

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., Street City / Town / Province)

Mr. Iris Marie U. Carpio-Duque

Contact Person

8631-5139

Company Telephone Number

DEFINITIVE INFORMATION STATEMENT

1 2 3 1

Month Day Fiscal Year

SEC FORM 20-IS FORM TYPE

07 27

Month Day Annual Meeting

Secondary License Type, If Applicable

Secondary License Type, If Applicable

Dept Requiring this Doc

Dept Requiring this Doc

Amended Articles Number / Section

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Total No. of Stockholders

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document ID

Document ID

Cashier

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**

**GENERAL INFORMATION**

**Securities Regulation Code**

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) 8631-5139**
8. Date, time and place of the meeting of security holders: **July 27, 2022 2:00 PM, via remote communication**
9. Approximate date on which the Information Statement will be published through alternative mode of distribution through the Corporation's website and PSE Edge: **July 06, 2022.**
10. Securities registered pursuant to Sections 8 & 12 of the SRC:

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

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**



**UNITED PARAGON  
MINING CORPORATION**  
Head Office

6<sup>th</sup> Floor, Quad Alpha Centrum Bldg.  
125 Pioneer Street, Mandaluyong City, Philippines  
Tel. no. (632) 8631-5139 Fax No. (632) 8631-3113  
www.unitedparagon.com

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO OUR STOCKHOLDERS:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders of UNITED PARAGON MINING CORPORATION (the “Company”) will be held on Wednesday, July 27, 2022, at 2:00 in the afternoon **via remote communication**, with the following agenda:

1. Call to Order
2. Proof of Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting of the Stockholders held on July 28, 2021
4. Approval of Annual Report and Audited Financial Statements for the year ended December 31, 2021
5. Approval of Acts/ Resolutions of the Board and Management from July 28, 2021 to July 27, 2022
6. Election of Directors for the current year
7. Appointment of Sycip Gorres Velayo & Co. as External Auditor
8. Other Matters
9. Adjournment

Only stockholders of record at the close of business hours on May 23, 2022, are entitled to notice of, and to vote at this meeting.

In light of the current conditions and in support of the measures to prevent the spread of COVID-19, there will be no physical meeting. Stockholders may only attend and participate in the meeting by remote communication. Stockholders who intend to attend by remote communication are required to accomplish the Registration Form and submit it together with the required documents [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) on or before July 20, 2022. The link through which the Meeting may be accessed shall be sent to the email address of the registered stockholder. Stockholders may vote electronically in absentia, subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting of votes in absentia are set forth in the Guidelines on Participation by Remote Communication and discussed in the Information Statement (SEC Form 20-IS).

If you are unable to join the virtual meeting but wish to vote on items in the agenda, you may appoint the Chairman as your proxy with specific voting instructions which will be duly counted. Duly accomplished Proxies shall be submitted by email to the Office of the Corporate Secretary at [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) for inspection, validation, and recording on or before July 20, 2022. The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received. We enclose a sample Registration/Proxy form for your convenience.

By registering to participate in the virtual meeting, a stockholder or a proxy or representative of the stockholder agrees for the Company and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual stockholders' meeting.

Stockholders (or their proxies) whose registration are validated can: (a) view the webcast of the meeting, (b) vote on the agenda items using online ballot that will be sent to them; and (c) send their questions, comments or motions on the agenda items during the Meeting by email to [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) with subject "ASM Question/Comment". Stockholders who will participate in the Meeting are encouraged to send their questions, comments and motions before the meeting. Relevant questions on the agenda items will be read by the Moderator and will be answered by concerned officers during the meeting.

The Definitive Information Statement (20-IS), Management Report, Audited Financial Statements, Quarterly Report as of March 31, 2022 and other documents related to the ASM, including the Guidelines on Participation by Remote Communication may be accessed through any of the following operations:

- 1) Go to the United Paragon Mining Corporation website via this link: <http://www.unitedparagon.com/>
- 2) Go to the PSE EDGE portal via <https://edge.pse.com.ph/>
- 3) Request for a copy by sending an email to [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com)

For ASM-related queries, you may send an email to [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com); or contact the Office of the Corporate Secretary at +632 8631 5139. For account updating or concerns regarding your shareholdings, please contact our Transfer Agent, Professional Stock & Transfer, Inc. at Tel. Nos. +63-2-86874053 or via email directly at [info@professionalstocktransfer.com](mailto:info@professionalstocktransfer.com).



**IRIS MARIE U. CARPIO-DUQUE**  
Corporate Secretary



**UNITED PARAGON MINING CORPORATION**  
ANNUAL STOCKHOLDERS' MEETING  
REGISTRATION / PROXY FORM  
(VOTING IN ABSENTIA)

I. Required Information (Please tick the appropriate box)

Type of Participant:

- Individual  
 Broker  
 Corporate  
 Joint  
 Others (please indicate) \_\_\_\_\_

Individual/Corporate Name : \_\_\_\_\_

Email Address : \_\_\_\_\_

Contact No. : \_\_\_\_\_

Postal Address : \_\_\_\_\_

Name of Authorized Representative : \_\_\_\_\_

(If Corporate / Joint)

Number of Shares Owned : \_\_\_\_\_

I will attend the remote Stockholders' Meeting on **July 27, 2022**

- Yes  No

**Note:** The instructions and link to attend the stockholders' meeting will be sent to you in the e-mail address that you have indicated herein upon valid registration.

II. Required Documents

1. Scanned or digital copy of the Registration Form
2. A recent photo of the stockholder/ Authorized Representative, with the face fully visible.
3. Scanned or digital copy of the front and back portions of the Stockholder's/ Authorized Representatives' valid government issued identification card, preferably with residential address.

Additional Documents:

For Joint Accounts – scanned or digital copy of the Authorization Letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account.

For Broker Accounts – scanned or digital copy of Broker's Certification on the Stockholders, number of shareholdings.

For Corporate Accounts – scanned or digital copy of signed Secretary’s Certificate attesting the authority of the representative to vote for, and on behalf of the Corporation.

**REMINDERS:**

Registration Period starts on July 06, 2022 at 8:00 am until July 20, 2022 at 5:00pm. Beyond this date and time, stockholders may no longer avail of this option to vote in absentia.

Submit scanned or digital copy of this form & other required documents to

**III. Manner of Voting**

- Voting in Absentia (Please accomplish the ballot below.)
- Appointing the Chairman as Proxy

**IV. Ballot**

	RESOLUTION	FOR	AGAINST	ABSTAIN
I	Approval of Minutes of Stockholders’ Meetings – July 28, 2021			
II	Annual Report and Audited Financial Statements for the year ended December 31, 2021			
III	Approval of Acts/ Resolutions of the Board and Management from July 28, 2021 to July 27, 2022			
VI	Election of Directors	Number of Votes		
	1. Alfredo C. Ramos			
	2. Presentacion S. Ramos			
	3. Maureen Alexandra Ramos-Padilla			
	4. Gerard Anton S. Ramos			
	5. Adrian Paulino S. Ramos			
	6. Christopher M. Gotanco			
	7. Eduardo B. Castillo			
	8. John Peter C. Hager (Independent Director)			
	9. Renato C. Valencia (Independent Director)			
VII	Appointment of Sycip Gorres Velayo & Co. as External Auditor			
VIII	Other Matters			

**NOTICE:**

Considering the recent events and the government pronouncements and guidelines surrounding the COVID-19 pandemic, the Company shall allow electronic signature for the required documents, as applicable.

