compounding interest calculation on unpaid obligation to Camarines Minerals Inc. (CMI).

Finance income earned for the year 2017 arising from interest income on bank deposit.

Other income earned for the year 2017 of comes from the disposal of scrap materials.

<u>2016 compared to 2015</u>

The company has posted net loss of ₱57.8 million in 2016 compared to ₱52.5 million in 2015. The increase in net loss of ₱5.3 million or 10% are represented by an increase in general and administrative of ₱0.7 million arising from outside services for consultants and employee benefits and finance expenses ₱4.1 million on creditors and related party advances and decrease in other income and foreign exchange gain by ₱0.5 million on disposal of scrap materials and revaluation of foreign denominated payables due to peso depreciation.

Finance Expenses of ₱42.2.0 million in 2017 was slightly higher by ₱4.2 million as compared to ₱38.0 million in 2016 due to compounding interest calculation on unpaid obligation to Camarines Minerals Inc. (CMI).

Finance income earned for the year 2017 arising from interest income on bank deposit.

Other income earned for the year 2017 of comes from the disposal of scrap materials.

2015 compared to 2014

The company has posted net loss of ₱52.5 million in 2015 compared to ₱67.1 million in 2014. The net decrease of ₱14.6 million or 22% are represented by a decrease in general and administrative of ₱1.0 million arising from outside services for consultants and employee benefits, decrease in finance expenses ₱18.3 million and offset by an increase in foreign exchange loss of ₱4.6 million.

Finance Expenses of ₱33.8 million in 2015 was lower by ₱18.3 million as compared to ₱52.1 million in 2014 due to restructuring of related party interest on advances.

Finance income earned for the year 2015 arising from interest income on bank deposit.

Other income earned for the year 2015 of ₱0.4 million comes from the disposal of scrap materials.

Financial Position

As shown in the audited financial statements, the Company incurred cumulated losses of ₱ 2,571.8 million and ₱ 2,520.1 million as at December 31, 2017and 2016 respectively, due to the company still in the care and maintenance mode waiting for permit issuance. As at December 31, 2017 and 2016, The Company's current liabilities exceeded its current assets by ₱ 1,027.3 million and ₱ 965.4 million, respectively. Cash flows used in (from) operation amounted to ₱10.2 million, ₱13.7 million and₱0.6 million in 2017, 2016 and 2015, respectively. These conditions among others, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and achieve a profitable level of operations, enhance recoverability of its assets such as, but not limited to, the deferred exploration costs and property, plant and equipment, and its ability to pay its debts as they mature. The ultimate outcome of these uncertainties cannot be determined presently.

Cash requirement for years 2017, 2016 and 2015 were principally financed by loans, advances from related parties, collection on TCC's cash conversion and from disposal of scrap materials.

The Company's total current liabilities of ₱1,052.2 million as of December 31, 2017, of which, ₱271.9 million (26%) was due to related parties for loans and advances, interests, and dividends and other liabilities, and the balance (74%) is due to suppliers and other creditors as disclosed in Note 10 of 2017 audited Financial statements.

The loans and advances from related parties are covered by promissory notes subject to roll over every ninety (90) days with interests accrued in the books. ₱2.2 billion worth of liabilities due to related companies were converted to equity in July 2008 as part of the capital restructuring approved by the SEC on July 24, 2008. For the details of the amounts of loans and advances and other liabilities converted to equity, please refer to Notes 11 and 15 of the 2017 Audited Financial Statements.

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 other creditors. However, the Company had reduced significantly the balance of its outstanding accounts with suppliers, contractors and other creditors through offsetting arrangements or installment payment schemes. 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 2018".

Management's plans to address the liquidity and going concern issues are discussed under "Plan of Operations for the Year 2018".

The gold price recovered by 12% during the year 2017 as compared to the same period in 2016 and a 22% increase as compared to 2015. Gold was traded in the London Metal Exchange ("LME") with a closing price of USD per Oz of US$1,296.50 at the end of 2017 as compared to US$1,159.10 in 2016 and US$1,062.25 in 2015. The gold price reached an all-time high of US$1,370 on July 6, 2017. The outlook for gold remains bullish, as it continues to provide a hedge against weakness in fiat currencies. On Sept 30, 2018, gold price closed at US$1,296.50 per ounce at the LME (Am Fix).

The bullish sentiments on gold prices have increased investors' interest in gold mining companies and exploration projects thus improving the Company's chances of raising the finances required for the rehabilitation and further development of the Longos mine. Likewise, higher gold prices improve the viability/future profitability of the Longos mine.
Other than the foregoing, there are NO known

- trends, demands, commitments or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way,
- events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation,
- 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,
- material commitments for capital expenditures,
- 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,
- significant elements of income or loss that did not arise from the Company's continuing operations and
- A seasonal aspect that has or had a material effect on the Company's condition or results of operations.

There have been no material changes from December 31, 2017 to December 31, 2016 in one or more line items of the financial statements *except* for the following:

1. Increase in Cash & cash equivalents by ₱0.2 million or 31%, mainly due to cash disbursement for operating cost for the year 2017 net of cash inflows from related party advances.

2. Increase in Accrued interest & other current liabilities by ₱41 million or 5% principally due to the accrual of interest charges for the year 2017 including interest/dividends on Class A preferred shares.

3. Increase in Advances from related parties by ₱10 million or 4%.

4. Changes in other line items shown in the Company's Statement of Comprehensive Income 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 under Management's Discussion and Analysis, Results of Operations year 2017 compared to 2016.

Inasmuch as the Company's mining and milling operations are still suspended, there are no significant key performance indicators other than the financial ratios presented under Supplementary Schedule - Schedule K. Other than the foregoing, there are No known:

(a) trends, demands, commitments or uncertainties that will have a material impact on the Company's liquidity except if funding becomes available within the year for the reopening and rehabilitation of the Longos mine, which will have a material impact on liquidity
(b) events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;
(c) 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;
(d) material commitments for capital expenditures;
(e) 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;
(f) significant elements of income or loss that did not arise from the Company's continuing operations and;
(g) seasonal aspects or cyclical aspects that has or had a material effect on the Company's financial condition or results of operations.

Interim Period – ending September 30, 2018

The Company reported no operating income for the period and incurred accumulated net loss of P49.5 million and P39.6 million for the period ending September 30, 2018 vs. September30, 2017, respectively. The higher net loss for the period was due to interest expense accrual and foreign exchange loss offset by decrease in administrative expense due to termination of employment of onsite personnel.

General and administrative expenses for the period ending September 30, 2018 was P1.0 million lower as compared to P7.0 million in the same period in 2017. The decrease pertains to termination of employment of one site regular employee.

The finance expenses of P34.6 million reported for the period ending September 30, 2018 was higher by P3.8 million as compared to the same period in 2017 due to compounded interest calculation on Camarines Minerals Inc., past due obligation.

Restatement of foreign currency denominated liabilities for the period ending September 30, 2018resulted into a foreign exchange loss of P8.5 million due to peso depreciation from P49.923 (12.31.17) to P54.251 (9.30.18).

Financial Condition (September30, 2018 vs. December 31, 2017)

The Company has total assets of P1, 113.6 million and P1, 114.1 million as of September 30, 2018 and December 31, 2017, respectively. The difference was due to increased in the cash and cash equivalent in the current asset section due to increase in related party cash advances offset by cash disbursement for operating expenses and provision for depreciation.

Total current liabilities increased to P1,100.1 million from P1, 051.1 million for the period ending September 30, 2018 and December 31, 2017, respectively. The increase was mainly due to interest accrual and other payables and related party transaction.

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 2018".

The gold price at the end of September 30, 2018 fell to its lowest level by 9% as compared to December 31, 2017. Gold was traded in the London Metal Exchange ("LME") with a closing price of US$1,183.50/oz. as of September 30, 2018 as compared to US$1,296.50/oz as of December 31, 2017. In 2018 gold price reached an all-time high of US$1,360.25 on January 25, 2018.

Inasmuch as the Company's mining and milling operations are still suspended, the key performance indicators of the Company as of September30, 2018 as compared to December 31, 2017 are as follows:

Ratios	Formula	Sept 30 2018	December 31 2017
Current Ratio		0.0310	0.033
	Current Assets/	₱ 34,149,799	₱ 34,618,989
	Current Liabilities	₱ 1,100,147,613	₱ 1,051,114,539
Quick Ratio		0.0004	0.0006
	Current Asset-Inventory-Prepaid/	₱ 493,268	₱ 673,274
	Current Liabilities	₱ 1,100,147,613	₱ 1,051,114,539
Solvency Ratio		1.0113	1.0588
	Total Assets/	₱ 1,113,703,141	₱ 1,114,147,606
	Total Liabilities	₱ 1,101,257,528	₱ 1,052,224,454
Debt Ratio		0.99	0.94
	Total Liabilities/	₱ 1,101,257,528	₱ 1,052,224,454
	Total Assets	₱ 1,113,703,141	₱ 1,114,147,606
Debt to equity		88.49	16.99
ratio	Total liabilities/	₱ 1,101,257,528	₱ 1,052,224,454
	Stockholders' equity	₱ 12,445,613	₱ 61,923,152
Equity to		0.01	0.06
debt ratio	Stockholders' equity/	₱ 12,445,613	₱ 61,923,152
	Total liabilities	₱ 1,101,257,528	₱ 1,052,224,454
Asset to		89.49	17.99
equity ratio	Total Assets	₱ 1,113,703,141	₱ 1,114,147,606
	Stockholders' equity/	₱ 12,445,613	₱ 61,923,152
Interest		(0.43)	(0.22)
coverage ratios	Earnings (loss) before interest & taxes	₱ (14,919,818)	₱ (9,485,515)
	Interest Expense	₱ 34,557,720	₱ 42,209,731
Book value		0.0000	0.0002
per share	Stockholders' equity/	₱ 12,445,613	₱ 61,923,152
	Total # of shares	261,314,797,080	261,314,797,080
Loss per		0.00019	0.00020
share	Net loss/	₱ 49,477,538	₱ 51,695,246
	Total # of shares	261,314,797,080	261,314,797,080

The change in key indicators as of September 30, 2018 as compared to December 31, 2017 was noted, decrease in current ratio by 6%, 30% quick ratio due to receivable was classified not liquid asset, 5% solvency ratio, 81% equity-to-debt ratio and 80% book value per share. Increase in ration was seen in debt ratio 5%, 421% debt-to-equity, 397% asset-to-equity and 92% interest coverage.

The key performance indicators of the Company as of September30, 2018 as compared to September30, 2017are as follows:

Ratios	Formula		Sept 30 2018		Sept 30 2017
Current Ratio			**0.0310**		**0.0338**
	Current Assets/	₱	34,149,799	₱	35,097,217
	Current Liabilities	₱	1,100,147,613	₱	1,039,832,119
Quick Ratio			0.0004		0.0008
	Current Asset-Inventory-Prepaid/	₱	493,268	₱	864,543
	Current Liabilities	₱	1,100,147,613	₱	1,039,832,119
Solvency Ratio			**1.0113**		**1.0709**
	Total Assets/	₱	1,113,703,141	₱	1,114,626,467
	Total Liabilities	₱	1,101,257,528	₱	1,040,861,342
Debt Ratio			0.99		0.93
	Total Liabilities/	₱	1,101,257,528	₱	1,040,861,342
	Total Assets	₱	1,113,703,141	₱	1,114,626,467
Debt to equity ratio			**88.49**		**14.11**
	Total liabilities/	₱	1,101,257,528	₱	1,040,861,342
	Stockholders' equity	₱	12,445,613	₱	73,765,124
Equity to debt ratio			**0.01**		**0.07**
	Stockholders' equity/	₱	12,445,613	₱	73,765,124
	Total liabilities	₱	1,101,257,528	₱	1,040,861,342
Asset to equity ratio			**89.49**		**15.11**
	Total Assets	₱	1,113,703,141	₱	1,114,626,467
	Stockholders' equity/	₱	12,445,613	₱	73,765,124
Interest coverage ratios			(0.43)		(0.28)
	Earnings (loss) before interest & taxes	₱	(14,919,818)	₱	(8,794,484)
	Interest Expense	₱	34,557,720	₱	30,858,784
Book value per share			**0.0000**		**0.0003**
	Stockholders' equity/	₱	12,445,613	₱	73,765,124
	Total # of shares		261,314,797,080		261,314,797,080
Loss per share			**0.00019**		**0.00015**
	Net loss/	₱	49,477,538	₱	39,653,268
	Total # of shares		261,314,797,080		261,314,797,080

The change in key indicators as of Sept 30, 2018 as compared to same period in year 2017 was noted, decrease in current ratio by 8%, 46% quick ratio due to receivable was classified not liquid asset, 6% solvency ratio, 84% equity-to-debt ratio and 83% book value per share. Increase in ration was seen in debt ratio 6%, 527% debt-to-equity, 492% asset-to-equity, 51% Interest coverage and 25% loss per share.

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.

<u>Discussion and Analysis of Material Events and Uncertainties</u>

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 September30, 2018reflect foreign exchange gain 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 ₱250.0 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 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 for the year 2018".

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 except on the implementation of the approved two-year exploration work program that will commence upon completion of the post approval requirement.

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 2018 covers the following activities:

a. The Company is in the process of complying pre-condition requirement after approval of its Exploration Permit Application on August 24, 2018. Once complied with the company will proceed with the implementation of the approved exploration work program within the two (2) year period.
b. The Company will work on to get the financing requirement needed to implement the approved exploration work program, environmental work program and community development program either by external sources or internal sources.

A 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.

The Company had suspended the exploration drilling at the San Mauricio property in Jose Panganiban due to delays in the release of its mineral production sharing agreement ("MPSA") on the said area. Application for Production Sharing Agreement ("APSA") for this area denominated as APSA V-041 was already endorsed by the Mines and Geosciences Bureau Region V ("MGB R-V") to MGB Central Office for final evaluation and approval in June 2005. However, in December 2009, the MGB Central Office returned all documents pertaining to said MPSA Application to MGB R-V for completion of the deficiency documents. The Company had completed and submitted the remaining deficiencies for the above MPSA to MGB R-V and were subsequently endorsed to MGB Central Office in June 2010. The Company received a letter from MGB Central Office dated September 9, 2015 returning the said application to MGB Regional Office for further evaluation.

Furthermore, DENR Secretary, Regina Paz L. Lopez issued Memorandum Order No. 2016-01 on July 8, 2016, requiring an audit of all operating mines and a moratorium on the acceptance, processing and/or approval of mining applications and/or mining projects for all metallic and non-metallic minerals. The President Rodrigo RoaDuterte appointed Roy Cimatu as the new DENR Secretary after The Commission on Appointment denied the confirmation of Secretary Gina Lopez. In July 3, 2018, the DENR issued an Administrative Order No. 2018-13 lifting of the moratorium on the acceptance, processing and/or approval of application for exploration permit under DENR Memorandum Order No. 2016-01. In August 24, 2018 the company received the approval of its two-year exploration permit application covering an area of 580.27 hectares under EP- 016-2016 – V.

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

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.

C. Any significant changes in the number of employees.

Manpower as of September30, 2018 consists of seven (7) 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 and cash equivalents, receivables, accounts payable, advances from related parties and accrued interest, other current liabilities and long-term debt. 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 & Administration 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 counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk exposure arises principally from the possibility that the counterparties may fail to fulfill their agreed obligations. To manage such risk, the Company monitors its receivables on an ongoing basis. The objective is to reduce the risk of loss through default of counterparties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective allowance is determined based on historical data of payment statistics for similar financial assets.

With respect to credit risk arising from the financial assets of the Company, which comprise cash and cash equivalents and receivables, the Company's exposure to credit risk arises from a possible default of the counterparties with a maximum exposure equal to the carrying amounts of these instruments.

The tables below show the credit quality by class of financial assets.

(In Million Pesos)

	Sept 30, 2018				
	Neither Past Due Nor Impaired		Past Due But		
	High Grade	Standard Grade	Not Impaired	Impaired	Total
Cash in bank*	0.49	0	0	0	0.49
Total credit risk exposure	0.49	-	-	-	0.49

(In Million Pesos)

	December 31, 2017				
	Neither Past Due Nor Impaired		Past Due But		
	High Grade	Standard Grade	Not Impaired	Impaired	Total
Cash and cash equivalents*	0.67	0	0	0	0.67
Total credit risk exposure	0.67	-	-	-	0.67

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

1. Cash and cash equivalents are assessed as high grade since these are deposited with reputable banks.
2. Receivables, which pertain mainly to receivables from staff and employees and others, were assessed as standard grade since there were no history of default on the outstanding receivables as of September30, 2018 and December 31, 2017. These were assessed based on past collection experience and the debtors' ability to pay the receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they fall due. 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 aside from the capital restructuring completed in 2008.

As of September30, 2018 and December 31, 2017, the contractual undiscounted cash flows from cash and cash equivalents and receivables, which are short-term in nature and used for liquidity purposes amounted to ₱0.49 million and ₱0.67 million, respectively.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Sept 30, 2018
(In Million Pesos)

	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 year	Total
Accounts payable and other current liabilities	774.33	0	0	44.63	818.97
Advances from related parties (current)	135.08	0	0	0	135.08
Redeemable preferred shares	26.10	0	0	0	26.10
Due to related parties (non-current)					
Principal	120	0	0	0	120.00
Future interest	36	0	0	0	36.00
	1,091.51	0	0	44.63	1,136.15

December 31, 2017

(In Million Pesos)

	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 year	Total
Accounts payable and other current liabilities	743.32	0	35.82	0	779.14
Advances from related parties (current)	125.86	0	0	0	125.86
Redeemable preferred shares	26.10	0	0	0	26.10
Due to related parties (non-current)					
Principal	120	0	0	0	120.00
Future interest	36	0	0	0	36.00
	1,051.28	0	35.82	-	1,087.10

Foreign Exchange Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company uses the 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 are as follows:

(in Million)

	Sept 30, 2018		December 31, 2017	
	USD	**PHP**	USD	PHP
Accrued interest and other current liabilities	**1.92**	**104.24**	1.92	95.92

As ofSeptember30, 2018 and December 31, 2017, the exchange rate of the Philippine peso to the USD is ₱51.073 and ₱49.81, respectively.