Notarization requirement shall also be dispensed with this time.

However, the company reserves the right to request additional information, and original signed and notarized copies of these documents at a later date as it deems necessary.

**V. Data Privacy Disclosure**

I hereby give my consent for the Company and its authorized third parties to collect, store, disclose, transfer, and process my personal data for the purpose of the live streaming of the 2021 Annual Stockholders' Meeting in accordance with the Company's Data Privacy guidelines and law.

Further to this, I give my consent to the recording of the meeting, to be made publicly available thereafter on the Company website, as required by the guidelines promulgated by the Securities and Exchange Commission.

**VI. Certification of Registrant**

By signing this Form, I hereby certify the following, that:

I am a stockholder of the Company as of Record Date May 23, 2022.

The number of votes covered by this Ballot shall be in accordance with the total number of **UPM** shares registered in my name as of record date.

I have read, understand and shall abide by the Rules, Regulations and Guidelines issued by the Company to govern the conduct of the Meeting. In the event I act contrary thereto, the Company has sole discretion to impose its discipline mechanism;

I understand that the quality of my remote Meeting experience depends on my internet provider's services and connectivity. I hold the Company free and harmless of any liability from any interruption, latency or disconnection from the live streaming resulting thereto;

In case of an account with joint owners, or an account in and/or capacity, I have secured the consent of all other owners in the submission of this Ballot.

In case of a corporate shareholder, I am the authorized representative of the corporation and I am duly authorized to submit this Proxy.

If my shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary, I hereby authorize the Company or any of its duly authorized representative to request and secure the necessary certification from PDTC or my broker on the number of shares which are registered in my name as of record date and issue the said Proxy in accordance with this Form.

I further hereby certify that my **UPM** shares are lodged with the following brokers:

Name of Broker: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Contact Details: \_\_\_\_\_

That any and all information contained in this Registration Form, or provided in connection herewith, is true and complete and the Company may rely on the accuracy of any such information.

\_\_\_\_\_  
**Name and Signature of Stockholder/Authorized Signatory**

\_\_\_\_\_  
**Date**

**ASSISTANCE:**

It may be necessary to download an application to access the live stream of the meeting. For technical concerns, please send your queries to [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) with the subject "Technical Assistance". For any clarifications, Stockholders may contact the Office of the Corporate Secretary at [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) or (02) 8631-5139 Registered Stockholders may also send their questions and/or comments during the ASM at [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com).

Clarity of video and audio transmission will depend on the communication and network environment. A Wi-Fi environment is recommended for comfortable viewing on smartphones or tablets. Communication charges to view such webcast or live streaming are at the viewer's expense.

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

In light of the current conditions and in support of the measures to prevent the spread of COVID -19, there will be no physical meeting for the Annual Meeting of Stockholders of United Paragon Mining Corporation (“UPMC” or the “Company”) will be held on Wednesday, July 27, 2022, at 2:00 p.m. by remote communication. The meeting will be presided at the principal office at Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, 1550.

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

The approximate date when the Information Statement together with the Notice and Agenda of the Meeting will be published through alternative mode of distribution through the Corporation’s website and PSE Edge will be on July 06, 2022.

### **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 May 23, 2022 (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.

A stockholder 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 and transfer book of the Company for as many persons as there are directors to be elected.

Each 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 number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

Stockholders may participate in the virtual meeting by remote communication by themselves or by proxy. All stockholders who will not participate in the meeting via remote communication may vote through the Chairman of the Meeting (as Proxy) and/or submit duly accomplished proxies by email to the office of the Corporate Secretary at [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) for inspection, validation, and recording at least five (5) days before the opening of the annual stockholders' meeting, or on/before July 20, 2022. The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received. Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time. No broker or dealer shall give any proxy, consent or authorization, in respect of any security carried for the account of a customer, to a person other than the customer, without the express written authorization of such customer. Any stockholder may revoke or cancel his proxy and attend the annual stockholders' meeting via remote communication provided he has complied with the registration procedures and requirements.

#### Security Ownership of Certain Record and Beneficial Owners

As of May 23, 2022 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. <sup>(1,6,7)</sup> 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. <sup>(2,6,7)</sup> 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 <sup>(3,6,7)</sup> 9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder)	Alakor Corporation	Filipino	53,884,038,981	20.62

Common	PCD Nominee Corporation <sup>(4)</sup> G/F, MSE Bldg., 6767 Ayala Avenue, Makati City (No relationship with issuer)	Various Please see Note 4	Filipino/ Foreign	27,726,628,423	10.61
Preferred "A"	Pargold Mining Corp. <sup>(6,7)</sup> 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 <sup>(5,6,7)</sup> 9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder) <sup>1</sup>	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, Commonwealth Ave., Quezon City (Director until 1993/Stockholder)	Edmundo M. Tolentino	Filipino	2,000,000	16.39
Preferred "B"	Lancaster Holdings Limited <sup>(5,6,7)</sup> 9th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City (Stockholder)	Lancaster Holdings Limited	Foreign	280,000	70
Preferred "B"	Alakor Corporation <sup>(3,6,7)</sup> 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. As of May 11, 2021, net of 129, 905,122, 445 shares are in the name of Alakor Securities Corporation (ASC) and 94, 843,552,494 shares are in the name of BDO Securities Corporation. Of the 224, 748, 674, 939 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 as proxy to vote for the number of shares they beneficially own 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 May 23, 2022:

Title of Class	Name of Beneficial Owner	Amount and nature of Record /Beneficial Ownership		Citizenship	Percent of Class
		Direct	Indirect		
Common	Alfredo C. Ramos	318,976,817	-	Filipino	0.12
Common	Christopher M. Gotanco	500,000	90,312,500	Filipino	0.03
Common	Eduardo B. Castillo	54,375,000	-	Filipino	0.02
Common	Gerard Anton S. Ramos	100,000	10,100,000	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	John Peter C. Hager	-	87,000,000	Filipino	0.03
Common	Renato C. Valencia	1	-	Filipino	0.00
Common	Iris Marie U. Carpio-Duque	-	-	Filipino	0.00
Common	Gilbert V. Rabago	-	-	Filipino	0.00

As of May 23, 2022, the aggregate number of shares owned by the Company's directors and executive officers is 739,914,318 shares or approximately 0.27% 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.