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 income before income tax. There is no other impact on the Company's equity other than those affecting the statement of comprehensive income.

(in Million Pesos)

	Change in exchange rate	
	$ strengthens by 5%	$ weakens by 5%
Increase (decrease) in income before income tax and equity		
Sept 30,2018	**(5.21)**	**5.21**
December 31, 2017	(4.79)	4.79

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.

The table below presents a comparison by category of carrying amounts and estimated fair values of the Company's financial assets and liabilities as of September30, 2018 and December 31, 2017.

(In Million Pesos)	**Sept 30, 2018**		**December 31, 2017**	
	Carrying Values	**Fair Value**	**Carrying Values**	**Fair Value**
Cash				
Cash and cash equivalents	0.49	0.49	0.67	0.67
	0.49	0.49	0.67	0.67
Other financial liabilities:				
Accounts payable and other current liabilities	818.97	818.97	779.14	779.14
Advances from related parties (current)	135.08	135.08	125.86	125.86
Redeemable preferred shares	26.10	26.10	26.10	26.10
Due to related parties (non-current)				
Principal	120.00	120.00	120.00	120.00
Future interest	36.00	120.00	36.00	36.00
	1,136.15	1,220.15	1,087.10	1,087.10

Cash and Cash Equivalents, Receivables, Accrued Interest and Other Current Liabilities, Advances from Related Parties, Redeemable Preferred Shares, Accounts Payable and Dividends Payable

The carrying amounts approximate their fair values due to their short-term maturities.

Long-term debt

The fair value of the long-term debt is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans. Discount rate used range from 2.2% to 3.2% in 2018.

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, 2018and year ended December 31, 2017.

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

The following table summarizes what the Company considers as its total capital as of September30, 2018and December 31, 2017.

Capital stock	₱2,613,147,971
Share premium	19,449,376
	₱2,652,046,723

Corporate Governance

The Company uses the evaluation system established by the SEC in its Memorandum Circular No. 5, series of 2013, including the Corporate Governance Self-Rating Form (CG-SRF) and ASEAN Scorecard to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance Manual in the meantime that a formal evaluation system has not been implemented.

The Company undertakes a self-evaluation process every year and any deviation from the Company's Corporate Governance Manual is reported to the Management and the Board of Directors together with the proposed measures to achieve compliance.

In 2013, the Company substantially adopted all the provisions of the Manual on Corporate Governance as prescribed by SEC Memorandum Circular No. 2, series of 2002 except for the following deviations and reasons thereof:

	Provision of the Manual	Explanation
2.2.2.1	Nomination Committee –The Board shall create a Nomination Committee to be composed of at least three (3) voting directors (one of whom must be independent) and one (1) non-voting member in the person of the Human Resources Director/Manager or similar officer.	The position of Human Resources Director/Manager is vacant due to limited number of employees. The Company will fill the position when it resumes normal operations. However, Mr. Gilbert V. Rabago (Finance & Admin. Manager) sits in as a non-voting member.

2.2.5	Internal Auditor - The Company shall have in place an independent internal audit function, which shall be performed by an Internal Auditor or a group of internal auditors, which shall report to the Audit Committee.	Due to limited transactions/ operations and lean workforce, the internal audit functions are presently being handled/conducted by the Finance & Admin. Manager. The Company will hire Internal Auditor/s in the future when it resumes normal operations.

The above deviations however would not materially affect the present operations of the Company.

The Board of Directors believes that the present practices for good corporate governance are sufficient inasmuch as operations are limited to care and maintenance. However, the Company shall adopt such improvement measures on its corporate governance as the exigencies of its business require from time to time and when the Company is certain that the Longos Mine will be reopened for rehabilitation and further development.

List of Directors/Committee Membership
As of December 2017

			Committee Membership		
Directors	**Executive/ Non -Executive/ Independent**	**Attended Corporate Governance Seminar**	**Corporate Governance**	**Audit**	**Compensation**
Alfredo C. Ramos	Executive Director	√			
Adrian Paulino S. Ramos	Executive Director	√		√	√
Gerard Anton S. Ramos	Executive Director	√	√		√
Eduardo B. Castillo	Non-Executive Director	√		√	
Laurito E. Serrano	Non-Executive Independent Director	√		√	
Christopher M. Gotanco	Non-Executive Director	√		√	√
John Peter C. Hager	Non-Executive Independent Director	√	√	√	√
Presentacion S. Ramos	Non-Executive Director	√	√		
Alexandra S. Ramos-Padilla	Non-Executive Director	√	√		

SEC Form 17-A

A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED WITHOUT CHARGE TO EACH PERSON UPON WRITTEN REQUEST OF ANY SUCH PERSON ADDRESSED TO:

THE OFFICE OF THE CORPORATE SECRETARY
6th Floor, Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City, 1550

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on November 07, 2018.

UNITED PARAGON MINING CORPORATION
BY:

IRISMARIE U. CARPIO-DUQUE
Corporate Secretary
Mandaluyong City, Philippines

PROXY
Solicited in Behalf of United Paragon Mining Corporation

The undersigned hereby appoints the Chairman, **MR. ALFREDO C. RAMOS** or the Chairman of the Meeting, with full power of substitution and delegation, as proxy to vote all the shares of the undersigned at the 2018 Annual Stockholders' Meeting of United Paragon Mining Corporation to be held on **December 05, 2018,** 2:00 p.m. at the Angono Function Room, Valle Verde Country Club, Capt. Henry P. Javier Street., Bo. Oranbo, Pasig City.

The proxy shall vote subject to the instructions indicated below and the proxy is authorized to vote in his discretion on other business as may properly come at the Meeting and any postponements or adjournment thereof. Where no specific authority is clearly indicated below, the proxy shall vote and shall be deemed authorized to vote **FOR THE APPROVAL** of all the corporate matters listed below, and **FOR ALL** the nominated directors named below.

Corporate Matters:

	FOR	AGAINST	ABSTAIN
Approval of the previous minutes of Annual Stockholders' Meeting			
Approval of the 2017 Annual Report and Audited Financial Statements			
Approval of Acts/Resolutions of the Board of Directors & Management (from December 04, 2017 to December 05, 2018)			
Appointment of SGV & Co. as Independent External Auditor			

Election of Directors:

FOR ALL THE FOLLOWING: FOLLOWING: ☐

WITHHOLD AUTHORITYFOR THE ☐

(To withhold authority to vote for any individual nominee, write down the name(s) of the nominees (s) on the space provided below.)

Alfredo C. Ramos	
Presentacion S. Ramos	
Adrian Paulino S. Ramos	
Gerard Anton S. Ramos	
Eduardo B. Castillo	
Christopher M. Gotanco	
Maureen Alexandra S. Ramos-Padilla	
John Peter C. Hager*	
Laurito E. Serrano*	

**Independent Director*

Signature Over Printed Name Date

For corporate shareholders, the proxy form must be accompanied by a corresponding secretary's certificate confirming appointment of the proxy and the authority of the person signing the proxy.

(Reverse for Instructions)

SOLICITATON INFORMATION

Item 1.**Solicitor.** The enclosed proxy is solicited in behalf of the UNITED PARAGON MINING CORPORATION (the "Company") for use in voting at the 2018 Annual Meeting of Stockholders to be held on the date and time and place stated above and in the Notice accompanying this Information Statement and at any postponements or adjournments thereof.

Item 2. **Instructions.** The Proxy Form must be properly signed, dated and returned by the stockholder on or before November 26, 2018, 5:00 p.m. Validation of proxies will be held at the Company's principal office on November 29, 2017 at 3:00pm. For corporate shareholders, the proxy form must be accompanied by a corresponding secretary's certificate confirming the authority of the person executing the proxy.

Validated proxies will be voted at the Meeting in accordance with the authority and/or instructions of the stockholder expressed therein. Proxies which are not properly signed and dated, or which are received late, or which do not have an accompanying secretary's certificate (for corporate shareholders) shall not be voted at the Meeting.

Subject to a stockholder's right to revoke his own proxy as stated in the paragraph below, a proxy given by a stockholder shall be voted by the Chairman of the Board, Mr. Alfredo C. Ramos or the Chairman of the Meeting, with full power of substitution and delegation, in accordance with the authorization specifically granted by the stockholder.

If no specific authority and/or instruction is made in the Proxy Form, the shares to the stockholder will be voted FOR ALL the nominee directors named in the Proxy Form and FOR THE APPROVAL of the matters stated in the Proxy Form and all other matters for which stockholders' approval may be sought in the meeting and at any postponements or adjournments thereof.

Item 3. **Revocability of Proxy.** A stockholder giving a proxy has the power to revoke it at any time before the right granted under and by virtue of such proxy is exercised, either: (a) by submitting a sworn statement revoking such proxy on or before November 26, 2017, 3:00 p.m.; or, (b) by appearing at the Meeting in person and expressing his intention to vote in person.

Item 4. **Persons Making the Solicitation.** The enclosed proxy is solicited in behalf of the Company for use in voting at the 2018 Annual Meeting of Stockholders to be held on the date, time and place stated above and in the Information Statement, and at any postponements or adjournments thereof.

As of the date the Information Statement and this Proxy Form are sent to stockholders of record, NO director has informed the company in writing that he opposes any action intended to be taken by the Company at the Meeting.

There are NO other participants in the solicitation of proxies through this Information Statement, other than the Company.

Solicitation of proxies will be made mainly through the mail. Incidental solicitation in person or through telephone reminding stockholders to attend the Meeting may be made by the directors, officers and employees of the Company, for which no arrangement are or will be made and no compensation will be paid for such incidental solicitation.

The Company will bear the cost of preparing, collating and delivering to stockholders the Information Statement, the Proxy Form and the accompanying materials. The Company estimates proxy solicitation expenditures to amount to about P75,000.00

Item 5. **Interest of Certain Persons in Matters to be Acted Upon.** At any time since the beginning of the last fiscal year, NO director, executive officer, nominee for election as director, or associate of such director, executive officer or nominee for election as director has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office, except that Mr. Alfredo C. Ramos and Mrs. Presentacion S. Ramos are directors and stockholders of National Book Store, Inc., a substantial stockholder, and Mr. Gerard Anton S. Ramos, Adrian Paulino S. Ramos & Alexandra S. Ramos-Padilla are their children.

Republic of the Philippines
National Book Development Board

CERTIFICATION

This is to certify that **Mr. ALFFREDO C. RAMOS** has been appointed as Member, representing the private sector, of the Governing Board of the National Book Development Board since 2006.

By virtue of such appointment, he assumes the powers and functions of a member of the Governing Board set forth in Section 8 of Republic Act No. 8047 or The Book Publishing Industry Development Act.

This certification is hereby issued for whatever legal purpose it may serve him best.

Issued this 20th day of September, 2017 in Pasig City.

Flor Marie Sta Cruz

FLOR MARIE STA. ROMANA-CRUZ
Chairperson

a: Unit 2401 Prestige Tower, F. Ortigas Jr. Road, Ortigas Center,
Pasig City, Philippines 1605 t: +632-687-1805 f: +632-929-3887
http://booksphilippines.gov.ph/

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOHN PETER HAGER**, Filipino, of legal age and resident of No. 16 Ormoc Street, Alabang Hills Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for an independent director of United Paragon Mining Corporation and have been its independent director since September 28, 2012.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position / Relationship	Period of Service
Raco Trading (Asia) Development Corporation	Vice-President	September 2015 to present
Alakor Securities Corp.	Independent Director	2014 to present
Raco Commodities Phils., Inc.	Managing Director	2008 to present
Raco Trading Phils., Inc.	Managing Director	2003 to present
Raco Trading Phils., Inc.	Vice President	1993-2003
Distribution Technologies, Inc.	Account Representative	1992-1993

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of United Paragon Mining Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulation.

4. I am <u>not</u> related to the following director/officer/substantial shareholder of United Paragon Mining Corporation and its subsidiaries and affiliates, in any relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/Substantial	Company	Nature of Relationship
Not Applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not connected with any government agencies or its instrumentalities as of this filing.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

8. I shall inform the Corporate Secretary of United Paragon Mining Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

DONE this NOV 07 2018 day of November, 2018 at Mandaluyong City.

JOHN PETER C. HAGER
Affiant

SUBSCRIBED AND SWORN to before me this NOV 07 2018 day of November, 2018 at Mandaluyong City affiant personally appeared before me and exhibited to me his Driver's License No. N03-86-033820 expiring on September 14, 2023.

Doc. No. 91
Page No. 106
Book No. II
Series of 2018.

PTR NO. / MANDALUYONG CITY / 01-03-18
IBP NO. / 01-03-18 / QC CHAPTER
MCLE COMPLIANCE NO. IV-0014403 / 04-14-2019
ROLL NO. 51028 (2005)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LAURITO E. SERRANO**, Filipino, of legal age and resident of 32 Manila Bay One Roxas Condominium, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of United Paragon Mining Corporation since September 14, 2016.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position / Relationship	Period of Service
Atlas Consolidated Mining & Development Corp.	Independent Director	August 2012 to present
APC Group, Inc.	Independent Director	June 2013 to present
MRT Development Corporation	Director	July 2013 to present
Pacific Online Systems Corporation	Independent Director	May 2014 to present
MJC Investments Corp.	Director	May 2014 to present
Axelum Resources Group	Director	Since April 2017
Negros Navigation Co., Inc.	Director	Since April2017
2GO Group, Inc.	Independent Director	Since April 2017

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of United Paragon Mining Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulation.

4. I am **not** related to the following director/officer/substantial shareholder of United Paragon Mining Corporation and its subsidiaries and affiliates, in any relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/Substantial	**Company**	**Nature of Relationship**
Not Applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not connected with any government agencies or its instrumentalities as of this filing.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

8. I shall inform the Corporate Secretary of United Paragon Mining Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

DONE this NOV 08 2018 day of 2018 at Mandaluyong City.

LAURITO E. SERRANO
Affiant

NOV 08 2018

SUBSCRIBED AND SWORN to before me this ____________ day of 2018 at Mandaluyong City affiant personally appeared before me and exhibited to me his DL No. N05-79-030116 valid until August 03, 2021.

Doc. No. 167
Page No. 34
Book No. 136
Series of 2018.

ATTY. JAMES K. ...UGAN
NOTARY PUBLIC
Tel. 631-40-91

UNITED PARAGON MINING CORPORATION
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A
DECEMBER 31, 2017

FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

UNITED PARAGON MINING CORPORATION
STATEMENTS OF FINANCIAL POSITION
In Million Pesos

	Sept 30, 2018 (Unaudited)	December 31, 2017 (Audited)
CURRENT ASSETS		
Cash and cash Equivalents	0.49	0.67
Materials and supplies - at net realizable value	17.33	17.32
Other current assets	16.33	16.62
TOTAL CURRENT ASSETS	**34.15**	**34.62**
NONCURRENT ASSETS		
Property, plant and equipment	994.68	994.82
Deferred exploration costs	81.37	81.37
Other noncurrent assets	3.50	3.34
TOTAL NONCURRENT ASSETS	**1,079.55**	**1,079.53**
TOTAL ASSETS	**1,113.70**	**1,114.15**
CURRENT LIABILITIES		
Accounts payable and other current liabilities	818.97	779.14
Due to related parties	255.08	245.86
Redeemable preferred shares	26.10	26.10
Income tax payable	-	0.01
TOTAL CURRENT LIABILITIES	**1,100.15**	**1,051.11**
NONCURRENT LIABILITIES		
Pension liability	1.11	1.11
TOTAL NONCURRENT LIABILITIES	**1.11**	**1.11**
TOTAL LIABILITIES	**1,101.26**	**1,052.22**
EQUITY		
Capital stock - ₱0.01 par value		
Authorized - 397,325,000,000 shres		
Issued - 261,314,797,080 shares	2,613.15	2,613.15
Additional paid-in capital	19.45	19.45
Actuarial gains on retirement benefits obligation	1.12	1.12
Deficit	(2,621.28)	(2,571.80)
TOTAL EQUITY	**12.45**	**61.92**
TOTAL LIABILITIES AND EQUITY	**1,113.70**	**1,114.15**

UNITED PARAGON MINING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Nine Months Ended September 30, 2018
In Million Pesos
(Unaudited)

	Nine Months ended Sept 30		Quarter (Julyl - Sept)	
	2018	2017	2018	2017
GENERAL AND ADMINISTRATIVE EXPENSES	6.40	7.06	2.08	2.04
OTHER (INCOME) EXPENSES				
Finance expenses	34.56	30.86	12.24	10.94
Foreign exchange (gain) loss	8.52	2.44	1.56	1.18
Interest Income	(0.00)	(0.00)	(0.00)	(0.00)
Other (income) expenses	(0.00)	(0.71)	-	(0.08)
	43.07	32.59	13.80	12.03
NET LOSS FOR THE PERIOD	49.48	39.65	15.88	14.07

LOSS PER COMMON SHARE COMPUTED AS FOLLOWS:	Nine Months ended Sept 30		Quarter (Julyl - Sept)	
In Philippine Pesos	2018	2017	2018	2017
Net loss	49,477,538	39,653,268	15,880,383	14,074,809
Weighted average no. of shares	261,314,797,080	261,314,797,080	261,314,797,080	261,314,797,080
LOSS PER COMMON SHARE				
Basic and diluted	0.00019	0.00015	0.00006	0.00005