### **Item 5. 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	CITIZENS HIP	POSITION	PERIOD OF SERVICE	COMMITTEE MEMBERSHIP/ POSITION
Alfredo C. Ramos	78	Filipino	Chairman President & CEO	1990-present 1992-2018	-
Presentacion S. Ramos	80	Filipino	Director	2014-present	-
Gerard Anton S. Ramos	47	Filipino	President/CEO Director Vice-President	2018-present 2010-present 2012-2018	Compensation- Member
Adrian Paulino S. Ramos	44	Filipino	Vice-President Director Treasurer	2018-present 2006-present 2006-present	Audit & RPT-Member
Eduardo B. Castillo	74	Filipino	Director	1990-present	Audit & RPT- Member
Christopher M. Gotanco	72	Filipino	Director	2012-present	Audit & RPT- Member Corporate Governance - Member
Alexandra S. Ramos-Padilla	49	Filipino	Director	December 04, 2017 - present	-
John Peter C. Hager	51	Filipino	Independent Director	2012-present	Corporate Governance- Chairman Audit & RPT- Member Compensation- Chairman
Renato C. Valencia	80	Filipino	Independent Director	May 2019- present	Audit & RPT- Chairman Corporate Governance – Member Compensation - Member
Iris Marie U. Carpio-Duque	44	Filipino	Corp. Secretary Compliance Officer & CIO	2013-present 2012-present	Corporate Governance – Non- voting Member
Josephine L. Ilas	47	Filipino	Assistant Corp. Secretary	January 31, 2021-	-

				present	
Gilbert V. Rabago	45	Filipino	Finance, Purchasing & Administrative Manager and CIO-Alternate	2012-present	Audit – Nonvoting Member
Adrian S. Arias	59	Filipino	Investors Relations Officer	2017-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
- Alexandra S. Ramos-Padilla
- Christopher M. Gotanco
- John Peter C. Hager
- Renato C. Valencia

Mssrs. Renato C. Valencia 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
- Gerard Anton S. Ramos - President & CEO
- Adrian Paulino S. Ramos - Vice-President & Treasurer
- Iris Marie U. Carpio-Duque - Corporate Secretary, Compliance Officer,
- Josephine L. Ilas - Assistant Corporate Secretary
- Gilbert V. Rabago - Corporate Information Officer-Alternate
- Adrian S. Arias - Investors Relations Officer

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 which also functions as the Nomination Committee. The following directors are the current members:

- John Peter C. Hager (Chairperson)
- Christopher M. Gotanco
- Renato C. Valencia

The Corporate Governance 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:

- Renato C. Valencia
- John Peter C. Hager

Mr. Adrian Paulino S. Ramos nominated Messrs. Renato C. Valencia 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. Valencia 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. Valencia 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 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.

**Gerard Anton S. Ramos** is the President & Chief Executive Officer 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, and shopping centers, among others.

**Adrian Paulino S. Ramos** is the Vice-President and the Treasurer of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1996-present), investment holdings (2005-present), securities (2005-present), property development and infrastructure (2006-present), mining (2006-present) and bulk water supply (2006-present), 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.

**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.

**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. He is the incumbent President of the Spanish Chamber of Commerce in the Philippines.

**Renato C. Valencia** is an Independent Director of the Company. For the past (5) years, he has served as director and/or executive officer in companies engaged in banking, investment holdings, education and technology, realty, and insurance. He is a former administrator of the Social Security System.

**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.

**Josephine L. Ilas** is the Assistant Corporate Secretary of the Company. For the past five (5) years, she has served as assistant corporate secretary and compliance officer of companies involved in oil and petroleum and natural resources. She is 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 and exploration, investment holdings and real estate development. He is a certified public accountant.

**Adrian S. Arias** is the Company's Investor Relations Officer. He has been in active corporate law practice for more than twenty (20) years and serves as a director and/or officer of an investment house (2006-present), financial services (2006-present), logistics company (2004-present), services (2006-present), merchandising (2009-present), shared support services (2011-present), and mining (2012-present).

**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	Anglo Philippine Holdings Corporation	ED (Chairman)
	Atlas Consolidated Mining & Dev't. 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
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
Renato C. Valencia	Alakor Securities Corporation	ED
	Anglo Philippine Holdings Corporation	ID
	EEI Corporation	ID
Maureen Alexandra S. Ramos-Padilla	I-People Inc.	ID
	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, President and CEO, Adrian Paulino S. Ramos, Vice-President and Treasurer, and Ms. Alexandra S. Ramos-Padilla, Director, are the children of spouses, Mr. Alfredo C. Ramos, Chairman of the Board & President and Ms. Presentacion S. Ramos, Director.

**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, EXCEPT That (a) Mr. Alfredo C. Ramos, Ms. Presentacion S. Ramos, Ms. Maureen Alexandra S. Ramos-Padilla, Mr. Gerard Anton S. Ramos, Mr. Christopher M. Gotanco, and Mr. Reynaldo E. Nazarea, as directors, and Atty. Adrian S. Arias, as Corporate Secretary, all of The Philodrill Corporation, have been sued for alleged violation of Secs. 28 and 144 of the Corporation Code (Illegal removal of director), and (b) Mr. Reynaldo E. Nazarea and Atty. Adrian S. Arias have been sued for alleged violation of Art. 172 of the Revised Penal Code (Falsification of a Public Document). The Office of the City Prosecutor of Mandaluyong has dismissed these cases for lack of merit in separate resolutions and are now the subject of a Petition for Review filed by complainant Francisco A. Navarro with the Department of Justice; (c) Mr. Reynaldo E. Nazarea has filed separate cases of perjury and attempted estafa against Mr. Francisco A. Navarro, which are similarly the subject of a Petition for Review with the Department of Justice.

#### **Involvement of Directors with Government Agencies or its Instrumentalities**

Mrs. Maureen Alexandra S. Ramos-Padilla (Director) has been elected as a member of the governing Board of the National Book & Development Board (NBDB). (See attached Certification)

#### **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 convertible 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. At last year's regular stockholders' meeting, the Corporation obtained the stockholders' approval of the amendment of the convertible loan agreement to include a new conversion price per share that may be above or below par value, for all amounts outstanding and to be drawn thereunder, as may be renegotiated and determined by the Board of Directors under such terms and conditions as it may deem proper and subject to compliance with applicable laws, rules and regulations.

In consideration of the stock price being below par for many years to date, and in order to extend further the availment of the convertible loan facility by the Corporation for its future general working

capital requirements, the Board resolved on April 28, 2021, to amend the said loan agreement as follows: (i) to amend Section 2.01 to extend the drawdown period from three years from earliest drawdown date to three years from execution of the amended agreement; (ii) to amend Section 2.07 to change the conversion price to par value or P0.01 per share; (iii) to amend any warrant issued or to be issued to reflect the above-mentioned changes, as applicable; and (iv) to renegotiate the interest rate provided in Section 2.04 as management deems proper.

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 2020 Audited Financial Statements.

There are 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 July 30, 2019, 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 (2021 and 2020) and the ensuing fiscal year (2022) are as follows:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo C. Ramos	Chairman				
Gerard Anton S. Ramos	President/CEO				
Adrian Paulino S. Ramos	Vice-President/ Treasurer				
Gilbert V. Rabago	Finance and Admin Manager				

Iris Marie U. Carpio-Duque	Legal and Compliance Officer/Corporate Secretary				
Total (Top 5 Executives)		2020	₱0.6 million	0	0
		2021	₱0.6million	0	0
		2022 (Est.)	₱0.6 million	0	0
Total (All Executives & Directors)		2020	₱0.6 million	0	0
		2021	₱0.6 million	0	0
		2022 (Est)	₱0.6 million	0	0

For the most recently completed fiscal years 2020 and 2021, the Company paid a total of P45,000 and P30,000, respectively, as director's per diem, and for the ensuing fiscal year, directors will receive P2,000 per board meeting to defray their expenses in attending board and committee meetings. There are no other arrangements for compensation of directors, as such, during the last fiscal year and 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 13<sup>th</sup> 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 authorized 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.

Because of the prevailing market conditions and current market price, there is a need to reprice the stock option plan in order to be a fair and proper incentive program for directors and management. Hence, the delegation to the board of directors of the authority to reprice at below par value was submitted and approved by the stockholders at year's meeting. Such determination of new price/s by



the board after obtaining third party consultation and/or consideration of market prices in previous years, will be disclosed in due course to the SEC and PSE.