UNITED PARAGON MINING CORPORATION
STATEMENTS OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2018
In Million Pesos
(Unaudited)

	2018	2017
SHARE CAPITAL		
Authorized		
Common – 397,325,000,000 shares @ ₱0.01 par value per share	3,973.25	3,973.25
Preferred Class "A" – 13,500,000 shares @ ₱0.50 par value per share [1]	6.75	6.75
Preferred Class "B" – 400,000 shares @ ₱50.00 par value per share [1]	20.00	20.00
Total Authorized Capital Stock	**4,000.00**	**4,000.00**
Issued and outstanding		
Common shares-261,314,797,080 shares @ ₱0.01 par value per share		
Balance at beginning of year	**2,613.15**	**2,613.15**
Issuance for the period	**0**	**0**
Balance at end of third quarter	**2,613.15**	**2,613.15**
SHARE PREMIUM		
Balance at beginning of year	19.45	19.45
Movement for the period	0	0
Balance at end of third quarter	19.45	**19.45**
ACTUARIAL GAINS ON RETIREMENT BENEFIT OBLIGATION		
Balance at beginning of year	1.12	0.92
Movement for the period	0	0
Balance at end of third quarter	**1.12**	**0.92**
EQUITY		
Balance at beginning of year, as previously reported	(2,571.80)	(2,520.10)
Net loss for the period	(49.48)	(39.65)
Balance at end of third quarter	**(2,621.28)**	**(2,559.76)**
	12.45	**73.77**

UNITED PARAGON MINING CORPORATION
STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2018
In Million Pesos
(Unaudited)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) before income tax	(49.48)	(39.65)
Adjustments for:		
Finance expenses	34.56	30.86
Depreciation Expense	0.01	0.47
Foreign Exchange (gain) loss	8.52	2.44
Interest & Other Income	(0.00)	(0.71)
Operating loss before changes in working capital	(6.39)	(6.59)
Changes in:		
Receivables	0.25	(0.43)
Materials and supplies	(0.00)	0.01
Prepaid expenses and other current assets	0.04	(0.05)
Accounts payable	-	-
Accrued interest and other current liabilities	(3.14)	(1.45)
Cash used in operations	(9.24)	(8.50)
Interest received	0.00	(0.00)
Income taxes paid (MCIT)	(0.00)	0.00
Net cash used in operating activities	(9.24)	(8.50)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Additions (deduction) to property, plan, and equipment	0.00	0.71
Deferred exploration costs - evaluation expenditures	-	-
Increase in other assets	(0.16)	(0.16)
Net Cash used in investing activities	(0.16)	0.55
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related parties	9.22	8.30
Loan Payable		
Net cash provided by financing activities	9.22	8.30
EFFECTS OF EXCHANGE RATE CHANGES IN CASH	0	0
NET INCREASE (DECREASE) IN CASH	**(0.18)**	**0.35**
CASH		
January 1	0.67	0.51
Sept 30	**0.49**	**0.86**

SCHEDULE A

UNITED PARAGON MINING CORPORATION
FINANCIAL ASSETS IN EQUITY SECURITIES
September 30, 2018

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
	NOT APPLICABLE		

SCHEDULE B

UNITED PARAGON MINING CORPORATION
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
September 30, 2018

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				

SCHEDULE C

UNITED PARAGON MINING CORPORATION
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
September 30, 2018

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

SCHEDULE D

UNITED PARAGON MINING CORPORATION
INTANGIBLE ASSETS - OTHER ASSETS
September 30, 2018

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance

NOT APPLICABLE

SCHEDULE E

UNITED PARAGON MINING CORPORATION
LONG-TERM DEBT
September 30, 2018
(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

NOT APPLICABLE

SCHEDULE F

UNITED PARAGON MINING CORPORATION
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
September 30, 2018

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

SCHEDULE G

UNITED PARAGON MINING CORPORATION
GUARANTEES OF SECURITIES OF OTHER ISSUERS
September 30, 2018

Name of issuing entity of securities guaranteed bytheParent 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
		NOT APPLICABLE		

SCHEDULE H

UNITED PARAGON MINING CORPORATION
CAPITAL STOCK
September 30, 2018

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, 2018, total shares issued and outstanding is 261,314,797,080 held by 1,195 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	397,338,900,000	261,314,797,080	–					
				689,814,318	205,328,291,218	–	·	55,296,691,544–

SCHEDULE 1

UNITED PARAGON MINING CORPORATION

FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED

	Sept 30, 2018	December 31, 2017
PROFITABILITY RATIOS:		
Return on Assets	-4.442%	-4.640%
Return on Equity	-397.550%	-83.480%
Gross profit Margin	0	0
Net Profit Margin	0	0
LIQUIDITY AND SOLVENCY RATIOS:		
Current Ratio	0.031 : 1	0.0329 : 1
Quick Ratio	0.0152 : 1	0.0006 : 1
Solvency Ratio	1.0133 : 1	-0.0486 : 1
FINANCIAL LEVERAGE RATIOS:		
Asset to Equity ratio	89.49 : 1	17.99 : 1
Debt ratio	0.99 : 1	0.94 : 1
Debt to equity ratio	88.49 : 1	16.99 : 1
Interest Coverage ratio	-0.43 : 1	-0.22 : 1

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4	0	9	3	8						

COMPANY NAME

UNITED PARAGON MINING CORPORATION

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

5th Floor Quad Alpha Centrum, 125 Pioneer St. Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@unitedparagon.com	(632) 636-5133 to 34	Not Applicable

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,200	Month of May	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Gilbert Rabago	gilbert.rabago@unitedparagon.com	(632) 636-5133	N/A

CONTACT PERSON's ADDRESS

5th Floor, Quad Alpha Centrum Building, 125 Pioneer Street, Mandaluyong City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **UNITED PARAGON MINING CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2017 and 2016, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached herein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: ALFREDO C. RAMOS
(Chairman of the Board/President)

Signature: ADRIAN PAULINO S. RAMOS
(Treasurer)

Signature: GILBERT V. RABAGO
(Finance Manager/Chief Accounting Officer)

Signed this ____ day of _____

27 APR 2018
MICHAEL ROMUALDO V. VALERA
COLLECTION SECTION

APR 2 6 2018

SUBSCRIBED AND SWORN to before me this _______ day of April 2018 affiant (s) exhibiting to me their Passport/PRC ID, as follows:

NAMES	ID NO.	DATE OF ISSUE/EXPIRY	PLACE OF ISSUE
Alfredo C. Ramos	Passport EC8370209	July 20, 2021	DFA NCR East
Adrian Paulino S. Ramos	Passport EC6344702	January 8, 2021	DFA Manila
Gilbert V. Rabago	PRC No. 0105874	March 20, 2020	PRC Manila

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Book No. 92-A
Series 2018

27 APR 2018
MICHAEL ROMUALDO V. VALERA
COLLECTION SECTION

ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL December 31, 2018
PTR NO. 5520234, January 3, 2018, QUEZON CITY
IBP NO. 019073 12-20-2017 - QUEZON CITY
ROLL NO. 13296
ADM. MATTER NO. NP-046-(2017-2018)
TIN NO. 177-967-619-000
MCLE III-0024526 - December 12, 2017
34 Asset's St. GSIS Village
Project 8 Quezon City

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
United Paragon Mining Corporation
5th Floor Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Paragon Mining Corporation (the Company), which comprise the statements of financial position as at December 31, 2017 and 2016, and statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has incurred cumulative losses, and has negative working capital and negative operating cash flows. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

BUREAU OF INTERNAL REVENUE
RDO 41 MANDALUYONG CITY
27 APR 2018
MICHAEL ROLANDO V. VALERA
COLLECTION SECTION

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recoverability of deferred exploration cost

The carrying values of deferred exploration costs as at December 31, 2017 amounting to ₱81.4 million represents expenditures incurred by the Company for the Longos Mine. PFRSs requires the Company to assess the recoverability of its deferred exploration cost when facts and circumstances suggest that the carrying amount exceeds its recoverable amount. The ability of the Company to recover its deferred exploration costs would depend on the commercial viability of the reserves. The significant management judgment required in assessing whether there is an indication of impairment is a key area of focus on our audit.

The disclosures related to recoverability of deferred exploration cost are included in Notes 4 and 9 to the financial statements.

Audit Response

We obtained management's assessment on whether there is any indication that deferred exploration costs may be impaired and reviewed relevant updates on the current status of the Longos Mine under exploration and future management plans. We inspected the licenses/permits of each exploration project to determine that the period for which the Company has the right to explore in the specific area has not expired and will not expire within the period of their plan of operation. We also reviewed the Company's relevant disclosures. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Recoverability of Property, Plant and Equipment

The net book value of the Company's property, plant and equipment amounted to ₱994.8 million as at December 31, 2017. The Company is under care and maintenance status. Under PFRSs, the Company assesses, at each reporting period whether there is an indication that these assets may be impaired. The assessment of the recoverable amount of property, plant and equipment related to Longos Mine project requires significant judgment and involves estimation and assumptions about future production levels and

BUREAU OF INTERNAL REVENUE
RDO 41 MANDALUYONG CITY
RECEIVED
27 APR 2018
MICHAEL ROMUALDO V. VALERA
COLLECTION SECTION

costs, as well as external inputs such as gold prices and discount rate. Hence, such assessment is a key audit matter in our audit.

The disclosure related to recoverability of property, plant and equipment are included in Notes 4 and 8 to the financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the recoverability of the property, plant and equipment, which key assumptions include the future production levels and costs, gold prices and discount rate. We compared the key inputs such as future production levels and costs against project feasibility report and gold prices against externally published data. We also assessed the discount rate used to available third party information. We also reviewed the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of property, plant and equipment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20 IS (Definitive Information Statement), SEC Form 17 A and Annual Report for the year ended December 31, 2017. The SEC Form 20 IS (Definitive Information Statement), SEC Form 17 A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

27 APR 2018
MICHAEL ROMUALDO V. VALERA
COLLECTION SECTION

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of United Paragon Mining Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Jose Rao'ul J. Balisalisa.

SYCIP GORRES VELAYO & CO.

27 APR 2018
MICHAEL ROMUALDO V. VALERA
COLLECTION SECTION

Jose Rao'ul J. Balisalisa
Partner
CPA Certificate No. 109542
SEC Accreditation No. 1557-A (Group A),
April 14, 2016, valid until April 14, 2019
Tax Identification No. 931-743-705
BIR Accreditation No. 08-001998-113-2016,
February 15, 2016, valid until February 14, 2019
PTR No. 6621227, January 9, 2018, Makati City

April 12, 2018

Securities and Exchange Commission
Electronic Records Management Division
APR 30 2018
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

UNITED PARAGON MINING CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash (Note 5)	**₱673,274**	₱513,875
Materials and supplies (Note 6)	**17,324,202**	17,355,792
Other current assets (Note 7)	**16,621,513**	16,413,891
Total Current Assets	**34,618,989**	34,283,558
Noncurrent Assets		
Property, plant and equipment (Note 8)	**994,822,492**	995,340,363
Deferred exploration costs (Note 9)	**81,370,657**	81,370,657
Other noncurrent assets	**3,335,468**	3,140,625
Total Noncurrent Assets	**1,079,528,617**	1,079,851,645
TOTAL ASSETS	**₱1,114,147,606**	₱1,114,135,203
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 10)	**₱779,144,325**	₱737,708,468
Due to related parties (Note 11)	**245,855,969**	235,878,988
Redeemable preferred shares (Note 12)	**26,100,000**	26,100,000
Income tax payable (Note 19)	**14,245**	131
Total Current Liabilities	**1,051,114,539**	999,687,587
Noncurrent Liability		
Pension liability (Note 13)	**1,109,915**	1,029,223
Total Liabilities	**1,052,224,454**	1,000,716,810
Equity		
Capital stock - ₱0.01 par value (Note 15)		
Authorized - 397,325,000,000 shares		
Issued - 261,314,797,080 shares	**2,613,147,971**	2,613,147,971
Additional paid-in capital	**19,449,376**	19,449,376
Actuarial gains on retirement benefits obligation (Note 13)	**1,124,947**	924,942
Deficit (Note 2)	**(2,571,799,142)**	(2,520,103,896)
Total Equity	**61,923,152**	113,418,393
TOTAL LIABILITIES AND EQUITY	**₱1,114,147,606**	₱1,114,135,203

See accompanying Notes to Financial Statements

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UNITED PARAGON MINING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2017	2016	2015
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	**₱9,961,761**	₱14,761,531	₱14,088,802
OTHER EXPENSES (INCOME)			
Interest expenses (Note 17)	**42,209,731**	37,914,671	33,857,671
Foreign exchange loss - net	**226,733**	5,132,340	4,942,324
Interest income (Note 5)	**(2,991)**	(7,670)	(12,305)
Other income - net (Note 18)	**(714,233)**	(6,571)	(397,535)
	41,719,240	43,032,770	38,390,155
LOSS BEFORE INCOME TAX	**51,681,001**	57,794,301	52,478,957
PROVISION FOR CURRENT INCOME TAX (Note 19)	**14,245**	131	7,951
NET LOSS	**51,695,246**	57,794,432	52,486,908
OTHER COMPREHENSIVE LOSS (INCOME)			
Item that will not be reclassified to profit or loss:			
Actuarial loss (gain) on retirement benefits obligation (Note 13)	**(200,005)**	107,781	46,957
TOTAL COMPREHENSIVE LOSS	**₱51,495,241**	₱57,902,213	₱52,533,865
Basic and Diluted Loss Per Share (Note 20)	**₱0.0002**	₱0.0002	₱0.0002

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
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UNITED PARAGON MINING CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	Capital stock (Note 15)	Additional paid-in capital	Actuarial gains (loss) on retirement benefit obligation (Note 13)	Deficit	Total
Balances at January 1, 2015	**₱2,613,147,971**	**₱19,449,376**	**₱1,079,680**	**(₱2,409,822,556)**	**₱223,854,471**
Net loss	–	–	–	(52,486,908)	(52,486,908)
Other comprehensive loss	–	–	(46,957)	–	(46,957)
Total comprehensive loss	–	–	(46,957)	(52,486,908)	(52,533,865)
Balances at December 31, 2015	**2,613,147,971**	**19,449,376**	**1,032,723**	**(2,462,309,464)**	**171,320,606**
Net loss	–	–	–	(57,794,432)	(57,794,432)
Other comprehensive loss	–	–	(107,781)	–	(107,781)
Total comprehensive loss	–	–	(107,781)	(57,794,432)	(57,902,213)
Balances at December 31, 2016	**2,613,147,971**	**19,449,376**	**924,942**	**(2,520,103,896)**	**113,418,393**
Net loss	–	–	–	(51,695,246)	(51,695,246)
Other comprehensive income	–	–	200,005	–	200,005
Total comprehensive income (loss)	–	–	200,005	(51,695,246)	(51,495,241)
Balances at December 31, 2017	**₱2,613,147,971**	**₱19,449,376**	**₱1,124,947**	**(₱2,571,799,142)**	**₱61,923,152**

See accompanying Notes to Financial Statements.

UNITED PARAGON MINING CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱51,681,001)**	(₱57,794,301)	(₱52,478,957)
Adjustments for:			
Interest expenses (Note 17)	**42,209,731**	37,914,671	33,857,671
Gain on disposal of property and equipment (Note 18)	**(625,850)**	–	–
Depreciation (Notes 8 and Note 16)	**517,871**	1,115,111	1,324,360
Net change in pension liability	**280,697**	156,047	133,929
Unrealized foreign exchange losses	**226,733**	5,132,340	4,942,324
Interest income (Note 5)	**(2,991)**	(7,670)	(12,305)
Operating loss before working capital changes	**(9,074,810)**	(13,483,802)	(12,232,978)
Decrease (increase) in:			
Materials and supplies	**31,590**	203,545	48,853
Other current assets	**(207,622)**	14,091	13,243,508
Decrease in accounts payable and other current liabilities	**(1,000,607)**	(383,766)	(1,706,973)
Net cash used in operations	**(10,251,449)**	(13,649,932)	(647,590)
Interest received	**2,991**	7,670	12,305
Income taxes paid	**(131)**	(7,951)	(7,540)
Net cash flows used in operating activities	**(10,248,589)**	(13,650,213)	(642,825)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment	**625,850**	–	–
Increase in other noncurrent assets	**(194,843)**	(255,553)	(212,902)
Additions to:			
Deferred exploration cost (Note 9)	–	(4,480,000)	–
Property and equipment (Note 8)	–	–	(36,533)
Net cash flows from (used in) investing activities	**431,007**	(4,735,553)	(249,435)
CASH FLOWS FROM A FINANCING ACTIVITY			
Increase in due to related parties (Note 11)	**9,976,981**	8,180,000	7,057,000
NET INCREASE (DECREASE) IN CASH	**159,399**	(10,205,766)	6,164,740
CASH AT BEGINNING OF YEAR	**513,875**	10,719,641	4,554,901
CASH AT END OF YEAR (Note 5)	**₱673,274**	₱513,875	₱10,719,641

See accompanying Notes to Financial Statements.

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. UARGC was registered with the Philippine SEC on April 10, 1970 with a corporate term of fifty (50) years.

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

The Company's registered office address is 5th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City. Its exploration and mining operations are located in Longos, Paracale, Camarines Norte.

The financial statements of the Company as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017, were authorized for issue by the Board of Directors (BOD) on April 12, 2018.

2. Status of Operations and Management Plans

As shown in the financial statements, the Company incurred cumulative losses of ₱2,571.8 million and ₱2,520.1 million as at December 31, 2017 and 2016, respectively. As at December 31, 2017 and 2016, the Company's current liabilities exceeded its current assets by ₱1,016.5 million and ₱965.4 million, respectively. Net cash flows used in operating activities amounted to ₱10.2 million, ₱13.7 million and ₱0.6 million in 2017, 2016 and 2015, respectively. These conditions, among others, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and achieve a profitable level of operations, enhance recoverability of its assets such as, but not limited to, the deferred exploration costs and property, plant and equipment, and its ability to pay its debts as they mature. The ultimate outcome of these uncertainties cannot be determined presently. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Management's actions and plans to improve and sustain the Company's operations include the following, among others:

a. The Company will examine various project financing options to fund its exploration work program subject to the Company being awarded the exploration permit to continue its operation;
b. The Company will continue with its exploration and drilling activities upon receipt of Exploration Permit from the government on the applied area; and
c. The Company continues to dispose scrap, obsolete and excess assets to raise additional funds and to meet its current operating costs under care and maintenance status.

Prior to April 1, 1994, start of commercial operations of the underground mine, significant costs and expenses incurred by both APMC and UARGC, and subsequently by the Company, were deferred in the accounts with the expectation that they would benefit future periods and were recorded as deferred exploration costs amounting to ₱76.9 million.

The underground Shaft 4 mining operations was discontinued in December 1998 to avoid further operating losses and to preserve the remaining reserves for future extraction from the Main Shaft at a profitable level. Following the suspension of its underground mining operations, the Company retrenched its employees and paid separation pay totaling ₱24.6 million computed in accordance with the provisions of the Labor Code of the Philippines.

The Company continued to explore and drill certain mining properties on a limited scale to find additional ore reserves to sustain an expanded operation in the future. However, in February 2004, the Company temporarily suspended its drilling operations pending receipt of mineral production sharing agreement for the San Mauricio group of mining claims. Also, in 2004, the BOD and stockholders of the Company approved the proposed capital restructuring which was approved by SEC in July 2008. As discussed in Note 15 to the financial statements, the capital restructuring reduced the Company's deficit and capital deficiency by ₱460.5 million and resulted in the termination of accrual of interest on advances from related parties that were converted to equity.

On July 30, 2007, the Company's Option and Operating Agreements with Camarines Minerals, Inc. (CMI) were extended for 25 years or co-terminus with the relevant mineral production sharing agreement that may be approved by the Government of the Philippines (see Note 21).

In December 2009, the Mines and Geoscience Bureau (MGB) Central Office returned all documents pertaining to said Mineral Production Sharing Agreement (MPSA) Application to MGB R-V for completion of the deficiency documents. The Company had completed and submitted the remaining deficiencies for the above MPSA to MGB R-V and were subsequently endorsed to MGB Central Office in June 2010. The Company received a letter from MGB Central Office dated September 9, 2015 returning the said application to MGB Regional Office for further evaluation.

On February 4, 2013, the Company's APSA-000375-V has been converted into an Exploration Permit and now is renumbered as EXPA-000180-V. The MGB, in its memorandum dated June 24, 2016, has issued a clearance to issue the exploration permit, but was held in abeyance in view of the Moratorium on the processing and approval of mining applications, pursuant to Department Memorandum order (DMO) No. 2016-01 dated July 8, 2016.

Furthermore, newly-appointed DENR Secretary issued Memorandum Order No. 2016-01 on July 8, 2016, requiring an audit of all operating mines and a moratorium on the acceptance, processing and/or approval of mining applications and/or mining projects for all metallic and non-metallic minerals.

3. Basis of Preparation, Statement of Compliance, Changes in Accounting Policy and Summary of Significant Accounting Policies

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

Statement of Compliance
The Company's financial statements have been prepared in accordance with PFRSs.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards, which are effective for annual periods beginning on or after January 1, 2017.

PFRS 12 (Amendments), *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014-2016 Cycle)
The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

Adoption of these amendments did not have any impact on the Company's financial statements as the Company does not have any interest in a subsidiary, a joint venture or an associate (or included in a disposal grout that is classified) as held for sale.

Philippine Accounting Standards (PAS) 7 (Amendments), *Statement of Cash Flows, Disclosure Initiative*
The amendments to PAS 7 require entities to provide disclosures that enable users of financial statements to evaluate changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The Company has provided the required information in Note 11 to the financial statements. As allowed under the transition provisions of the standard, the Company did not present comparative information for the year ended December 31, 2016.

PAS 12 (Amendments), *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Company applied the amendments retrospectively. However, the application has no effect on the Company's statement of financial position and performance as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2017

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company will adopt these standards and interpretation when they become effective. Unless otherwise stated, the Company does not expect the future adoption of these new and amended standards, improvements to PFRSs and new interpretations to have a significant impact on its financial statements.

Effective beginning on or after January 1, 2018

PFRS 2 (Amendments), *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company is currently assessing the impact of adopting this standard.

PFRS 4 (Amendments), *Insurance Contracts, Applying PFRS 9 with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Company is currently assessing the impact of adopting this standard.

PAS 28 (Amendments), *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014-2016 Cycle)
The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

PAS 40 (Amendments), *Investment Property, Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019
PFRS 9 (Amendments), *Prepayment Features with Negative Compensation*
The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income.

PFRS 16, *Leases*
PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

PAS 28 (Amendments), *Long-term Interests in Associates and Joint Ventures*
The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9.

Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Deferred effectivity
PFRS 10 and PAS 28 (Amendments), *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Summary of Significant Accounting Policies

Presentation of Financial Statements
The Company has elected to present all items of recognized income and expense in a single statement of comprehensive income.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on current/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.

Cash
Cash includes cash on hand and in banks, which are carried at face value.

Financial Instruments
Date of Recognition
The Company recognizes financial instruments in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial Recognition and Measurement of Financial Instruments
Financial assets are classified as financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities are classified either at FVPL or as other financial liabilities. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates such designation at every end of the reporting period.

Financial instruments are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments which are measured at FVPL.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Company's financial instruments are in the nature of loans and receivables and other financial liabilities. As at December 31, 2017 and 2016, the Company has no financial instruments classified as FVPL, HTM investments, AFS financial assets or as derivatives designated as hedging instruments in an effective hedge.

Subsequent Measurement
The subsequent measurement of financial assets and liabilities depends on their classification as follows:

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables.

After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate (EIR) method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within twelve (12) months from the end of the financial reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash as at December 31, 2017 and 2016 are classified under this category (see Note 5).

Other Financial Liabilities
This category pertains to financial liabilities that are not held for trading, not derivatives nor designated as at FVPL upon the inception of the liability, where the substance of the contractual arrangement on the Company having an obligation either to deliver cash or another financial asset to the holder or to satisfy the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. These include financial liabilities arising from operations or borrowings (e.g., accounts payable, accrued expenses). These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization or accretion for any related premium, discount and any directly attributable transaction cost. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized or impaired, as well as through the amortization process.

Other financial liabilities are classified as current liabilities if it is due within twelve (12) months from the end of the reporting period, otherwise they are classified as noncurrent liabilities.

Included under this category are accounts payable and other current liabilities, due to related parties and redeemable preference shares (see Notes 10, 11 and 12).

Fair Value Measurement

The Company measures financial instruments at fair value at each end of the reporting period.

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. 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 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.

Impairment of Financial Assets

The Company assesses at each end of the reporting period whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statement of comprehensive income.

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

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 where:

- 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; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in the statement of comprehensive income.

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.

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.

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 includes 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.

Input Value-Added Tax (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 current assets" account in the statement of financial position

Impairment of Nonfinancial Assets

Other Current Assets, Property, Plant and Equipment and Other Noncurrent 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.

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 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.

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 recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest Income

Interest income is recognized as the interest accrues using the EIR method.

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.

Leases
Operating Leases - The Company as a Lessee
Operating leases represent those leases under which substantially all risks and rewards of ownership of the leased assets remain with the lessors. Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Pension Liability
The net pension liability 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

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.

Loss Per Common 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. When shares are dilutive, the unexercised portion of stock options is included as stock equivalents in computing diluted loss per share, if any.

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.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRSs requires the Company to make judgments and estimates that affect reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

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

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Going concern
The Company has made an assessment on the Company's ability to continue as a going concern and is satisfied that the Company has concrete plans to continue its business for the foreseeable future. Therefore, the financial statements continue to be prepared under the going concern basis.

Estimating Allowance for Inventory Obsolescence
Inventories, which comprise of materials and supplies, are used in the Company's operations, are stated at the lower of cost or NRV. Allowance due to obsolescence is established when there is evidence that the equipment where the parts and supplies were originally purchased for are no longer in service. Materials which are non-moving or have become unusable are priced at their recoverable amount. Inventories carried at lower of cost or NRV, amounted to ₱17.3 million and ₱17.4 million as at December 31, 2017 and 2016, respectively (see Note 6). Materials and supplies inventories amounting to ₱11.1 million as at December 31, 2017 and 2016 had been fully provided with an allowance for impairment losses (see Note 6).

Estimating Useful Lives of Property, Plant and Equipment
The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The Company recognized depreciation and amortization expense amounting to ₱0.5 million, ₱1.1 million and ₱1.3 million in 2017, 2016 and 2015, respectively. The carrying amounts of property, plant and equipment amounted to ₱994.8 million and ₱995.3 million as at December 31, 2017 and 2016, respectively (see Note 8). There is no other change in the estimated useful lives of property and equipment as at December 31, 2017 and 2016.

Estimating Impairment of Property, Plant and Equipment
The Company assesses impairment on property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The assessment of the recoverable amount of property, plant and equipment related to its Longos Mine project requires significant judgment and involves estimation and assumptions about future production levels and costs, as well as external inputs such as gold prices and discount rate.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For impairment loss on specific assets, the recoverable amount represents the net selling price.

The carrying value of property, plant and equipment amounted to ₱994.8 million and ₱995.3 million as at December 31, 2017 and 2016, net of allowance for impairment losses of property, plant and equipment amounting to ₱141.7 million as of those dates. No impairment losses were recognized in 2017, 2016 and 2015 (see Notes 8 and 19).

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

The Company's other current and noncurrent assets amounted to ₱20.0 million and ₱19.6 million as at December 31, 2017 and 2016, respectively, net of allowance for impairment losses amounting to ₱15.4 million each as at December 31, 2017 and 2016.

Assessing Recoverability of Deferred Exploration Costs
The Company assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present and disclose any resulting impairment loss. Facts and circumstances that would

require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The carrying value of deferred exploration costs amounted to ₱81.4 million as at December 31, 2017 and 2016. No allowance for impairment losses on deferred development and deferred exploration costs was recognized by the Company in 2017, 2016 and 2015 since based on the Company's assessment, their estimated net recoverable amount exceeded their costs (see Note 9).

Estimating Pension Costs
The determination of the Company's obligation and pension costs is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 13 to the financial statements and include among others, discount rates, expected rates of return on plan assets and rates of future salary increase. In accordance with PAS 19, *Employee Benefits*, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the Company's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Company's pension and other pension obligations. Net pension cost amounted to ₱0.3 million, ₱0.2 million and ₱0.1 million in 2017, 2016 and 2015, respectively. The Company's pension liability amounted to ₱1.1 million and ₱1.0 million as at December 31, 2017 and 2016, respectively (see Note 13).

Assessing Realizability of Deferred Tax Assets
The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Company did not recognized deferred income tax assets on deductible temporary differences, carry forward benefit of unused net operating loss carryover (NOLCO) and minimum corporate income tax (MCIT) totaling ₱64.0 million and ₱67.1 million as at December 31, 2017 and 2016, respectively (see Note 19).

5. Cash

	2017	2016
Cash on hand	**₱35,000**	₱35,000
Cash in banks	**638,274**	478,875
	₱673,274	₱513,875

Cash with banks earn interest at their respective bank deposit rates.

Total interest income amounted to ₱2,991, ₱7,670 and ₱12,305 in 2017, 2016 and 2015, respectively.

6. Materials and Supplies

	2017	2016
At cost:		
Spare parts	**₱23,130,450**	₱23,130,450
Consumables	**5,185,814**	5,228,266
Fuel and lubricants	**110,885**	102,016
	28,427,149	28,460,732
At NRV:		
Spare parts	**14,352,879**	14,072,838
Consumables	**2,860,438**	3,180,938
	₱17,324,202	₱17,355,792

Movements in materials and supplies are as follows:

	2017	2016
Beginning balance	**₱17,355,792**	₱17,363,312
Disposals	**(31,590)**	(7,520)
Ending balance	**₱17,324,202**	₱17,355,792

No provision of inventory obsolescence was recorded in 2017, 2016 and 2015. The allowance for inventory obsolescence amounting to ₱9.1 million and ₱2.0 million pertains to spare parts and consumables, respectively, as of December 31, 2017 and 2016.

Gain on sale of scrap materials and supplies amounted to ₱88,383, ₱6,571 and ₱397,535 in 2017, 2016 and 2015, respectively (see Note 18).

7. Other Current Assets

	2017	2016
Claims for VAT tax credit certificates (TCCs)	**₱23,772,232**	₱23,772,232
Others	**8,262,802**	8,055,180
	32,035,034	31,827,412
Allowance for impairment losses on:		
Claims for VAT TCC's	**12,944,529**	12,944,529
Others	**2,468,992**	2,468,992
	15,413,521	15,413,521
	₱16,621,513	₱16,413,891

Claims for VAT TCCs of ₱23.8 million have been formally submitted to the Bureau of Internal Revenue (BIR) and the Department of Finance (DOF) and subsequently filed with the Court of Tax Appeals (CTA) to preclude prescription. On September 9, 1998, the CTA granted the Company's petition for refund of its excess and unutilized input VAT amounting to ₱10.9 million net of disallowance of ₱12.9 million.

The Company received the revalidated TCCs on December 5, 2014 issued by the BIR. The Company applied for the cash conversion program being implemented by the BIR.

Others includes advances to employees and prepayments.

8. Property, Plant and Equipment

2017	Underground Development	Mine and Mining Properties	Buildings and Plant Improvements	Roads and Bridges	Office and Household Furniture and Equipment	Transportation Equipment	Construction In-Progress	Total
Cost								
Balances at beginning of year	₱1,574,754,870	₱405,000,000	₱123,519,016	₱14,221,073	₱4,603,059	₱3,309,727	₱3,919,325	₱2,129,327,070
Disposal	–	–	–	–	–	(1,190,000)	–	(1,190,000)
Balances at end of year	1,574,754,870	405,000,000	123,519,016	14,221,073	4,603,059	2,119,727	3,919,325	2,128,137,070
Accumulated depreciation, amortization and depletion:								
Balances at beginning of year	763,575,151	84,461,189	122,647,117	14,018,497	4,362,266	3,219,528	–	992,283,748
Depreciation (Note 16)	–	–	169,613	36,125	221,934	90,199	–	517,871
Disposal	–	–	–	–	–	(1,190,000)	–	(1,190,000)
Balances at end of year	763,575,151	84,461,189	122,816,730	14,054,622	4,584,200	2,119,727	–	991,611,619
Accumulated impairment losses	101,568,158	40,134,801	–	–	–	–	–	141,702,959
Net book values	₱709,611,561	₱280,404,010	₱702,286	₱166,451	₱18,859	₱–	₱3,919,325	₱994,822,492

2016	Underground Development	Mine and Mining Properties	Buildings and Plant Improvements	Roads and Bridges	Office and Household Furniture and Equipment	Transportation Equipment	Construction In-Progress	Total
Cost	₱1,574,754,870	₱405,000,000	₱123,519,016	₱14,221,073	₱4,603,059	₱3,309,727	₱3,919,325	₱2,129,327,070
Accumulated depreciation, amortization and depletion:								
Balances at beginning of year	763,575,151	84,461,189	122,402,296	13,982,372	3,834,183	2,913,446	–	(991,168,637)
Depreciation (Note 16)	–	–	244,821	36,125	528,083	306,082	–	(1,115,111)
Balances at end of year	763,575,151	84,461,189	122,647,117	14,018,497	4,362,266	3,219,528	–	992,283,748
Accumulated impairment losses	101,568,158	40,134,801	–	–	–	–	–	141,702,959
Net book values	₱709,611,561	₱280,404,010	₱871,899	₱202,576	₱240,793	₱90,199	₱3,919,325	₱995,340,363

The Company performs an individual assessment of the physical condition of its property, plant and equipment. No provision was recognized in 2017, 2016 and 2015. Accordingly, accumulated impairment losses on property, plant and equipment amounted to ₱141.7 million as at December 31, 2017 and 2016.

The carrying value of temporarily idle property, plant and equipment amounted to ₱990.0 million as at December 31, 2017 and 2016. The Company has no plans of disposing these idle assets as it is reserving these for future use when the mine is reopened.

The cost of fully depreciated property, plant and equipment which are still being used in operations by the Company amounted to ₱148.3 million and ₱138.2 million as at December 31, 2017 and 2016, respectively.

In 2017, the Company recognized gain on disposal of its transportation equipment amounting to ₱0.6 million.

Construction in progress as at December 31, 2017 and 2016 mainly pertains to road access and drainage system projects at different percentages of completion.

9. Deferred Exploration Costs

	2017	2016
Costs	**₱90,214,575**	₱90,214,575
Allowance for impairment losses	**(8,843,918)**	(8,843,918)
	₱81,370,657	₱81,370,657

Deferred exploration costs include, among others, acquisition of rights to explore, topographical and geophysical studies, exploratory drilling, trenching, sampling and activities in relation to evaluating the technical feasibility of extracting mineral resources.

The Company's deferred exploration costs include the following: .

- MPSA-V-0041 dated July 19, 1991 and AMA-V-0270 dated October 29,1998 which were returned to the MGB Regional office in view of the moratorium on the grant of Mineral Agreement pursuant to the pertinent provisions of Section 4 of the executive Order (EO) No. 79 issued by the President of the Philippines on July 6, 2012; and
- APSA-000375-V dated February 7, 2006 which has been converted into an Exploration Permit on February 4, 2013 and now is renumbered as EXPA-000180-V. On June 24, 2016, MGB issued a memorandum for the clearance to issue the exploration permit but was held in abeyance in view of the Moratorium on the processing and approval of mining applications pursuant to Department Memorandum order (DMO) No. 2016-01 dated July 8, 2016.