**Item 7. Independent Public Accountants**

The accounting firm of SyCip Gorres Velayo & 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 2022, SGV with Ms. Ma. Genalin Q. Arevalo as partner-in-charge is again recommended to stockholders for appointment as independent external auditor of the Company and was the signing partner-in-charge for the audit year 2021. 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 within 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:

<b>Year</b>	<b>Audit &amp; Related Fees</b>	<b>Tax Fees</b>	<b>Other Fees</b>
2021	₱363,825	43,659	37,600
2020	₱346,500	41,580	34,650
2019	₱315,000	37,800	31,500

For the past three (3) years, the Company had not engaged the services of SGV (209-2021) 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. Renato C. Valencia, as Chairman and the members are Mssrs. John Peter Hager, Eduardo Castillo and Christopher Gotanco. 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 2021 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 2021) 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 July 28, 2021  
In the stockholders' meeting on July 28, 2021, there were 220,990,119,227 or 84.57% of the outstanding capital stock that were personally present or were represented by their duly authorized proxies, the stockholders approved the 2020 Annual Report and 2020 Audited Financial Statements. Furthermore, the stockholders approved the Minutes of the previous stockholders' meeting, ratified the corporate acts of Management and the Board of Directors, the year just closed, elected the new members of its Board of Directors for the coming year, and appointed the Company's external auditors. This constitutes the ratification of the accuracy and faithfulness of the Minutes to the events that transpired in the 2020 Annual Stockholders' Meeting and does not constitute a second approval of the matters taken up thereat, which have already been approved.
2. Annual Report for the year ended December 31, 2021 (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 (July 28, 2021) to the present (July 27, 2022) including but not limited to the following:

- Approval of the minutes of previous meetings and Annual Stockholders' Meeting 2021
- Approval & Release of the 2021 Audited Financial Statements
- Nomination of Sycip Gorres Velayo & Co. as external auditor for the year 2021.
- Replacement of Plate Number of Toyota Hilux
- Authorization for the Mineral Production Sharing Agreement (MPSA's) Nos. 092-97-VI and 113-98-VI
- Postponement & Notice of 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 and By-Laws**

In the stockholders' meeting on July 28, 2021, there were 229,060,667,447 or 84.57% of the outstanding capital stock that were personally present or were represented by their duly authorized proxies, the stockholders approved the amendment of the Fourth Article in the Articles of Incorporation and Amendment of the Articles II, III and VII of the By-law of the Corporation.

The application to amend the Articles of Incorporation and By-laws is currently pending for approval by the Securities and Exchange Commission (SEC).

**Item 18. Other Proposed Action – Not Applicable**

**Item 19. Voting Procedures**

In the election of directors, the nine (9) nominees with the greatest number of votes will be elected directors.

If the number of nominees for election as directors does not exceed the number of directors to be elected, the Secretary of the Meeting shall be instructed to cast all votes represented at the Meeting equally in favor of all such nominees. However, if the number of nominees for election as directors exceeds the number of directors to be elected, voting shall be done by ballot, cumulative voting will be followed, and counting of votes shall be done by two (2) election inspectors appointed by the stockholders present or represented by proxy at the Meeting.

In accordance with SRC Sec. 38 and SRC Rule 38, only nominees whose names appear in the Final List of Candidates for Independent Directors shall be eligible for election as Independent Directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared and no further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

Messrs. Renato Valencia and John Peter Hager are nominated for election as independent directors of the Company for the ensuing fiscal year.

Upon successful registration at the Annual Stockholders' Meeting, each stockholder will be provided a ballot to enable him to vote on each item or proposal in the Agenda. All votes will be counted and tabulated by the Election Committee composed of representatives from the Office of the Corporate Secretary.

Registration for the annual stockholders' meeting and tabulation of votes shall be conducted in the following manner:

- (1) Registration is to commence by the filing of a scanned or digital copy of the completed Registration Form together with other required documents to [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) beginning July 06, 2022 at 8:00 am until July 22, 2022 at 5:00 pm.
- (2) The stockholder has the option to either vote in absentia, in which case the stockholder will have to complete the ballot included in the Registration Form; or to appoint the Chairman of the Meeting as Proxy.
- (3) Subject to validation by the Company, the stockholder will receive an email confirming their valid registration which shall also contain the link to the live webcast of the Meeting.
- (4) The Proxy Validation Committee will tabulate all votes received through Proxy or in absentia, and an independent third party will validate the results.
- (5) Stockholders who notified the Company of their intent to attend the meeting remotely can either vote in advance or during the meeting through the link provided to their email addresses. Votes are subject to the validation of an independent third party.

#### **Item 20. Participation of Stockholders by Remote Communication**

In support of the efforts to contain the outbreak of COVID-19 and to ensure the safety and welfare of its stockholders, directors, officers, and employees, the Corporation will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication.

The livestream of the meeting shall be viewable through a link that will be given to stockholders who have registered successfully. In order for the Corporation to properly conduct validation procedures, stockholders who have not sent their proxies or registered and wish to participate via remote communication must notify the Corporation by emailing [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) on or before July 22, 2022, and must provide the following information by said date: (1) Name; (2) Email Address; (3) Contact Number; (4) Postal Address; and (5) scanned copy of any valid government issued identification card ("ID") with photo of the stockholder.

Please refer to Annex A for the detailed guidelines for participation via remote communication and the procedures for registration and casting votes in absentia.

#### **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 2021, 2020 and 2019 and Interim Report for the 1st quarter ending March 31, 2022
4. Plan of Operations for 2022
5. Audited Financial Statements for 2021 and Management's Responsibility for Financial Statements
6. Interim Financial Statements for the 1st quarter ending March 31, 2022 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 Abcar Paragon 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.

Meanwhile, on December 29, 2018, the company acquired the rights and interests of Vulcan Industrial & Mining Corporation (VIMC) under the following MPSAs:

<b>Project</b>	<b>Location</b>	<b>Contract</b>	<b>Area (has)</b>
<i>Manlupo (Copper)</i>	<i>Bgy. Damutan, Hinobaan, and Bgy. Gatuslao, Candoni, Negros Occidental</i>	<i>MPSA 092-97-VI granted to VIMC on November 20, 1997 and registered with MGB-R06 on June 9, 1998</i>	<i>477.00</i>
<i>Luz (Copper)</i>	<i>Bgy. Manlucahoc, Sipalay, Negros Occidental</i>	<i>MPSA 113-98-VI granted to VIMC on May 26, 1998 and registered with MGB-R06 on May 13, 1999</i>	<i>806.5719</i>

*\*The assignment was approved on December 22, 2020 with the Mines and Geosciences Bureau.*

## 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 HaliguangBato 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 on 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. In October 2020, 3 holes, totaling 604.9 meters were drilled east-southeast of the Bula-ay small scale mining area. These holes were to check the up-dip continuity of Baluarte Vein and San Antonio Vein (between level 200 and level 400) above the ultramafic granodiorite contact. No exploration work was initiated during the years 2019 and 2018 due to revised exploration work program was just approved in early 2020. On April 14, 2021, the moratorium on new mineral agreements was lifted under E.O. 130.