In 2016, the Company capitalized deferred exploration costs amounting to ₱4.5 million.

No additional impairment loss was recognized in 2017, 2016 and 2015. The Longos Mine still has an estimated ore reserve of 1.6 million metric tons (MT) at 11.05 gram per ton of gold (Au g/t) with an estimated mineable reserve of 1.8 million MT at 9.88 Au g/t. Based on the estimates of ore reserves calculated by a qualified technical personnel and certified by a competent geologist and mine engineer hired by the Company, the carrying value of the above assets, including that of the related property, plant and equipment, is not higher than the estimated fair value less costs to sell of the mineable reserves.

10. Accounts Payable and Other Current Liabilities

	2017	2016
Royalty payable (Note 21)	**₱287,837,995**	₱254,066,940
Accounts payable	**3,108,947**	3,108,947
Accrued interest on:		
Redeemable Class B preferred shares (Note 12)	**197,161,642**	193,161,642
Bonds payable	**95,941,882**	95,717,064
Due to related parties (Note 11)	**66,560,069**	66,512,946
Redeemable Class A preferred shares (Note 12)	**62,264,968**	61,044,968
Royalty payable (Note 21)	**16,694,704**	14,713,542
Others	**1,925,988**	1,925,987
	731,496,195	690,252,036
Other current liabilities:		
Nontrade payables	**8,538,630**	8,538,630
Accrued:		
Salaries and wages	**7,401,569**	7,401,569
Professional and consultancy fees	**4,359,375**	4,308,779
Rental and utilities	**3,197,895**	2,874,875
Taxes and licenses	**61,075**	61,075
Others	**4,067,353**	4,249,271
	27,625,897	27,434,199
Dividends payable (Note 12)	**20,022,233**	20,022,233
	₱779,144,325	₱737,708,468

Terms and conditions of the aforementioned liabilities are as follows:

- Accounts payable are valid liabilities, which have been properly approved, authorized and fully documented in accordance with the Company's established policies and procedures.

- Accrued interest on bonds pertains to unpaid dollar-denominated interest on bonds, which were converted into equity shares in 1999. In 2008, some accrued interest on bonds payable were converted to equity (see Note 15). The remaining accrued interest payable are due and demandable.

- Accrued interest on royalty payable pertains to the interest on unpaid royalty due under the Operating Agreement with CMI (see Note 21). The loan to CMI and the accrued interest is payable within one (1) year from the date of the note payable, and if the loan is not paid within the agreement, a new promissory note from the Company shall be made amounting to the original principal of the loan plus accrued interest to-date.

- Accrued salaries and wages and professional fees are noninterest-bearing and generally settled within thirty (30) days.

- Other current liabilities - "others" consists mainly of statutory payables and payables to third parties. This includes the payable to Mining and Petroleum Services Corp. (MIPSCOR) which is already due and demandable. Statutory payables are expected to be paid within ten (10) to fifteen (15) days after the end of the month.

- Dividends payable pertains to the cash dividends which remains outstanding as at December 31, 2017 and 2016, the redemption date was moved to an indefinite period (see Note 12).

11. Related Party Transactions

In the normal course of business, the Company transacts with companies that are considered related parties under PAS 24, *Related Party Disclosures*. Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

All transactions with related parties are unsecured and settled in cash upon demand.

Outstanding balances of transactions with related parties are set out below:

Related Party	Year	Amount/volume	Accrual of interest (see Note 10)	Due to related parties	Terms	Condition
Entity under Common Control						
Alakor Corporation	**2017**	**₱–**	**₱–**	**₱120,000,000**	10% interest bearing	Uncollateralized
	2016	₱–	₱–	₱120,000,000		
	2017	**–**	**39,313,795**	**–**	Due and demandable	Uncollateralized
	2016	–	39,266,672	–		
	2017	**–**	**–**	**75,684,098**	12% interest bearing	Uncollateralized
	2016	–	–	75,684,098	Due and demandable	
	2017	**–**	**27,246,274**	**–**	Due and demandable	Uncollateralized
	2016	–	27,246,274	–		
	2017	**–**	**–**	**18,630,000**	Non-interest bearing	Uncollateralized
	2016	5,180,000	–	18,630,000		
National Bookstore, Inc.	**2017**	**–**	**–**	**14,400,714**	Non-interest bearing;	Uncollateralized
	2016	–	–	14,400,714	Due and demandable	
Anglo Philippine Holdings, Inc.	**2017**	**10,300,000**	**–**	**16,647,744**	Non-interest bearing;	Uncollateralized
	2016	3,000,000	–	6,347,744	Due and demandable	
Abacus Book and Card Corporation	**2017**	**–**	**–**	**493,413**	Non-interest bearing;	Uncollateralized
	2016	–	–	493,413	Due and demandable	
The Philodrill Corporation	**2017**	**–**	**–**	**–**	Non-interest bearing;	Uncollateralized
	2016	–	–	323,019	Due and demandable	
	2017	**₱10,300,000**	**₱66,560,069**	**₱245,855,969**		
	2016	₱8,180,000	₱66,512,946	₱235,878,988		

On September 20, 2011, the Company entered into loan agreement with Alakor Corporation, a company under common control, to finance the Company's cost of conducting feasibility study on the Longos Gold Project and provided for its general working capital requirements. The uncollateralized loan amounts to ₱250.0 million with 10% interest per annum due 36 months after draw down date. In 2011, drawdown amounted to ₱120.0 million. There were no additional drawdowns in 2017 and 2016.

The loan agreement gives the following rights to Alakor Corporation:

a. Option to convert, at any time after the earliest draw down date, all amounts outstanding under the loan into equity of the Company at the price of ₱0.018 per share.
b. Subscribe to no more than 2,700,000 shares of the Company at ₱0.018 per share within five (5) years from the execution of the loan documents.

Advances from Alakor Corporation consist of loans and advances that are covered by promissory notes subject to roll-over every ninety (90) days with interest at twelve percent (12%) per annum. These are used to finance the Company's capital expenditures and working capital requirements.

Compensation of Key Management Personnel
Key management personnel compensation in the form of short-term benefits amounted to ₱2.5 million and ₱2.4 million in 2017 and 2016, respectively.

Changes in liabilities arising from financing activities

	January 1, 2017	Additions	Payments	Net Movement	December 31, 2017
Due to related parties	₱235,878,988	₱10,300,000	(₱323,019)	₱9,976,981	₱245,855,969
Redeemable preferred shares	26,100,000	–	–	–	26,100,000
	₱261,978,988	₱10,300,000	(₱323,019)	₱9,976,981	₱271,955,969

12. Redeemable Preferred Shares

	Class A		
	Shares	Par value	Amount
December 31, 2007	13,500,000	₱1.00	₱13,500,000
Effect of capital restructuring in 2008:			
Decrease in par value (see Note 15)	–	(0.50)	(6,750,000)
Conversion of preferred shares to common shares (see Note 15)	(1,300,000)	–	(650,000)
Balances at December 31, 2017, 2016 and 2015	**12,200,000**	**₱0.50**	**₱6,100,000**

	Class B		
	Shares	Par value	Amount
December 31, 2007	400,000	₱100.00	₱40,000,000
Effect of capital restructuring in 2008:			
Decrease in par value (see Note 15)	–	(50.00)	(20,000,000)
Balances at December 31, 2017, 2016 and 2015	**400,000**	**₱50.00**	**₱20,000,000**
Total redeemable preferred shares	**12,600,000**		**₱26,100,000**

The Company's preferred shares carry features or characteristics that provide for redemption on a specific date which constitutes a financial liability. As such, the Company's preferred shares are presented under current liabilities in the statements of financial position, in accordance with PAS 32, *Financial Instruments: Presentation.*

Class A

The holders of Class A preferred shares shall be entitled to a cumulative yearly dividend at the rate of 20%, payable annually, on the dates to be fixed by the BOD. Each Class A preferred share shall be redeemed at the option of the Company's BOD before May 5, 1992 at the price of ₱1.00 each share plus dividends accrued and unpaid at the date of redemption.

In April 1994, the Company notified the holders of Class A preferred shares of its intent to redeem the shares. Subsequently, redemption of redeemable preferred shares was moved and will be made at the discretion of the BOD to be determined at some future time.

On October 21, 1994, the BOD approved the declaration of cash dividends in the amount of ₱26.5 million or ₱0.0098 per share to all Preferred "A" stockholders of record as of October 31, 1994 either payable not later than October 1, 1995 or may be applied against any of the unpaid subscriptions for common shares issued under the first and second 1994 stock rights offerings. A substantial portion of these cash dividends equivalent to ₱20.0 million remains outstanding as at December 31, 2017 and 2016.

The dividends accruing on Class A preferred shares from November 1, 1994 to December 31, 2017 and 2016 that have not been declared amounted to ₱62.3 million and ₱61.0 million, respectively. The corresponding liabilities for these dividends were recorded in the books under "Accrued interest" (see Note 10). As discussed in Note 15 to the financial statements, certain Class A preferred shares and the related accrued dividends were converted to equity in 2008.

Interest expense amounted to ₱1.2 million each year in 2017, 2016 and 2015 (see Note 17).

Class B

The holders of Class B preferred shares shall not be entitled to any dividend. Each Class B preferred share shall be subject to redemption before April 10, 1994 at the price of ₱100 for each share. In April 1994, the Company notified the holders of Class B preferred shares of its intent to redeem. Subsequently, the redemption date was moved and will be made at the discretion of the BOD to be determined at some future time. The redemption amount will earn 20% interest per annum from April 10, 1994 until paid.

As of December 31, 2017 and 2016, accrued interest on Class B preferred shares amounted to ₱197.2 million and ₱193.2 million, respectively.

Interest expense amounted to ₱4.0 million each year in 2017, 2016 and 2015 (see Note 17).

13. Pension Liability

The Company has an unfunded defined benefits retirement plan covering substantially all of its employees.

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

The following tables summarize the components of retirement benefits costs and liability recognized in the Company's statements of comprehensive income and statements of financial position, respectively.

The details of pension costs are as follows:

	2017	2016	2015
Current service cost	**₱223,061**	₱119,308	₱105,288
Interest cost	**57,636**	36,739	28,641
	₱280,697	₱156,047	₱133,929

The movements in present value of the pension liability are as follows:

	2017	2016
Balances at beginning of year	**₱1,029,223**	₱765,395
Current service cost	**223,061**	119,308
Interest cost	**57,636**	36,739
Actuarial losses (gains) arising from deviations of experience from assumptions	**(200,005)**	107,781
Balances at end of year	**₱1,109,915**	₱1,029,223

The Company does not have any plan assets as at December 31, 2017 and 2016.

The cost of defined retirement benefits plan, as well as the present value of the retirement benefits liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining pension liability for the defined retirement plan are shown below:

Annual rates	2017	2016
Discount rate	**5.80%**	5.60%
Salary increase rate	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2017 and 2016, assuming all other assumptions were held constant:

	Increase (Decrease)	2017	2016
Discount rates	+1.00%	**(₱110,785)**	(₱114,905)
	-1.00%	**130,734**	137,094
Salary increase rate	+1.00%	**₱130,466**	₱136,529
	-1.00%	**(112,549)**	(116,522)

The Company does not expect to contribute to the defined benefit pension plan in 2018.

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

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2017 and 2016:

	2017	2016
More than 1 year to 5 years	**₱580,287**	₱890,635
More than 5 years to 10 years	**347,433**	324,584
More than 10 years	**6,014,941**	7,357,094
	₱6,942,661	₱8,572,313

The average duration of the defined benefit obligation as of December 31, 2017 and 2016 are 14.9 years and 16.4 years, respectively.

14. Provision for Mine Rehabilitation and Decommissioning Costs

Department of Environment and Natural Resources (DENR) Administrative Order (DAO) No. 2007-26, which was published in the Philippine Star on August 9, 2007 and took effect 15 days thereafter, was released by the DENR, amending Section 2 of DAO 2005-7 and requires Contractors with approved Environmental Protection and Enhancement Programs (EPEP) to submit the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) for review by the Mine Rehabilitation Fund (MRF) Committee and approval by the Contingent Liability and Rehabilitation Fund Steering Committee before December 31, 2007.

The Company's Environmental Compliance Certificate (ECC) expired in July 1999. In preparation of its planned reopening and rehabilitation of the Longos Mine, the Company requested for the renewal of the said ECC. The DENR required the Company to prepare an Environmental Performance Report and Management Program (EPRMP) for its evaluation and approval prior to the renewal of the ECC. After the issuance of the new ECC, the Company will be required to prepare an EPEP, FMRDP and Social Development Management Program (SDMP). The FMRDP will be the basis for determining the amount required for the provision of mine rehabilitation and decommissioning costs. Provision for mine rehabilitation and decommissioning costs will be made once the Company's EPEP, FMRDP and SDMP are submitted and approved by the Mines Geosciences Bureau (MGB). On October 8, 2010, the Company, after satisfying the requirements and upon recommendation of the Environmental Management Bureau, was granted an ECC for the Longos Mining Project located at Sitio Longos, Paracale, Camarines Norte.

On January 7, 2011, the Company submitted a revised EPEP and FMRDP to the MGB subject for evaluation and approval. As of October 4, 2013, the Company received the approval of the conversion of its application from Mineral Production Sharing Agreement (MPSA) to Exploration Permit Application (EXPA) whereby the company is obliged to implement its Environmental Work Program (EWP) and Exploration Work Program (EWP) under exploratory stage upon receipt of approval of an exploration permit. Pending these documents, there is no reasonable basis for estimating the provision for mine rehabilitation and decommissioning costs.

On December 19, 2016, the Company received a notice of cancellation of the ECC for its Longos Mining Project in Paracale, Camarines Norte, on the ground that the said project was never implemented since the issuance of the ECC, citing Item 10 (d) of DENR Administrative Order No. 2003-30. Considering that the Company has not violated any of the conditions of the ECC, it intends to file a reconsideration of said cancellation. Accordingly, no provision was recognized in 2017 and 2016.

15. Capital Stock and Capital Restructuring

The movements in authorized common shares are as follows:

	Authorized shares		
	Shares	Par value	Amount
December 31, 2007	1,850,000,000	₱1.00	₱1,850,000,000
Capital restructuring in 2008:			
a) Decrease in authorized capital stock	(435,000,000)	–	(435,000,000)
	1,415,000,000	1.00	1,415,000,000
b) Change in par value from ₱1.00 to ₱0.50 per share	1,415,000,000	0.50	–
	2,830,000,000	0.50	1,415,000,000
c) Reduction in par value from ₱0.50 to ₱0.01, with proportionate increase in number of shares	138,670,000,000	(0.49)	–
	141,500,000,000	0.01	1,415,000,000
d) Increase in authorized capital stock	255,825,000,000	0.01	2,558,250,000
Balances at December 31, 2017 and 2016	**397,325,000,000**	**₱0.01**	**₱3,973,250,000**

Below is the Company's track record of registration of securities under the Securities Regulation Code of the SEC:

Date of approval or date of effectivity	Description	Number of shares registered	Issue or offer price	Balance	Amount
April 10, 1970	Initial Capital	500,000,000	₱0.01	500,000,000	₱5,000,000
January 29, 1990	Increase in authorized capital stock:				
	Common shares	50,000,000,000	0.01	50,000,000,000	500,000,000
	Preferred Class A	2,700,000,000	0.01	2,700,000,000	27,000,000
	Preferred Class B	5,000,000	100.00	5,000,000	500,000,000
Balance as of January 29, 1990		52,705,000,000		52,705,000,000	1,027,000,000
April 8, 1994	Increase in authorized capital stock:				
	Common shares	200,000,000,000	0.01	200,000,000,000	2,000,000,000
	Preferred Class A	–	0.01	–	–
	Preferred Class B	–	100.00	–	–
		200,000,000,000		200,000,000,000	2,000,000,000
Balance as of April 8, 1994		252,705,000,000		252,705,000,000	3,027,000,000
August 28, 1997	Change in par value of common shares from 0.01 to ₱1.00				
	Common shares	2,500,000,000	1.00	2,500,000,000	2,500,000,000
	Preferred Class A	2,700,000,000	0.01	2,700,000,000	27,000,000
	Preferred Class B	5,000,000	1.00	5,000,000	500,000,000
Balance as of August 28, 1997		5,205,000,000		5,205,000,000	3,027,000,000

(Forward)

Date of approval or date of effectivity	Description	Number of shares registered	Issue or offer price	Balance	Amount
November 26, 1999	Decrease in outstanding capital stock by 50% and reclassification of 2,200,000 preferred shares to common shares and change in par value of preferred A shares from ₱0.01 to ₱1.00				
	Common shares	(650,000,000)	₱1.00	(650,000,000)	(₱650,000,000)
	Preferred Class A	(13,500,000)	1.00	(13,500,000)	(13,500,000)
	Preferred Class B	(4,600,000)	100.00	(4,600,000)	(460,000,000)
		(668,100,000)		(668,100,000)	(1,123,500,000)
Balance as of November 26, 1999		1,863,900,000		1,863,900,000	1,903,500,000
July 24, 2008	Decrease of authorized capital stock from ₱1,903,500,000 to ₱1,441,750,000				
	Common shares	(435,000,000)	1.00	(435,000,000)	(435,000,000)
	Preferred Class A	(6,750,000)	1.00	(6,750,000)	(6,750,000)
	Preferred Class B	(200,000)	100.00	(200,000)	(20,000,000)
		(441,950,000)		(441,950,000)	(461,750,000)
Balance after decrease of authorized capital stock		1,421,950,000		1,421,950,000	1,441,750,000
July 24, 2008	Decrease in par value of common shares from ₱1.00 to ₱0.01, Class A from ₱1.00 to ₱0.50/share and Class B from ₱100.00 to ₱50.0/share				
	Common shares	141,500,000,000	0.01	141,500,000,000	1,415,000,000
	Preferred Class A	13,500,000	0.50	13,500,000	6,750,000
	Preferred Class B	400,000	50.00	400,000	20,000,000
		141,513,900,000		141,513,900,000	1,441,750,000
July 24, 2008	Increase in capital stock				
	Common shares	255,825,000,000	0.01	255,825,000,000	2,558,250,000
Balance as of December 31, 2011		397,338,900,000	₱0.01	397,338,900,000	₱4,000,000,000

For the years ended December 31, 2017 and 2016, there were no movements in the Company's registered securities. There are 1,200 shareholders who hold 261.3 billion shares as at December 31, 2017 and 2016.

The movements in issued common shares are as follows:

	Issued shares		
	Shares	Par value	Amount
December 31, 2007	867,455,231	₱1.00	₱867,455,231
Capital restructuring in 2008:			
a) Change in par value from ₱1.00 to ₱0.50 per share	–	(0.50)	(433,727,615)
b) Reduction in par value from ₱0.50 to ₱0.01, with proportionate increase in number of shares	42,505,306,319	(0.49)	–
	43,372,761,550	0.01	433,727,616
c) Debt-to-equity conversion	217,942,035,530	0.01	2,179,420,355
Balances at December 31, 2017 and 2016	261,314,797,080	₱0.01	₱2,613,147,971

On July 24, 2008, the SEC approved the Company's capital restructuring plan consisting of the following:

a. Decrease the Company's issued capital stock by 50% or ₱460.5 million by reducing the par value of common and Preferred "A" shares from ₱1.00 to ₱0.50 per share and Preferred "B" shares from ₱100.00 to ₱50.00 per share, and accordingly decrease its authorized capital stock from ₱1.9 billion to ₱1.4 billion. The decrease in capital stock and in the redeemable preferred shares was applied against the Company's deficit (see Note 12).

b. Further reduction in the par value of the Company's common shares from ₱0.50 to ₱0.01 per share with the corresponding increase in number of shares.

c. Increase in the authorized capital stock from ₱1.4 billion to ₱4.0 billion divided into 397.3 billion common shares with par value of ₱0.01 each; 13.5 billion Class A preferred shares with the par value of ₱0.50 each; 400.0 thousand Class B preferred shares with par value of ₱50.00 each. The Company issued ₱2.2 billion worth of common shares with a par value of ₱0.01 per share paid by way of conversion of existing liabilities of the Company to related parties (see Note 12).

In June and October 2007, the Company obtained the approval of related party creditors for the conversion of their loans, advances and accrued interests to common shares of stock of the Company as part of the capital restructuring plan, with the following terms and conditions:

- The interest on the loans and advances shall be reduced from 24% per annum to 18% per annum effective April 1, 2007;

- The cut-off date for the accruals of interest on the loans and advances shall be June 30, 2007 to facilitate the conversion process;

- If for whatever reason, the debt conversion process does not materialize as planned, accruals of interest at the reduced rate of 18% per annum shall resume starting July 1, 2007.

The following is the summary of amounts converted to equity in 2008:

Advances from related parties and the corresponding accrued interest	₱2,010,448,878
Guarantee fee payable	144,104,494
Accrued interest on bonds payable	14,321,555
Accrued rental and utilities payable	5,123,782
Nontrade payables	4,272,333
Redeemable Preferred "A" shares and dividends payable	1,149,313
	₱2,179,420,355

The Philippine Stock Exchange ("Exchange") approved on December 14, 2011, the application of the Company to list 217.8 million common shares with a par value of ₱0.01 per share, to cover its debt-to-equity conversion transactions with its creditors at a conversion price of ₱0.01 per share. The total transaction value was ₱2.2 million.

As required by the Exchange, a separate listing application for the underlying common shares of convertible preferred shares of 114.9 million new shares will be filed with the Exchange once the necessary documentary requirements are available. The listing application for the underlying common shares of convertible preferred shares was filed with the Exchange on February 14, 2012.

16. General and Administrative Expenses

	2017	2016	2015
Salaries and allowances	**₱3,513,025**	₱4,040,315	₱3,774,325
Outside services	**2,749,290**	4,955,113	5,178,295
Land compensation damage	**697,500**	750,000	728,480
Depreciation expense (Note 8)	**517,871**	1,115,111	1,324,360
Professional fees	**361,305**	340,861	433,321
Insurance	**343,225**	137,674	81,189
Utilities	**289,963**	362,368	402,652
Pension cost (see Note 13)	**280,697**	156,047	133,929
Supplies	**164,419**	173,304	233,325
Rent	**161,850**	138,505	76,831
Taxes and licenses	**152,838**	1,627,529	140,098
SSS, HMDF and other contributions	**115,202**	136,447	133,081
Fuel and oil	**87,879**	92,578	105,566
Transportation and travel	**84,240**	101,431	79,129
Repairs and maintenance	**37,685**	44,688	142,201
Representation and entertainment	**15,615**	297,226	110,166
Provision for doubtful accounts	**–**	–	912,358
Others	**389,157**	292,334	99,496
	₱9,961,761	₱14,761,531	₱14,088,802

17. Interest Expenses

	2017	2016	2015
Royalty payable (see Note 21)	**₱36,989,731**	₱32,683,712	₱28,637,671
Redeemable preferred Class B shares (see Note 12)	**4,000,000**	4,010,959	4,000,000
Redeemable preferred Class A shares (see Note 12)	**1,220,000**	1,220,000	1,220,000
	₱42,209,731	₱37,914,671	₱33,857,671

18. Other Income

	2017	2016	2015
Gain on disposal of property and equipment (Note 8)	**₱625,850**	₱–	₱–
Gain on sale of scrap materials and supplies (Note 6)	**88,383**	6,571	397,535
	₱714,233	₱6,571	₱397,535

19. Income Taxes

a. The Company is subject to regular corporate income tax or minimum corporate income tax (MCIT) whichever is higher. The provision for current income tax in 2017, 2016 and 2015 pertains to MCIT.

b. The reconciliation of income tax computed at the statutory income tax rate to the provision for income tax as shown in the statement of comprehensive income follows:

	2017	2016	2015
Income tax benefit at statutory income tax rate of 30%	**(₱15,504,300)**	(₱17,338,290)	(₱15,743,687)
Additions to (reductions in) income tax resulting from:			
Change in unrecognized deferred taxes	**2,851,838**	7,080,441	5,564,978
Nondeductible expenses	**12,667,604**	10,260,281	10,190,352
Interest already subjected to final tax	**(897)**	(2,301)	(3,692)
	₱14,245	₱131	₱7,951

c. The Company has deductible temporary differences, unused NOLCO and excess MCIT for which no deferred tax assets were recognized as it is not probable that sufficient taxable profit will be available against which the benefit of the deferred tax assets can be utilized. These are as follows:

	December 31		
	2017	2016	2015
Allowances for impairment losses on:			
Property, plant and equipment (Note 8)	**₱141,702,959**	₱141,702,959	₱141,702,959
Claims for VAT TCCs	**12,944,529**	12,944,529	12,944,529
Deferred exploration costs (Note 9)	**8,843,918**	8,843,918	8,843,918
Receivable from staff, employees and others (Note 6)	**2,468,992**	2,468,992	2,468,992
Allowance for inventory obsolescence (Note 6)	**11,102,947**	11,104,940	11,104,940
NOLCO	**34,872,259**	40,390,815	97,650,248
Pension liability (Note 13)	**1,109,915**	1,029,233	765,395
Unrealized foreign exchange loss	**226,733**	5,132,340	4,942,324
MCIT	**22,327**	15,622	80,129

Movements in NOLCO and MCIT are as follows:

NOLCO

Year Incurred	Expiry Date	At January 1, 2016	Addition (Expiration)	At December 31, 2016	Addition (Expiration)	At December 31, 2017
2013	2016	₱70,623,596	(₱70,623,596)	₱–	₱–	₱–
2014	2017	14,471,766	–	14,471,766	(14,471,766)	–
2015	2018	12,554,886	–	12,554,886	–	12,554,886
2016	2019	–	13,364,163	13,364,163	–	13,364,163
2017	2020	–	–	–	8,953,210	8,953,210
		₱97,650,248	(₱57,259,433)	₱40,390,815	(₱5,518,556)	₱34,872,259

MCIT

Year Incurred	Expiry Date	At January 1, 2016	Addition (Expiration)	At December 31, 2016	Addition (Expiration)	At December 31, 2017
2013	2016	₱64,638	(₱64,638)	₱–	₱–	₱–
2014	2017	7,540	–	7,540	(7,540)	–
2015	2018	7,951	–	7,951	–	7,951
2016	2019	–	131	131	–	131
2017	2020	–	–	–	14,245	14,245
		₱80,129	(₱64,507)	₱15,622	₱6,705	₱22,327

Tax Reform for Acceleration and Inclusion (TRAIN) Act

Republic Act (RA) No.10963 or the TRAIN was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

20. Basic and Diluted Loss Per Common Shares

Basic and diluted loss per share is computed as follows:

	2017	2016	2015
Net loss for the year	**₱51,695,246**	₱57,794,432	₱52,486,908
Divided by weighted average number of common shares	**261,314,797,080**	261,314,797,080	261,314,797,080
Basic and diluted loss per share	**₱0.0002**	₱0.0002	₱0.0002

The resulting per share amounts are the same for both basic and diluted earnings per share in 2017, 2016 and 2015, since the Company does not have any debt or equity securities that will potentially cause a loss per share dilution.

21. Commitments and Contingencies

The Company entered into Option and Operating Agreements with CMI for the exploration, evaluation, operation, development and exploitation of certain mineral properties located in Camarines Norte. The Operating Agreement provides that should CMI at any time during the term decide to sell any of the mining leases covered by the Operating Agreement, the Company will have the right of first refusal.

The Operating Agreement, which expired on June 18, 2006, was renewed on July 30, 2007, consolidating the previous Option and Operating Agreements. The renewed Operating Agreement provides for the extension of the term for 25 years or co-terminus with the relevant mineral production sharing agreement to be approved by the Government of the Philippines and for the payment of royalties at 3.5% of the value of production from the covered mineral properties.

Per Agreement, the Company has royalty payable to CMI amounting to ₱35.8 million. Interest expense on royalty payable, which is at 14% interest rate compounded annually and covered by promissory notes, is recognized in the statements of comprehensive income amounting to ₱37.0 million, ₱32.7 million and ₱28.6 million in 2017, 2016 and 2015, respectively (see Note 17). The total accrued interest payable included in the principal amounted to ₱252.0 million and ₱218.3 million as at December 31, 2017 and 2016, respectively. Accrued interest payable to CMI amounted to ₱16.7 million and ₱14.7 million as at December 31, 2017 and 2016, respectively (see Note 10).

As at December 31, 2017 and 2016, royalty payable to CMI amounted to ₱287.8 million and ₱254.1 million, respectively (see Note 10).

22. Financial Risk Management and Capital Management

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 counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk exposure arises principally from the possibility that the counterparties may fail to fulfill their agreed obligations. To manage such risk, the Company monitors its receivables on an ongoing basis. The objective is to reduce the risk of loss through default of counterparties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective allowance is determined based on historical data of payment statistics for similar financial assets.

With respect to credit risk arising from the financial assets of the Company, which comprise cash, the Company's exposure to credit risk arises from a possible default of the counterparties with a maximum exposure equal to the carrying amounts of these instruments.

The Company evaluated its cash with bank as high quality financial asset as this is deposited with a reputable bank duly approved by the BOD.

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 December 31, 2017 and 2016, 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:

2017	**On demand**	**Within 6 Months**	**6 to 12 Months**	**Over 1 year**	**Total**
Financial Asset:					
Cash	**₱673,274**	**₱–**	**₱–**	**₱–**	**₱673,274**
Financial Liabilities:					
Accounts payable and other current liabilities*	**490,880,451**	**–**	**287,837,995**	**–**	**778,718,446**
Due to related parties	**245,855,968**	**–**	**–**	**–**	**245,855,968**
Redeemable preferred shares	**26,100,000**	**–**	**–**	**–**	**26,100,000**
	₱762,163,145	**₱–**	**₱287,837,995**	**₱–**	**₱1,050,001,140**

**excluding statutory payables*

2016	On demand	Within 6 Months	6 to 12 Months	Over 1 year	Total
Financial Asset:					
Cash	₱513,875	₱–	₱–	₱–	₱513,875
Financial Liabilities					
Accounts payable and other current liabilities*	483,180,435	–	254,066,940	–	737,247,375
Due to related parties	235,878,988	–	–	–	235,878,988
Redeemable preferred shares	26,100,000	–	–	–	26,100,000
	₱744,645,548	₱–	₱254,066,940	₱–	₱998,712,488

**excluding statutory payables*

The Company's objective is to exhaust lines available with related parties to accommodate all maturing obligations.

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:

	2017		2016	
	$	**₱**	$	₱
Accrued interest	**1,921,528**	**95,922,678**	1,921,528	95,711,310

As at December 31, 2017 and 2016, the exchange rate of ₱ to the $ is ₱49.92 and ₱49.81, respectively (BSP Exchange Rate).

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%
Decrease (increase) in loss before income tax and equity		
2017	**(₱4,796,134)**	**₱4,796,134**
2016	(4,785,565)	4,785,565
2015	(4,530,963)	4,530,963

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 approximate of cash, accounts payable and other current liabilities, due to related parties and redeemable preferred shares their fair values due to their short-term maturities.

During the years ended December 31, 2017, 2016 and 2015, 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 years ended December 31, 2017, 2016 and 2015.

Note 2 discusses management plans on how to address the Company's deficit.

The following table summarizes what the Company considers as its total capital as of December 31, 2017 and 2016:

	2017	2016
Capital stock	**₱2,613,147,971**	₱2,613,147,971
Additional paid-in capital	**19,449,376**	19,449,376
Deficit	**(2,571,799,182)**	(2,520,103,896)
	₱60,798,165	₱112,493,451

The Company is not exposed to externally imposed capital requirements.

23. Segment Reporting

The Company has only one (1) operating segment which is the mining business. There is no geographical segment information presented since its business is located in the Philippines.

24. Supplementary Tax Information Required Under Revenue Regulations (RR) 15-2010

On November 25, 2010, the BIR issued RR 15-2010 prescribing the manner of compliance in connection with the preparation and submission of parent company financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes, duties and licenses paid or accrued during the year.

The Company's reported and/or paid the following types of taxes in 2017:

VAT

a. The Company is a VAT-registered company with output VAT declaration of ₱15,346 for the year based on the amount of ₱127,887 lodged under "Other income - net" account in the statement of comprehensive income.

b. The amount of input VAT are broken down as follows:

Balance at beginning of year, net of output tax	₱2,873,438
Goods other than resale or manufacture	975
Services lodged under other accounts	208,705
Less applied against output VAT	(15,346)
Balance at end of year	₱3,067,772

Withholding Taxes

The below summarizes the total withholding taxes paid or accrued by the Company:

Withholding taxes on compensation and benefits	₱704,197
Expanded withholding taxes	37,012
	₱741,209

Other Taxes and Licenses for 2017

Taxes and licenses, local and national, include real property taxes, licenses and permit fees included in general and administrative expenses for 2017 are as follows:

Permits and licenses	₱93,501
Real property taxes	59,337
	₱152,838

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
United Paragon Mining Corporation
5th Floor, Quad Alpha Centrum Building
125 Pioneer St., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of United Paragon Mining Corporation as at December 31, 2017 and 2016, and for each of the three years in the period ended December 31, 2017, included in this Form 17-A, and have issued our report thereon dated April 12, 2018. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements are the responsibilities of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jose Rao'ul J. Batisalisa
Partner
CPA Certificate No. 109542
SEC Accreditation No. 1557-A (Group A),
April 14, 2016, valid until April 14, 2019
Tax Identification No. 931-743-705
BIR Accreditation No. 08-001998-113-2016,
February 15, 2016, valid until February 14, 2019
PTR No. 6621227, January 9, 2018, Makati City

April 12, 2018

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SEC FORM 17-A
DECEMBER 31, 2017

FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

SCHEDULE I
UNITED PARAGON MINING CORPORATION
FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2017

	2017	2016
Profitability Ratios:		
Return on assets	**-4.64%**	-5.19%
Return on equity	**-83.48%**	-50.96%
Gross profit margin	–	–
Net profit margin	–	–
Liquidity and Solvency Ratios:		
Current ratio	**0.0329:1**	0.0343:1
Quick ratio	**0.0006:1**	0.0005:1
Solvency ratio	**-0.0486:1**	-0.0566:1
Financial Leverage Ratios:		
Asset to equity ratio	**17.99:1**	9.82:1
Debt ratio	**0.94:1**	0.90:1
Debt to equity ratio	**16.99:1**	8.82:1
Interest coverage ratio	**-0.22:1**	-0.52:1

<u>SCHEDULE II</u>

UNITED PARAGON MINING CORPORATION

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP PURSUANT TO SRC RULE 68, AS AMENDED

DECEMBER 31, 2017

<u>United Paragon Mining Corporation</u> (The Company; Reporting Company)

Note: *The Company does not have any subsidiary or associate as at December 31, 2017.*

SCHEDULE III

UNITED PARAGON MINING CORPORATION

SCHEDULE OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER THE PFRS PURSUANT TO SRC RULE 68, AS AMENDED DECEMBER 31, 2017

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as at December 31, 2017:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Share-based Payment, Classification and Measurement of Share-based Payment Transactions*	Not early adopted		
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendments to PFRS 3: Scope Exceptions for Joint Ventures			✓

**Standards and interpretations which will become effective subsequent to December 31, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 5	Amendment to PFRS 5: Non-current Assets Held for Sale and Discontinued Operations, Changes in Methods of Disposal			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Insurance Contracts, Applying PFRS 9, *Financial Instruments*, with PFRS 4*	Not early adopted		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not early adopted		
	Amendments to PFRS 7: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in PFRS 9*	Not early adopted		
	Amendments to PFRS 7: Disclosures - Servicing Contracts			✓
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments*	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not early adopted		
	PFRS 9, Financial Instruments (Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39)*	Not early adopted		

**Standards and interpretations which will become effective subsequent to December 31, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 9	PFRS 9, Financial Instruments (2014)*	Not early adopted		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*	Not early adopted		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities - Applying the Consolidation Exception*			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not early adopted		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendment to PFRS 12, Clarification of the Scope of the Standard			✓
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13: Short-term Receivables and Payables			✓
	Amendments to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers*	Not early adopted		
PFRS 16	Leases*	Not early adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiatives	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 7	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel Services			✓
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27 (Amended): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓

**Standards and interpretations which will become effective subsequent to December 31, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception*	Not early adopted		
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value*	Not early adopted		
	Amendments to PAS 28: Long-term interests in Associates and Joint Ventures*	Not early adopted		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*	Not early adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Disclosure of Information "Elsewhere in the Interim Financial Report"			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization*			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓

**Standards and interpretations which will become effective subsequent to December 31, 2017*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 39	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendments to PAS 40: Clarifying the Interrelationship Between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
	Amendments to PAS 40: Investment Property, Transfers of Investment Property*	Not early adopted		
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programs			✓

**Standards and interpretations which will become effective subsequent to December 31, 2017.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration*	Not early adopted		
IFRIC 23	Uncertainty over Income Tax Treatments*	Not early adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC 12	Consolidation - Special Purpose Entities			✓
IFRIC 5	Amendment to SIC - 12: Scope of SIC 12			✓
SIC 13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Note: Standards and interpretations tagged as "Not Applicable" are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the years ended December 31, 2017 and 2016.