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 permit was extended until Feb 19, 2021 due to the effect of pandemic COVID 19 lockdown in March 16, 2020. In October 2020, the Company completed the implementation of the two-years exploration work program. In Feb 4, 2021 filed a Declaration of Mining Project Feasibility (DMPF). April 14, 2021 Mineral Processing and Sharing Agreement was lifted (E.O. 130).

### Exploration/Drilling

In October 2020, 3 holes, totaling 604.9 meters were drilled east-southeast of the Bula-ay small scale mining area. These holes were to check the up-dip continuity of Baluarte Vein and San Antonio Vein (between level 200 and level 400) above the ultramafic granodiorite contact. No exploration work was initiated during the years 2019 and 2018 due to revised exploration work program was just approved in early 2020. The Company suspended its exploration/drilling activities in the San Mauricio mineral claim in Jose Panganiban after completing the 2<sup>nd</sup> 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 2020 as compared to year 2019. The Indicated Mineral Resources Inventory as of January 01, 2022 is 3,160,737MT at 10.89 grams of g7ld per tonne (Au g/t) containing 1,106,420 ounces of gold.

Summary of the Ore Resources as of January 01, 2022 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 01-01-2022	3,160,737	10.89	1,106,420
Identified Mineral Resources as of 01-01-2021	3,160,737	10.89	1,106,420
Difference	-	-	-
Summary of the Ore Reserves as of January 01, 2021 is presented below:			
<b>Underground Minable Ore Reserves</b>	<b>Tonnes</b>	<b>Grade, Au g/t</b>	<b>Ounces, Gold</b>
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, 2021	1,583,560	11.07	563,532
Total Ore Reserves - January 01, 2020	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, apart from Civil Case No. 18-469 entitled *Ofelia R. Delos Santos, et. al. vs. United Paragon Mining Corporation* for unlawful detainer, pending before the Regional Trial Court for Paracale, Camarines Norte involving a portion of Lot 971, PLS-1047-D, owned by Camarines Minerals, Inc. The parties have entered into and submitted to the court a compromise agreement wherein the plaintiffs essentially recognized the ownership of CMI over the subject property. However, plaintiffs subsequently recanted their waiver and the court upheld their opposition. UPM's motion for reconsideration is now pending resolution.

#### **Submission of Matters to a Vote of Security Holders**

Except for the matters taken during the annual stockholders meeting on July 28, 2021, 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 2020, 2021, 2019 and the 1<sup>st</sup> quarter of year 2022 are as follows:

Market Price	2022		2021		2020		2019	
	High	Low	High	Low	High	Low	High	Low
First Quarter	.0086	.0063	0.0160	0.0056	0.0066	0.0039	.0100	.0056
Second Quarter			0.0130	0.0073	0.0045	0.0032	.0076	.0060
Third Quarter			0.0110	0.0070	0.0080	0.0080	.0084	.0061
Fourth Quarter			0.0072	0.0059	0.0072	0.0072	.0066	.0052

The Company’s shares of common stock were traded with a closing price of ₱0.0069 per share on December 31, 2021 and ₱0.0065 on June 7, 2022.

**Shareholders.** The Company has 1,182 shareholders as of December 31, 2021 and 1,181 on May 23, 2022. The outstanding shares as of December 31, 2021 and May 23, 2022, 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 May 23, 2022 are as follows:

No.	Name	No. of Shares held	Percentage of Total
1	PCD NOMINEE CORPORATION	252,486,080,862	96.6214
2	LANCASTER HOLDINGS LIMITED	5,235,537,900	2.0035
3	CAMARINES MINERALS, INC.	1,252,097,050	0.4792
4	RAMOS, ALFREDO C.	318,976,817	0.1221
5	ENRILE II, WILLIAM RAGOS	250,000,000	0.0957
6	ALAKOR SECURITIES CORPORATION	199,653,850	0.0764
7	LORENZO JR., LUIS P.	109,250,000	0.0418
8	YAN, LUCIO W.	100,000,000	0.0383
9	SY TIONG SHIOU &/OR JUANITA S. TAN	93,500,000	0.0358
10	VALMORA INVESTMENT AND MANAGEMENT CORP.	80,000,000	0.0306
11	CASTILLO, EDUARDO B.	54,375,000	0.0208
12	CASTANEDA, ISA F.	50,000,000	0.0191
13	KERRY SECURITIES (PHILS.), INC. RPS01	49,250,000	0.0188
14	LIM III, JOSE A.	22,500,000	0.0086
15	CORRO, ANTONIO SEBASTIAN T.	20,000,000	0.0077
16	KEH, BENITO	18,000,000	0.0069
17	PONIO, BEN AZEL S.	17,500,000	0.0067
	CHU, BERNARD	15,000,000	0.0057
18	CHIU, JOHNSON CHIU &/OR VICKY	15,000,000	0.0057
19	LEE, DANIEL U.	12,687,500	0.0049
20	HYDEE MANAGEMENT & RESOURCE CORP.	12,600,600	0.0048

The equity ownership on a per-class as of May 23, 2022 is as follows:

Security Class	Outstanding Shares	Percent of Total
<b>1. Common Shares</b>		
Filipino	255,094,939,310	97.6198
Alien:		
Other	6,197,401,520	2.3716
British	1,250,000	0.0005
American	13,000,000	0.0050
Chinese	8,206,250	0.0031
<b>Total</b>	<b>261,314,797,080</b>	<b>100</b>
<b>2. Preferred A</b>		
Filipino	9,365,000	76.76
Alien-other	2,835,000	23.24
<b>Total</b>	<b>12,200,000</b>	<b>100</b>
<b>3. Preferred B</b>		
Filipino	120,000	30.00
Alien-other	280,000	70.00
<b>Total</b>	<b>400,000</b>	<b>100</b>

**Dividends.** No dividends were declared in year 2021 and in previous years (2020 and 2019). 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. At the annual meeting held on September 30, 2020, approval was obtained for the strike prices for the stock option plan to be repriced, and that the authority to determine new

prices at above or below par value, be delegated to the Board of Directors under such terms and conditions as the Board of Directors may determine, subject to compliance with applicable laws, rules and regulations. 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

### a) Full fiscal year

#### 1) Financial Condition, Changes in Financial Condition and Results of Operations

Financial highlights for the years 2021, 2020 and 2019 are presented below:

	2021 (Audited)	2020 (Audited)	2019 (Audited)
Revenues	-	-	-
Net Income (Loss)	(90,961,031)	(57,882,805)	(46,854,180)
Total Assets	1,130,307,232	1,135,464,373	1,125,706,949
Total Liabilities	1,323,055,583	1,237,319,560	1,169,659,901
Net Worth	(192,748,351)	(101,855,187)	(43,952,952)
Issued & Subscribed Capital	261,314,797,080	261,314,797,080	261,314,797,080

### Results of Operations (Full Year)

#### 2021 compared to 2020

The company has posted net loss of ₱90.9 million in 2021 compared to ₱57.9 million in 2020. The higher net loss was due provision for impairment loss of inventories and interest expense. Finance Expenses of ₱66.5 million in 2021 was higher by ₱7.1 million as compared to ₱59.4 million in 2020 due to compounding interest calculation on unpaid obligation to Camarines Minerals Inc. (CMI). Finance income earned for the year 2021 arising from interest income on bank deposit.

Other income earned for the year 2021 and 2020 comes from the disposal of scrap materials.

#### 2020 compared to 2019

The company has posted net loss of ₱57.9 million in 2020 compared to ₱46.9 million in 2019. The higher net loss was due provision for impairment loss of VAT and interest expense.