SCHEDULE IV
UNITED PARAGON MINING CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO SEC RULE 68, AS AMENDED AND SEC MEMORANDUM CIRCULAR NO. 11
As of December 31, 2017

Unappropriated Retained Earnings, beginning		(₱2,520,103,896)
Adjustments:		–
Unappropriated Retained Earnings, as adjusted, beginning		(₱2,520,103,896)
Add: Net loss actually earned/realized during the period	(51,695,246)	
Net income during the period closed to Retained Earnings		
Less: Non-actual/unrealized income net of tax	–	
Equity in net income of associate/joint venture	–	
Unrealized foreign exchange gain - net (except those attributable to cash)	–	
Unrealized actuarial gain	–	
Fair value adjustment (mark-to-market gains)	–	
Fair value adjustment of investment property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal	–	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Subtotal	–	
Net loss actually earned during the period		(51,695,246)
Add (Less):		
Dividend declarations during the period	–	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Subtotal	–	(51,695,246)
Unappropriated Retained Earnings, as adjusted, ending		₱ –

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

SCHEDULE A

UNITED PARAGON MINING CORPORATION
FINANCIAL ASSETS IN EQUITY SECURITIES
DECEMBER 31, 2017

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

NOT APPLICABLE

SCHEDULE B

UNITED PARAGON MINING CORPORATION
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2017

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

SCHEDULE C

UNITED PARAGON MINING CORPORATION
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

SCHEDULE D

UNITED PARAGON MINING CORPORATION
INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2017

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance

NOT APPLICABLE

SCHEDULE E

UNITED PARAGON MINING CORPORATION
LONG-TERM DEBT
DECEMBER 31, 2017
(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

NOT APPLICABLE

SCHEDULE F

UNITED PARAGON MINING CORPORATION
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2017

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

SCHEDULE G

UNITED PARAGON MINING CORPORATION
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2017

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

NOT APPLICABLE

SCHEDULE H

UNITED PARAGON MINING CORPORATION
CAPITAL STOCK
DECEMBER 31, 2017

The Company's authorized share capital is ₱4.0 billion divided into 397.3 billion shares at ₱0.01 par value. As at December 31, 2017, total shares issued and outstanding is 261,314,797,080 held by 1,197 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	–	689,814,318	205,328,291,218	–	–	55,296,691,544

COVER SHEET

- 4 0 9 3 8 -

SEC Registration Number

UNITED PARAGON MINING CORPORATION

(Company's Full Name)

5th/F QUAD ALPHA CENTRUM, 125 PIONEER ST MANDALUYON CITY

(Business Address: No., StreetCity / Town / Province)

Mr. Gilbert V. Rabago

Contact Person

636-5133 / 34

Company Telephone Number

SEC 17-Q

For Quarter Ending September 30, 2018

1 2	3 1
Month	Day

Fiscal Year

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

40938

S.E.C. Registration No.

UNITED PARAGON MINING CORPORATION
(Company's Full Name)

5TH Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City
(Company's Address: No. Street, City/Town/Province)

(632) 631-5139
(Company's Telephone Numbers)

September 30, 2018
(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, 2018

2. Commission ID No. **40938**

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

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

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

6. Industry Classification Code: __________ (SEC Use Only) [ ]

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

   (63 2) 631-5139
8. Issuer's telephone number, including area code

   N/A
9. 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
Common Stock	**261,314,797,080 shares**

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 [ ]

TABLE OF CONTENTS

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 December 31, 2017 and September 30, 2018 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 ended December 31, 2017 and September 30, 2018 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, 2018) as compared with the most recent annual financial statements (December 31, 2017) 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, 2018) is reflected in the interim financial statements.

6. Unusual items during the interim period (January to September 30, 2018), 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, 2018 and 2017), which had a material effect in the current interim period (January to September 30, 2018).

8. There were NO long-term contracts entered into by the Company during the interim period (January to September 30, 2018).

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, 2018 and 2017) 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, 2018) 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, 2018) 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, 2018) that have not been reflected in the

financial statements for the interim period except that on August 24, 2018 the Company received the approval of its Exploration Permit Application denominated as EP-016-2016-V

14. There were NO changes in the composition of the Company during the interim period (January to September 30, 2018), 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, 2017).

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

Results of Operations (September 30, 2018 vs. September 30, 2017)

The Company reported no operating income for the period and incurred accumulated net loss of P49.5 million and P39.6 million for the period ending **September 30, 2018 vs. September 30, 2017**, respectively. The higher net loss for the period was due to interest expense accrual and foreign exchange loss offset by decrease in administrative expense due to termination of employment of onsite personnel.

General and administrative expenses for the period ending **September 30, 2018** was P1.0 million lower as compared to P7.0 million in the same period in 2017. The decrease pertains to termination of employment of one site regular employee.

The finance expenses of P34.6 million reported for the period ending **September 30, 2018** was higher by P3.8 million as compared to the same period in 2017 due to compounded interest calculation on Camarines Minerals Inc., past due obligation.

Restatement of foreign currency denominated liabilities for the period ending **September 30, 2018** resulted into a foreign exchange loss of P8.5 million due to peso depreciation from P49.923 (12.31.17) to P54.251 (9.30.18).

Financial Condition (September 30, 2018 vs. December 31, 2017)

The Company has total assets of P1, 113.6 million and P1, 114.1 million as of **September 30, 2018** and December 31, 2017, respectively. The difference was due to increased in the cash and cash equivalent in the current asset section due to increase in related party cash advances offset by cash disbursement for operating expenses and provision for depreciation.

Total current liabilities increased to P1,100.1 million from P1, 051.1 million for the period ending **September 30, 2018** and December 31, 2017, respectively. The increase was mainly due to interest accrual and other payables and related party transaction.

The stockholders' equity decreased to P12.4million from P61.9 million as of **September 30, 2018** and December 31, 2017 due to accumulated net loss for the period.

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 2018".

The gold price at the end of **September 30, 2018 fell to its lowest level by 9%** as compared to December 31, 2017. Gold was traded in the London Metal Exchange ("LME") with a closing price of US$1,183.50/oz. as of September 30, 2018 as compared to US$1,296.50/oz as of December 31, 2017. In 2018 gold price reached an all-time high of US$1,360.25 on January 25, 2018.

Inasmuch as the Company's mining and milling operations are still suspended, the key performance indicators of the Company as of **September 30, 2018** as compared to December 31, 2017 are as follows:

Ratios	Formula	Sept 30 2018	December 31 2017
Current Ratio		**0.0310**	**0.033**
	Current Assets/	₱ 34,149,799	₱ 34,618,989
	Current Liabilities	₱ 1,100,147,613	₱ 1,051,114,539
Quick Ratio		**0.0004**	**0.0006**
	Current Asset-Inventory-Prepaid/	₱ 493,268	₱ 673,274
	Current Liabilities	₱ 1,100,147,613	₱ 1,051,114,539
Solvency Ratio		**1.0113**	**1.0588**
	Total Assets/	₱ 1,113,703,141	₱ 1,114,147,606
	Total Liabilities	₱ 1,101,257,528	₱ 1,052,224,454
Debt Ratio		**0.99**	**0.94**
	Total Liabilities/	₱ 1,101,257,528	₱ 1,052,224,454
	Total Assets	₱ 1,113,703,141	₱ 1,114,147,606
Debt to equity		**88.49**	**16.99**
ratio	Total liabilities/	₱ 1,101,257,528	₱ 1,052,224,454
	Stockholders' equity	₱ 12,445,613	₱ 61,923,152
Equity to		**0.01**	**0.06**
debt ratio	Stockholders' equity/	₱ 12,445,613	₱ 61,923,152
	Total liabilities	₱ 1,101,257,528	₱ 1,052,224,454
Asset to		**89.49**	**17.99**
equity ratio	Total Assets	₱ 1,113,703,141	₱ 1,114,147,606
	Stockholders' equity/	₱ 12,445,613	₱ 61,923,152
Interest		**(0.43)**	**(0.22)**
coverage ratios	Earnings (loss) before interest & taxes	₱ (14,919,818)	₱ (9,485,515)
	Interest Expense	₱ 34,557,720	₱ 42,209,731
Book value		**0.0000**	**0.0002**
per share	Stockholders' equity/	₱ 12,445,613	₱ 61,923,152
	Total # of shares	261,314,797,080	261,314,797,080
Loss per		**0.00019**	**0.00020**
share	Net loss/	₱ 49,477,538	₱ 51,695,246
	Total # of shares	261,314,797,080	261,314,797,080

The change in key indicators as of **September 30, 2018** as compared to same period in year 2017 was noted, decrease in current ratio by 6%, 30% quick ratio due to receivable was classified not liquid asset, 5% solvency ratio, 81% equity-to-debt ratio and 80% book value per share. Increase in ration was seen in debt ratio 5%, 421% debt-to-equity, 397% asset-to-equity and 92% interest coverage.

The key performance indicators of the Company as of **Sept 30, 2018** as compared to **Sept 30,** 2017 are as follows:

Ratios	Formula	Sept 30 2018	Sept 30 2017
Current Ratio		**0.0310**	**0.0338**
	Current Assets/	₱ 34,149,799	₱ 35,097,217
	Current Liabilities	₱ 1,100,147,613	₱ 1,039,832,119
Quick Ratio		**0.0004**	**0.0008**
	Current Asset-Inventory-Prepaid/	₱ 493,268	₱ 864,543
	Current Liabilities	₱ 1,100,147,613	₱ 1,039,832,119
Solvency Ratio		**1.0113**	**1.0709**
	Total Assets/	₱ 1,113,703,141	₱ 1,114,626,467
	Total Liabilities	₱ 1,101,257,528	₱ 1,040,861,342
Debt Ratio		**0.99**	**0.93**
	Total Liabilities/	₱ 1,101,257,528	₱ 1,040,861,342
	Total Assets	₱ 1,113,703,141	₱ 1,114,626,467
Debt to equity		**88.49**	**14.11**
ratio	Total liabilities/	₱ 1,101,257,528	₱ 1,040,861,342
	Stockholders' equity	₱ 12,445,613	₱ 73,765,124
Equity to		**0.01**	**0.07**
debt ratio	Stockholders' equity/	₱ 12,445,613	₱ 73,765,124
	Total liabilities	₱ 1,101,257,528	₱ 1,040,861,342
Asset to		**89.49**	**15.11**
equity ratio	Total Assets	₱ 1,113,703,141	₱ 1,114,626,467
	Stockholders' equity/	₱ 12,445,613	₱ 73,765,124
Interest		**(0.43)**	**(0.28)**
coverage ratios	Earnings (loss) before interest & taxes	₱ (14,919,818)	₱ (8,794,484)
	Interest Expense	₱ 34,557,720	₱ 30,858,784
Book value		**0.0000**	**0.0003**
per share	Stockholders' equity/	₱ 12,445,613	₱ 73,765,124
	Total # of shares	261,314,797,080	261,314,797,080
Loss per		**0.00019**	**0.00015**
share	Net loss/	₱ 49,477,538	₱ 39,653,268
	Total # of shares	261,314,797,080	261,314,797,080

The change in key indicators as of Sept 30, 2018 as compared to same period in year 2017 was noted, decrease in current ratio by 8%, 46% quick ratio due to receivable was classified not liquid asset, 6% solvency ratio, 84% equity-to-debt ratio and 83% book value per share. Increase in ration was seen in debt ratio 6%, 527% debt-to-equity, 492% asset-to-equity, 51% interest coverage and 25% loss per share.

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 **September30, 2018** 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. The Company received its Exploration Permit denominated as EP-016-2016-V on August 24, 2018, and is currently complying with the conditions required by the MGB after approval. Should the required conditions be met 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 for the year 2018".

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 except on the implementation of the two (2) years approved exploration work program by the Mines and Geosciences Bureau.

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 2018 covers the following activities:
   a. The Company is in the process of complying pre-condition requirement after approval of its Exploration Permit Application on August 24, 2018. Once complied with the company will proceed with the implementation of the approved exploration work program within the two (2) year period.
   b. The Company will work on to get the financing requirement needed to implement the approved exploration work program, environmental work program and community development pogram either by external sources or internal sources.

A 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.

The Company had suspended the exploration drilling at the San Mauricio property in Jose Panganiban due to delays in the release of its mineral production sharing agreement ("MPSA") on the said area. Application for Production Sharing Agreement ("APSA") for this area denominated as APSA V-041 was already endorsed by the Mines and Geosciences Bureau Region V ("MGB R-V") to MGB Central Office for final evaluation and approval in June 2005. However, in December 2009, the MGB Central Office returned all documents pertaining to said MPSA Application to MGB R-V for completion of the deficiency documents. The Company had completed and submitted the remaining deficiencies for the above MPSA to MGB R-V and were subsequently endorsed to MGB Central Office in June 2010. The Company received a letter from MGB Central Office dated September 9, 2015 returning the said application to MGB Regional Office for further evaluation.

Furthermore, DENR Secretary, Regina Paz L. Lopez issued Memorandum Circular No. 2016-01 on July 8, 2016, requiring an audit of all operating mines and a moratorium on the acceptance, processing and/or approval of mining applications and/or mining projects for all metallic and non-metallic minerals. We are hopeful that the newly-appointed DENR Secretary Roy Cimatu will grant the mining industry in the country due process towards responsible mining and that new permitswould be granted to all qualified applicants.

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

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.

C. Any significant changes in the number of employees.

Manpower as of September 30, 2018consists of seven (7) 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 and cash equivalents, receivables, accounts payable, advances from related parties and accrued interest, other current liabilities and long-term debt. 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 & Administration 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 counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk exposure arises principally from the possibility that the counterparties may fail to fulfill their agreed obligations. To manage such risk, the Company monitors its receivables on an ongoing basis. The objective is to reduce the risk of loss through default of counterparties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective allowance is determined based on historical data of payment statistics for similar financial assets.

With respect to credit risk arising from the financial assets of the Company, which comprise cash and cash equivalents and receivables, the Company's exposure to credit risk arises from a possible default of the counterparties with a maximum exposure equal to the carrying amounts of these instruments.

The tables below show the credit quality by class of financial assets.

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

1. Cash and cash equivalents are assessed as high grade since these are deposited with reputable banks.
2. Receivables, which pertain mainly to receivables from staff and employees and others, were assessed as standard grade since there were no history of default on the outstanding receivables as of September 30, 2018and December 31, 2017. These were assessed based on past collection experience and the debtors' ability to pay the receivables.

(in Million Pesos)

	Sept 30, 2018				
	Neither Past Due Nor Impaired		Past Due But		
	High Grade	Standard Grade	Not Impaired	Impaired	Total
Cash in bank*	0.49	0	0	0	0.49
Total credit risk exposure	**0.49**	-	-	-	**0.49**

(In Million Pesos)

	December 31, 2017				
	Neither Past Due Nor Impaired		Past Due But		
	High Grade	Standard Grade	Not Impaired	Impaired	Total
Cash and cash equivalents*	0.67	0	0	0	0.67
Total credit risk exposure	**0.67**	-	-	-	**0.67**

Liquidity risk is the risk that the Company will be unable to meet its obligations as they fall due. 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 aside from the capital restructuring completed in 2008.