Finance Expenses of ₱59.5 million in 2019 was higher by ₱10.9 million as compared to ₱48.6 million in 2019 due to compounding interest calculation on unpaid obligation to Camarines Minerals Inc. (CMI).

Finance income earned for the year 2019 arising from interest income on bank deposit.

Other income earned for the year 2020 of comes from the disposal of scrap materials and NIL in 2019.

### **2019 compared to 2018**

The company has posted net loss of ₱46.9 million in 2019 compared to ₱59.1 million in 2018. The lower net loss was due to unrealized foreign exchange gain recognized in 2019 and a loss in 2018, some administrative cost incurred was capitalized part of exploration cost.

Finance Expenses of ₱48.6 million in 2019 was slightly higher by ₱1.3 million as compared to ₱47.3 million in 2018 due to compounding interest calculation on unpaid obligation to Camarines Minerals Inc. (CMI).

Finance income earned for the year 2019 arising from interest income on bank deposit.

Other income earned for the year 2018 of comes from the disposal of scrap materials and NIL in 2019.

### **Financial Condition (Full year)**

#### **2021 compared to 2020**

As shown in the financial statements, the Company has incurred capital deficiency of ₱192.7 million and ₱101.9 million as at December 31, 2021 and 2020, respectively resulting from cumulative losses of ₱2,826.5 million and ₱2,735.6 million as at December 31, 2021 and 2020, respectively. Also, the Company's current liabilities exceeded its current assets by ₱1,320.9 million and ₱1,218.6 million, respectively. Net cash flows used in operating activities amounted to ₱13.1 million, ₱2.2 million in 2021, 2020, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and, therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business. 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.

Cash requirement for years 2021, 2020 were principally financed by loans, advances from related parties and disposal of site scrap materials.

The Company's total current liabilities of ₱1,322.2 million as of December 31, 2021, of which, ₱301.9 million was due to related parties for loans and advances, interests, and dividends and other liabilities, and the balance are due to suppliers and other creditors as disclosed in Note 10 of 2021 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 2021 Audited Financial Statements.

#### **2020 compared to 2019**

As shown in the financial statements, the Company has incurred capital deficiency of ₱101.9 million and ₱44.0 million as at December 31, 2020 and 2019, respectively resulting from cumulative losses of ₱2,735.6 million and ₱2,677.7 million as at December 31, 2020 and 2019, respectively. Also, the Company's current liabilities exceeded its current assets by ₱1,218.6 million and ₱1,144.6 million,

respectively. Net cash flows used in operating activities amounted to ₱2.2 million, ₱3.8 million and ₱6.7 million in 2020, 2019 and 2018, 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, therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business. 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.

Cash requirement for years 2020 and 2019 were principally financed by loans, advances from related parties and from disposal of scrap materials.

The total assets amounted to P1,135.4 million and P1,125.7 million as of December 31, 2020 and 2019, respectively. Increase in total assets was due to reclassification of exploration expenses to Deferred Exploration Cost under property, plant and equipment in 2020.

The Company's total current liabilities of ₱1,237.3 million as of December 31, 2020, of which, ₱283.1 million was due to related parties for loans and advances, interests, and dividends and other liabilities, and the balance are due to suppliers and other creditors as disclosed in Note 10 of 2020 audited Financial statements.

### **2019 compared to 2018**

As shown in the financial statements, the Company has incurred a capital deficiency of P43.5 million and nil resulting from cumulative losses of P2,677.7 million and P2,630.9 as at December 31, 2019 and 2018, respectively. As at December 31, 2019 and 2018, the company's current liabilities exceeded its current assets by P1,144.6 million and P1,088.7 million, respectively. Net cash flow used in operating activities amounted to P3.8 million and P6.6 million, 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, therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business. 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.

Cash requirement for years 2019 and 2018 were principally financed by loans, advances from related parties and from disposal of scrap materials.

The total assets amounted to P1,125.7 million and P1,116.4 million as of December 31, 2019 and 2018, respectively. Increase in total assets was due to reclassification of exploration expenses to Deferred Exploration Cost under property, plant and equipment in 2019.

Company's total liabilities amounted to P1,169.7 million and P1,113.3 million as at December 31, 2019 and 2018, respectively. Increased in liabilities was brought about by related party advances and accrual of interest on loans and advances.

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 2021 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”.

Management’s plans to address the liquidity and going concern issues are discussed under “Plan of Operations”.

The gold price decrease by 4% in 2021 as compared to the same period in 2020. Gold was traded in the London Metal Exchange (“LME”) with a closing price of USD per Oz of US\$1,820.10 at the end of 2021 as compared to US\$1,891.10 in 2020 and US\$1,523.00 in 2019. The gold price reached an all-time high of US\$2,017.15.00 in March 2022. The outlook for gold remains bullish, as it continues to provide a hedge against weakness in fiat currencies.

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, except for the implementation of the approved exploration work program for the period two years starting from August 24, 2018.
- 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, 2020 to December 31, 2021 in one or more line items of the financial statements *except* for the following:

1. Increase in Accrued interest & other current liabilities by ₱67.2 million mainly due to the accrual of interest charges for the year 2021 including interest/dividends on Class A preferred shares.
2. Increase in Advances from related parties by ₱18.7 million.
3. 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 2021 compared to 2020.

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 I. 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.

The top key performance indicators of the Company and its majority-owned subsidiary are as follows:

<b>Ratios</b>	<b>Formula</b>	<b>31-Dec 2021</b>	<b>31-Dec 2020</b>	<b>31-Dec 2019</b>
Current Ratio		<b>0.001</b>	<b>0.0142</b>	<b>0.0206</b>
	Current Assets/ Current Liabilities	₱ 1,304,340 ₱ 1,322,211,822	₱ 17,545,555 ₱ 1,236,189,011	₱ 24,104,427 ₱ 1,168,671,920
Quick Ratio		<b>0.0007</b>	<b>0.0002</b>	<b>0.0008</b>
	Current Asset- Inventory-Prepaid/ Current Liabilities	₱ 888,091 ₱ 1,322,211,822	₱ 206,278 ₱ 1,236,189,011	₱ 980,770 ₱ 1,168,671,920
Solvency Ratio		<b>0.8543</b>	<b>0.9178</b>	<b>0.9624</b>
	Total Assets/ Total Liabilities	₱ 1,130,307,232 ₱ 1,323,055,583	₱ 1,135,464,373 ₱ 1,237,189,011	₱ 1,125,706,949 ₱ 1,169,659,901
Debt Ratio		<b>1.17</b>	<b>1.09</b>	<b>1.04</b>



	Total Liabilities/ Total Assets	₱ 1,323,055,583 ₱ 1,130,307,232	₱ 1,237,189,011 ₱ 1,135,464,373	₱ 1,169,659,901 ₱ 1,125,706,949
Debt to equity ratio		<b>-6.86</b>	<b>-12.15</b>	<b>-26.61</b>
	Total liabilities/ Stockholders' equity	₱ 1,323,055,583 ₱ -192,748,351	₱ 1,237,189,011 ₱ -101,855,187	₱ 1,169,659,901 ₱ -43,952,952
Equity to debt ratio		<b>-0.15</b>	<b>-0.08</b>	<b>-0.04</b>
	Stockholders' equity/ Total liabilities	₱ -192,748,351 ₱ 1,323,055,583	₱ -101,855,187 ₱ 1,237,189,011	₱ -43,952,952 ₱ 1,169,659,901
Asset to equity ratio		<b>-5.86</b>	<b>-11.15</b>	<b>-25.61</b>
	Total Assets Stockholders' equity/	₱ 1,130,307,232 ₱ -192,748,351	₱ 1,135,464,373 ₱ -101,855,187	₱ 1,125,706,949 ₱ -43,952,952
Interest coverage ratios		<b>-0.37</b>	<b>0.03</b>	<b>0.04</b>
	Earnings (loss) before interest & taxes Interest Expense	₱ -24,435,559 ₱ 66,525,472	₱ 1,563,334 ₱ 59,446,139	₱ 1,738,031 ₱ 48,592,211
Book value per share		<b>-0.00074</b>	<b>-0.00039</b>	<b>-0.00017</b>
	Stockholders' equity/ Total # of shares	₱ -192,748,351 261,314,797,080	₱ -101,855,187 261,314,797,080	₱ -43,952,952 261,314,797,080
Loss per share		<b>0.00035</b>	<b>0.00022</b>	<b>0.00018</b>
	Net loss/ Total # of shares	₱ 90,961,031 261,314,797,080	₱ 57,882,805 261,314,797,080	₱ 46,854,180 261,314,797,080

The change in key indicators as of December 31, 2021, and as compared to the same period in 2020 and 2019 was noted in decreasing order in all areas due to year-on-year reported net loss on operation.

### **Interim Results of Operation**

Comparative financial highlights for the first quarter ending March 31, 2022 and March 31, 2021 and for the year ended December 31, 2021 are presented below:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>
Revenues	-	-	-
Net Income (Loss)	(22,315,374)	(46,854,180)	(19,431,651)
Total Assets	1,131,802,719	1,130,307,232	1,136,633,714
Total Liabilities	1,346,866,444	1,323,055,583	1,258,319,820
Net Worth	(215,063,725)	(192,748,351)	(121,686,106)
Issued & Subscribed Capital	261,314,797,080	261,314,797,080	261,314,797,080

#### **Results of Operations (March 31, 2021 vs. March 31, 2020)**

The Company has no operating income earned for the period end March 31, 2022 and March 31, 2021 and sustained a net loss of P22.3 million and P19.4 million, respectively. The higher net loss was due to increase in accrued interest expense on outstanding loans, unrealized foreign currency loss due to further depreciation of peso against US dollar and mine site and head office administrative expenses

General and administrative expenses of P2.6 million and P3.1 million were incurred for the period ending March 31, 2022 and March 31, 2021, respectively.

The finance expenses for the period ending March 31, 2022 was up by P1.8 million compared to the same period in 2021 of P15.6 million due to compounded interest calculation on Camarines Minerals Inc., past due obligation.

Restatement of foreign currency denominated liabilities for the period ending March 31, 2022 resulted into a foreign exchange loss of P2.3 million due to peso depreciation from P50.774 (12.31.21) to P51.96 (03.31.22).

#### **Financial Condition (March 31, 2021 vs. December 31, 2020)**

The Company has total assets of P1,131.8 million and P1,130.2 million as of March 31, 2022 and December 31, 2021, respectively. The increase was due to cash advances from related party offset by payment of current operating expenses.

Total current liabilities of P1,346.0 million and P1,322.2 million for the period ending March 31, 2022 and December 31, 2021, exceeded its current assets by P1,343.3 million and P1,320.9 million, respectively. The increase was mainly due to interest accrual and other payables and related party transaction.

The Company has a capital deficiency of P205.1 million and P192.7 million resulting from cumulative losses of P2,848.9 million and P2,826.6 for the period March 31, 2022 and December 31, 2021, respectively.

The loans and advances due to a related party are covered by promissory notes subject to automatic roll over every ninety (90) days with interest accrued in the books. Due to the suspension of mining and milling operations and limited sources of funds, the Company failed to meet payments within the stated terms to majority of its suppliers, contractors and creditors. However, the Company has been continuously paying the accounts that relates to its current working capital requirement, and the old accounts due to its suppliers, contractors and creditors remain unchanged. The internal and external sources of funds and the courses of action that the Company plans to undertake to address the

liquidity problem are discussed under “Plan of operations for the year 2021”. The gold price as of March 31, 2022 significantly increased by six percent (6%) from December 31, 2021 and fourteen percentage (14%) year-on-year ending March 31, 2021. The gold (Au) was traded in the London Metal Exchange (“LME”) with a closing price of US\$1,924.10/oz; US\$1,820.10/oz and US\$1,685.35/oz for period ending March 31, 2022, December 31, 2021 and March 31, 2021 respectively. For the quarter ending 31 March 2022 gold price reached an all-time high of US\$2,017.15 on March 9, 2022.

Inasmuch as the Company’s mining and milling operations are still suspended, the key performance indicators of the Company as of March 31, 2022 as compared to March 31, 2021 are as follows:

Ratios	Formula	March 31 2022	March 31 2021
Current Ratio	Current Assets/	P 2,737,017	P 18,760,206
	Current Liabilities	P 1,346,022,683	P 1,257,189,271
Quick Ratio		<b>0.0017</b>	<b>0.0010</b>
	Current Asset-Inventory-Prepaid/	P 2,235,573	P 1,219,220
	Current Liabilities	P 1,346,022,683	P 1,257,189,271
Solvency Ratio		<b>0.8403</b>	<b>0.9033</b>
	Total Assets/	P 1,131,802,719	P 1,136,633,714
	Total Liabilities	P 1,346,866,444	P 1,258,319,820
Debt Ratio		<b>1.19</b>	<b>1.11</b>
	Total Liabilities/	P 1,346,866,444	P 1,258,319,820
	Total Assets	P 1,131,802,719	P 1,136,633,714
Debt to equity ratio		<b>(6.26)</b>	<b>(10.34)</b>
	Total liabilities/	P 1,346,866,444	P 1,258,319,820
	Stockholders' equity	P (215,063,725)	P (121,686,106)
Equity to debt ratio		<b>(0.16)</b>	<b>(0.10)</b>
	Stockholders' equity/	P (215,063,725)	P (121,686,106)
	Total liabilities	P 1,346,866,444	P 1,258,319,820
Asset to equity ratio		<b>(5.26)</b>	<b>(9.34)</b>
	Total Assets	P 1,131,802,719	P 1,136,633,714
	Stockholders' equity/	P (215,063,725)	P (121,686,106)
Interest coverage ratios		<b>(0.28)</b>	<b>(0.24)</b>
	Earnings (loss) before interest & taxes	P (4,849,466)	P (3,786,698)
	Interest Expense	P 17,465,908	P 15,644,953
Book value per share		<b>(0.00082)</b>	<b>(0.00047)</b>
	Stockholders' equity/	P (215,063,725)	P (121,686,106)
	Total # of shares	261,314,797,080	261,314,797,080
Loss per share		<b>0.00009</b>	<b>0.00007</b>
	Net loss/	P 22,315,374	P 19,431,651
	Total # of shares	261,314,797,080	261,314,797,080

The change in key indicators as of March 31, 2022 as compared to March 31, 2021 are as follows;

Decrease in Current and Solvency Ratio year-on-year ending March 31, 2022 due to a reclassification of accounts receivables from current asset to non-current asset, an increase in cash and cash equivalents and related party transaction liability due to related party cash advances; Decrease in Debt-to-Equity, Equity-to-Debt, Asset-to-Equity and Interest Coverage Ratio due to increase in total liabilities and increase in net capital deficiencies.