As of September 30, 2018 and December 31, 2017, the contractual undiscounted cash flows from cash and cash equivalents and receivables, which are short-term in nature and used for liquidity purposes amounted to ₱0.49 million and ₱0.67 million, respectively.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Sept 30, 2018
(In Million Pesos)

	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 year	Total
Accounts payable and other current liabilities	774.33	0	0	44.63	818.97
Advances from related parties (current)	135.08	0	0	0	135.08
Redeemable preferred shares	26.10	0	0	0	26.10
Due to related parties (non-current)					
Principal	120	0	0	0	120.00
Future Interest	36	0	0	0	36.00
	1,091.51	0	0	44.63	1,136.15

December 31, 2017
(In Million Pesos)

	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 year	Total
Accounts payable and other current liabilities	743.32	0	35.82	0	779.14
Advances from related parties (current)	125.86	0	0	0	125.86
Redeemable preferred shares	26.10	0	0	0	26.10
Due to related parties (non-current)					
Principal	120	0	0	0	120.00
Future Interest	36	0	0	0	36.00
	1,051.28	0	35.82	-	1,087.10

Foreign Exchange Risk
Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company uses the 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 are as follows:

(in Million)

	Sept 30, 2018		December 31, 2017	
	USD	**PHP**	USD	PHP
Accrued interest and other current liabilities	**1.92**	**104.24**	1.92	95.92

As of September 30, 2018 and December 31, 2017, the exchange rate of the Philippine peso to the USD is ₱54.251 and ₱49.923, respectively.

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 income before income tax. There is no other impact on the Company's equity other than those affecting the statement of comprehensive income.

(in Million Pesos)

	Change in exchange rate	
	$ strengthens by 5%	$ weakens by 5%
Increase (decrease) in income before income tax and equity		
Sept 30,2018	**(5.21)**	**5.21**
December 31, 2017	(4.79)	4.79

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.

The table below presents a comparison by category of carrying amounts and estimated fair values of the Company's financial assets and liabilities as of Sept 30, 2018 and December 31, 2017.

(In Million Pesos)	Sept 30, 2018		December 31, 2017	
	Carrying Values	Fair Value	Carrying Values	Fair Value
Cash				
Cash and cash equivalents	0.49	0.49	0.67	0.67
	0.49	0.49	0.67	0.67
Other financial liabilities:				
Accounts payable and other current liabilities	818.97	818.97	779.14	779.14
Advances from related parties (current)	135.08	135.08	125.86	125.86
Redeemable preferred shares	26.10	26.10	26.10	26.10
Due to related parties (non-current)				
Principal	120.00	120.00	120.00	120.00
Future interest	36.00	120.00	36.00	36.00
	1,136.15	1,220.15	1,087.10	1,087.10

Cash , Accounts Payables and Other Current Liabilities, Due to Related Parties and Redeemable Preferred Shares

The carrying amounts approximate of cash, accounts payables and other current liabilities, due to related parties and redeemable preferred shares their fair values due to their short-term maturities.

During the quarter ending September 30, 2018 and December 31, 2017, 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 Sept 30, 2018 and year ended December 31, 2017.

Management's plans on how to address the Company's deficit in explained under Plan of Operations for 2018.

The following table summarizes what the Company considers as its total capital as of September 30, 2018 and December 31, 2017.

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

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	**ALFREDO C. RAMOS**
Signature & Title	Chairman of the Board and President
Date	
Issuer	**GILBERT V. RABAGO**
Signature & Title	Finance & Administrative Manager
Date	

UNITED PARAGON MINING CORPORATION
STATEMENTS OF FINANCIAL POSITION
In Million Pesos

	Sept 30, 2018 (Unaudited)	December 31, 2017 (Audited)
CURRENT ASSETS		
Cash and cash Equivalents	0.49	0.67
Materials and supplies - at net realizable value	17.33	17.32
Other current assets	16.33	16.62
TOTAL CURRENT ASSETS	**34.15**	**34.62**
NONCURRENT ASSETS		
Property, plant and equipment	994.68	994.82
Deferred exploration costs	81.37	81.37
Other noncurrent assets	3.50	3.34
TOTAL NONCURRENT ASSETS	**1,079.55**	**1,079.53**
TOTAL ASSETS	**1,113.70**	**1,114.15**
CURRENT LIABILITIES		
Accounts payable and other current liabilities	818.97	779.14
Due to related parties	255.08	245.86
Redeemable preferred shares	26.10	26.10
Income tax payable	-	0.01
TOTAL CURRENT LIABILITIES	**1,100.15**	**1,051.11**
NONCURRENT LIABILITIES		
Pension liability	1.11	1.11
TOTAL NONCURRENT LIABILITIES	**1.11**	**1.11**
TOTAL LIABILITIES	**1,101.26**	**1,052.22**
EQUITY		
Capital stock - P.01 par value		
Authorized - 397,325,000,000 shres		
Issued - 261,314,797,080 shares	2,613.15	2,613.15
Additional paid-in capital	19.45	19.45
Actuarial gains on retirement benefits obligation	1.12	1.12
Deficit	(2,621.28)	(2,571.80)
TOTAL EQUITY	**12.45**	**61.92**
TOTAL LIABILITIES AND EQUITY	**1,113.70**	**1,114.15**

UNITED PARAGON MINING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Nine Months Ended September 30, 2018
In Million Pesos
(Unaudited)

	Nine Months ended Sept 30		Quarter (Julyl - Sept)	
	2018	**2017**	**2018**	**2017**
GENERAL AND ADMINISTRATIVE EXPENSES	6.40	7.06	2.08	2.04
OTHER (INCOME) EXPENSES				
Finance expenses	34.56	30.86	12.24	10.94
Foreign exchange (gain) loss	8.52	2.44	1.56	1.18
Interest income	(0.00)	(0.00)	(0.00)	(0.00)
Other (income) expenses	(0.00)	(0.71)	-	(0.08)
	43.07	32.59	13.80	12.03
NET LOSS FOR THE PERIOD	49.48	39.65	15.88	14.07

LOSS PER COMMON SHARE COMPUTED AS FOLLOWS:	Nine Months ended Sept 30		Quarter (Julyl - Sept)	
In Philippine Pesos	**2018**	**2017**	**2018**	**2017**
Net loss	49,477,538	39,653,268	15,880,383	14,074,809
Weighted average no. of shares	261,314,797,080	261,314,797,080	261,314,797,080	261,314,797,080
LOSS PER COMMON SHARE				
Basic and diluted	0.00019	0.00015	0.00006	0.00005

UNITED PARAGON MINING CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2018

In Million Pesos

(Unaudited)

	2018	2017
SHARE CAPITAL		
Authorized		
Common – 397,325,000,000 shares @ ₱0.01 par value per share	3,973.25	3,973.25
Preferred Class "A" – 13,500,000 shares @ ₱0.50 par value per share (1)	6.75	6.75
Preferred Class "B" – 400,000 shares @ ₱50.00 par value per share (1)	20.00	20.00
Total Authorized Capital Stock	**4,000.00**	**4,000.00**
Issued and outstanding		
Common shares-261,314,797,080 shares @ ₱0.01 par value per share		
Balance at beginning of year	**2,613.15**	**2,613.15**
Issuance for the period	**0**	**0**
Balance at end of third quarter	**2,613.15**	**2,613.15**
SHARE PREMIUM		
Balance at beginning of year	19.45	19.45
Movement for the period	0	0
Balance at end of third quarter	**19.45**	**19.45**
ACTUARIAL GAINS ON RETIREMENT BENEFIT OBLIGATION		
Balance at beginning of year	1.12	0.92
Movement for the period	0	0
Balance at end of third quarter	**1.12**	**0.92**
EQUITY		
Balance at beginning of year, as previously reported	(2,571.80)	(2,520.10)
Net loss for the period	(49.48)	(39.65)
Balance at end of third quarter	**(2,621.28)**	**(2,559.76)**
	12.45	**73.77**

UNITED PARAGON MINING CORPORATION
STATEMENTS OF CASH FLOWS
For the NineMonths Ended September 30, 2018
In Million Pesos
(Unaudited)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) before income tax	(49.48)	(39.65)
Adjustments for:		
Finance expenses	34.56	30.86
Depreciation Expense	0.01	0.47
Foreign Exchange (gain) loss	8.52	2.44
Interest & Other Income	(0.00)	(0.71)
Operating loss before changes in working capital	(6.39)	(6.59)
Changes in:		
Receivables	0.25	(0.43)
Materials and supplies	(0.00)	0.01
Prepaid expenses and other current assets	0.04	(0.05)
Accounts payable	-	-
Accrued interest and other current liabilities	(3.14)	(1.45)
Cash used in operations	(9.24)	(8.50)
Interest received	0.00	(0.00)
Income taxes paid (MCIT)	(0.00)	0.00
Net cash used in operating activities	(9.24)	(8.50)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Additions (deduction) to property, plan, and equipment	0.00	0.71
Deferred exploration costs - evaluation expenditures	-	-
Increase in other assets	(0.16)	(0.16)
Net Cash used in investing activities	(0.16)	0.55
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related parties	9.22	8.30
Loan Payable		
Net cash provided by financing activities	9.22	8.30
EFFECTS OF EXCHANGE RATE CHANGES IN CASH	**0**	**0**
NET INCREASE (DECREASE) IN CASH	**(0.18)**	**0.35**
CASH		
January 1	0.67	0.51
Sept 30	**0.49**	**0.86**

SCHEDULE A

UNITED PARAGON MINING CORPORATION
FINANCIAL ASSETS IN EQUITY SECURITIES
September 30, 2018

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

NOT APPLICABLE

SCHEDULE B

UNITED PARAGON MINING CORPORATION
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
September 30, 2018

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

SCHEDULE C

UNITED PARAGON MINING CORPORATION
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
September 30, 2018

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

SCHEDULE D

UNITED PARAGON MINING CORPORATION
INTANGIBLE ASSETS - OTHER ASSETS
September 30, 2018

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance

NOT APPLICABLE

SCHEDULE E

UNITED PARAGON MINING CORPORATION
LONG-TERM DEBT
September 30, 2018
(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

NOT APPLICABLE

SCHEDULE F

UNITED PARAGON MINING CORPORATION
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
September 30, 2018

Name of Related Party	Balance at beginning of period	Balance at end of period

NOT APPLICABLE

SCHEDULE G

UNITED PARAGON MINING CORPORATION
GUARANTEES OF SECURITIES OF OTHER ISSUERS
September 30, 2018

Name of issuing entity of securities guaranteed bytheParent 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

NOT APPLICABLE

SCHEDULE H

UNITED PARAGON MINING CORPORATION
CAPITAL STOCK
September 30, 2018

The Company's authorized share capital is ₱4.0 billion divided into 397.3 billion shares at ₱0.01 par values. As at September 30, 2018, total shares issued and outstanding is 261,314,797,080 held by 1,194 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	397,338,900,000	261,314,797,080	–					
				689,814,318	205,328,291,218	–		55,296,691,544–

SCHEDULE 1

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

	Sept 30, 2018	**December 31, 2017**
PROFITABILITY RATIOS:		
Return on Assets	-4.442%	-4.640%
Return on Equity	-397.550%	-83.480%
Gross profit Margin	0	0
Net Profit Margin	0	0
LIQUIDITY AND SOLVENCY RATIOS:		
Current Ratio	0.031 : 1	0.0329 : 1
Quick Ratio	0.0152 : 1	0.0006 : 1
Solvency Ratio	1.0133 : 1	-0.0486 : 1
FINANCIAL LEVERAGE RATIOS:		
Asset to Equity ratio	89.49 : 1	17.99 : 1
Debt ratio	0.99 : 1	0.94 : 1
Debt to equity ratio	88.49 : 1	16.99 : 1
Interest Coverage ratio	-0.43 : 1	-0.22 : 1

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 5th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City. Its exploration and mining operations are located in Longos, Paracale, Camarines Norte.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

The Company's financial statements have been prepared in accordance with PFRSs.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards, which are effective for annual periods beginning on or after January 1, 2017.

PFRS 12 (Amendments), *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014-2016 Cycle)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

Adoption of these amendments did not have any impact on the Company's financial statements as the Company does not have any interest in a subsidiary, a joint venture or an associate (or included in a disposal grout that is classified) as held for sale.

Philippine Accounting Standards (PAS) 7 (Amendments), *Statement of Cash Flows, Disclosure Initiative*

The amendments to PAS 7 require entities to provide disclosures that enable users of financial statements to evaluate changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The Company has provided the required information inthe financial statements. As allowed under the transition provisions of the standard, the Company did not present comparative information for the year ended December 31, 2017.

PAS 12 (Amendments), *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Company applied the amendments retrospectively. However, the application has no effect on the Company's statement of financial position and performance as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2017

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company will adopt these standards and interpretation when they become effective. Unless otherwise stated, the Company does not expect the future adoption of these new and amended standards, improvements to PFRSs and new interpretations to have a significant impact on its financial statements.

Effective beginning on or after January 1, 2018
PFRS 2 (Amendments), *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

PFRS 9, *Financial Instruments*
PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *FinancialInstruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and

hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.
The Company is currently assessing the impact of adopting this standard.

PFRS 4 (Amendments), *Insurance Contracts, Applying PFRS 9 with PFRS 4*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

PFRS 15, *Revenue from Contracts with Customers*
PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Company is currently assessing the impact of adopting this standard.
PAS 28 (Amendments), *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014-2016 Cycle)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

PAS 40 (Amendments), *Investment Property, Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual

reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019
PFRS 9 (Amendments), *Prepayment Features with Negative Compensation*
The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income.

PFRS 16, *Leases*
PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

PAS 28 (Amendments), *Long-term Interests in Associates and Joint Ventures*

The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9.

Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Deferred effectivity
PFRS 10 and PAS 28 (Amendments), *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Summary of Significant Accounting Policies

Presentation of Financial Statements
The Company has elected to present all items of recognized income and expense in a single statement of comprehensive income.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on current/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.

Cash
Cash includes cash on hand and in banks, which are carried at face value.

Financial Instruments
Date of Recognition
The Company recognizes financial instruments in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial Recognition and Measurement of Financial Instruments
Financial assets are classified as financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities are classified either at FVPL or as other financial liabilities. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates such designation at every end of the reporting period.

Financial instruments are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments which are measured at FVPL.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Company's financial instruments are in the nature of loans and receivables and other financial liabilities. As at September 30, 2018and December 31, 2017, the Company has no financial instruments classified as FVPL, HTM investments, AFS financial assets or as derivatives designated as hedging instruments in an effective hedge.

Subsequent Measurement
The subsequent measurement of financial assets and liabilities depends on their classification as follows:

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables.

After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate (EIR) method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within twelve (12) months from the end of the financial reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash as at September 30, 2018 and December 31, 2017 are classified under this category.

Other Financial Liabilities
This category pertains to financial liabilities that are not held for trading, not derivatives nor designated as at FVPL upon the inception of the liability, where the substance of the contractual arrangement on the Company having an obligation either to deliver cash or another financial asset to the holder or to satisfy the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. These include financial liabilities arising from operations or borrowings (e.g., accounts payable, accrued expenses). These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization or accretion for any related premium, discount and any directly attributable transaction cost. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized or impaired, as well as through the amortization process.
Other financial liabilities are classified as current liabilities if it is due within twelve (12) months from the end of the reporting period, otherwise they are classified as noncurrent liabilities.

Included under this category are accounts payable and other current liabilities, due to related parties and redeemable preference shares.

<u>Fair Value Measurement</u>
The Company measures financial instruments at fair value at each end of the reporting period.

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. 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 fairvalue 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 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 included in the financial statements..

Impairment of Financial Assets

The Company assesses at each end of the reporting period whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost
The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.
If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statement of comprehensive income.

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

<u>Derecognition of Financial Instruments</u>
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 where:

- 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; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in the statement of comprehensive income.

<u>Redeemable Preferred Shares</u>

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.

<u>Materials and Supplies</u>

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.

<u>Property, Plant and Equipment</u>

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. Constructionin-progress is not depreciated until such time that the relevant assets are completed and availablefor 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 thestatement 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 includes 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" includes costs incurred after determining the commercial viability of extracting a mineral resource.

Deferred exploration and development 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 consolidated 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.

Input Value-Added Tax (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 current assets" account in the statement of financial position

Impairment of Other Current Assets, Property, Plant and Equipment, Deferred Exploration Costs, and Other Noncurrent 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.
A valuation allowance is provided for unrecoverable deferred exploration costs based on the Company's assessment of the future prospects of the exploration project.

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 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.

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 anAPIC.

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 recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest Income
Interest income is recognized as the interest accrues using the EIR method.

Other Income
Other incomeis 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.

Leases
Operating Leases - The Company as a Lessee

Operating leases represent those leases under which substantially all risks and rewards of ownership of the leased assets remain with the lessors. Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Pension Liability

The net pension liability 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
- 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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.

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.

Loss Per Common 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. When shares are dilutive, the unexercised portion of stock options is included as stock equivalents in computing diluted loss per share, if any.

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.

Schedule J

UNITED PARAGON MINING CORPORATION
AGING OF ACCOUNTS RECEIVABLES
As of Sept 30, 2018
In Million Pesos

		AGING IN MONTHS				
Account Title	**Amount**	**Current/1**	**2-3**	**4-6**	**6-12**	**Over 1 year**
Employee Advances - Company	5.97	0	0	0	0	5.97
Loans Receivable - Employees	0.16	0	0	0	0	0.16
Claims for value added tax (VAT) TCCs	23.77	0	0	0	0	23.77
Sundry Receivables	1.73	0	0	0	0	1.73
Total Receivables	31.64	0.00	0.00	0.00	0.00	31.64
Allowance for:						
doubtful accounts	-2.47	0	0	0	0	-2.47
uncollectible VAT refund	-12.94	0	0	0	0	-12.94
Receivable - Net	16.23	0.00	0.00	0.00	0.00	16.23

TYPE OF RECEIVABLE	NATURE/DESCRIPTION	COLLECTION PERIOD
Claims for VAT TCCs	VAT claims awaiting issuance of Tax Credit Certificates	Over a year
Sundry receivables	Various receivables from non-trade transactions	Over a year