The key performance indicators of the Company as of March 31, 2022 as compared to December 31, 2021 are as follows:

Ratios	Formula	March 31 2022	December 31 2021
Current Ratio		<b>0.0020</b>	<b>0.001</b>
	Current Assets/ Current Liabilities	P 2,737,017 P 1,346,022,683	P 888,091 P 1,322,211,822
Quick Ratio		<b>0.0017</b>	<b>0.0007</b>
	Current Asset-Inventory-Prepaid/ Current Liabilities	P 2,235,573 P 1,346,022,683	P 888,092 P 1,322,211,822
Solvency Ratio		<b>0.8403</b>	<b>0.8543</b>
	Total Assets/ Total Liabilities	P 1,131,802,719 P 1,346,866,444	P 1,130,307,232 P 1,323,055,583
Debt Ratio		<b>1.19</b>	<b>1.17</b>
	Total Liabilities/ Total Assets	P 1,346,866,444 P 1,131,802,719	P 1,323,055,583 P 1,130,307,232
Debt to equity ratio		<b>(6.26)</b>	<b>(6.86)</b>
	Total liabilities/ Stockholders' equity	P 1,346,866,444 P (215,063,725)	P 1,323,055,583 P (192,748,351)
Equity to debt ratio		<b>(0.16)</b>	<b>(0.15)</b>
	Stockholders' equity/ Total liabilities	P (215,063,725) P 1,346,866,444	P (192,748,351) P 1,323,055,583
Asset to equity ratio		<b>(5.26)</b>	<b>(5.86)</b>
	Total Assets Stockholders' equity/	P 1,131,802,719 P (215,063,725)	P 1,130,307,232 P (192,748,351)
Interest coverage ratios		<b>(0.28)</b>	<b>(0.37)</b>
	Earnings (loss) before interest & taxes Interest Expense	P (4,849,466) P 17,465,908	P (24,435,559) P 66,525,472
Book value per share		<b>(0.00082)</b>	<b>(0.00074)</b>
	Stockholders' equity/ Total # of shares	P (215,063,725) 261,314,797,080	P (192,748,351) 261,314,797,080
Loss per share		<b>0.00009</b>	<b>0.00035</b>
	Net loss/ Total # of shares	P 22,315,374 261,314,797,080	P 90,961,031 261,314,797,080

The change in key indicators as of March 31, 2022 as compared to December 31, 2021 are as follows;

An increase in current and quick ratio for the quarter ending March 31, 2022 compared to December 31, 2021 due to increase in cash and cash equivalent in the current asset because of related party cash advances and seen a decrease in all other areas due to an increase in current liabilities brought about by accrual of interest on CMI payables and cash advances from related party transaction and increase in capital deficiencies due to net operating loss for the period ended March 31, 2022.

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 March 31, 2022 reflect foreign exchange loss on the Company's dollar denominated accounts.

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

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

2. There are NO events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
3. There are NO material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
4. There are NO material commitments for capital expenditures.
5. There are NO known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
6. There are NO significant elements of income or loss that did not arise from the Company's continuing operations.

7. There were NO seasonal or cyclical aspects that have or had a material effect on the financial condition or results of operations of the Company.

#### Plan of Operations

- A. The plan of operations for the year 2022 covers the following activities:
  - a. In October 2020, the company completed the exploration work program by drilling 3 holes, totaling 604.9 meters east-southeast of the Bula-ay small scale mining area. These holes were to check the up-dip continuity of Baluarte Vein and San Antonio Vein (between level 200 and level 400) above the ultramafic granodiorite contact. On February 4, 2021, the Company filed a Declaration of Mining Project Feasibility (DMPF) prior to the expiration of exploration permit on Feb 19, 2021 to Mines and Geosciences Bureau Regional Office No. 5 (MGB 5). The application underwent the normal evaluation process and the same was endorsed to the MGB Central Office in April 2022 for evaluation. The Company will work closely with the MGB in order to comply with all the mandatory requirements.
  - b. The Company will work on getting the financing requirement needed to comply all the mandatory requirement for DMPF and later the Mineral Processing Sharing Agreement application either by external sources or internal sources.
  - c. The Company intends to address and mitigate the impact of net loss to equity in the financial statements by renegotiating current loan obligations.

#### 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, former 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.

In October 2020, the Company completed the exploration work program by drilling of 3 holes, totalling 604.9 meters east south-east of Bula-ay mining area under EP-016-2016. These holes were to check the up-dip continuity of Baluate Vein and San Antonio Vein (between level 200 and level 400) above ultramafic-granodiorite contact. On February 4, 2021, the Company file a

Declaration of Mining Project Feasibility Study (DMPF) prior to exploration permit expiration on February 19, 2021.

On April 14, 2021, President Rodrigo Roa Duterte signed Executive Order No. 130 S. 2021 Amending Section 4 of Executive Order No. 79 s. 2012 entitled “Institutionalizing and Implementing Reforms in the Philippine Mining Sector, Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mining Resources.” This Executive Order lifted the moratorium on mineral agreements, and we are hopeful that the same would pave the way for the immediate approval of the Company’s DMPF application which is presently under evaluation at the MGB Central Office.

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 March 31, 2022 consists of eight (8) regular personnel. The Company expects no significant change in the number of employees for the ensuing year unless the necessary permits have been awarded to the company and the needed funding requirements for exploration and further rehabilitation and development of the Longos Mine becomes available, in which case, a significant number of employees will be hired.

Item 21. Management’s Assessment and Evaluation of Financial Risk Exposures

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

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

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

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

## Credit Risk

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

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

As at March 31, 2022 the Company used general approach in the assessment of cash credit quality. The ECL relating to Company's cash is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.

	March 31, 2022					Total
	Neither Past Due Nor Impaired		Past Due But		Total	
	High Grade	Standard Grade	Not Impaired	Impaired		
Cash in bank*	2,235,573		0	0	0	2,235,573
<b>Total credit risk exposure</b>	<b>2,235,573</b>		-	-	-	<b>2,235,573</b>

	December 31, 2021					Total
	Neither Past Due Nor Impaired		Past Due But		Total	
	High Grade	Standard Grade	Not Impaired	Impaired		
Cash and cash equivalents*	888,092		0	0	0	888,092
<b>Total credit risk exposure</b>	<b>888,092</b>		-	-	-	<b>888,092</b>

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

## Liquidity Risk

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

The following table summarizes the maturity profile of the Company's financial liabilities and financial assets as at March 31, 2022 and December 31, 2021, 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:



**March 31, 2022**

	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 year	Total
<b>Financial Asset:</b>					
Cash	2,235,573	0	0	0	2,235,573
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities	1,010,673,517	0	0	0	1,010,673,517
Due to related parties	309,245,222	0	0	0	309,245,222
Redeemable preferred shares	26,100,000	0	0	0	26,100,000
<b>Net Financial Liabilities</b>	<b>(1,346,018,739)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(1,346,018,739)</b>

**December 31, 2021**

	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 year	Total
<b>Financial Asset:</b>					
Cash	888,092	0	0	0	888,092
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities	994,235,627	0	0	0	994,235,627
Due to related parties	301,872,251	0	0	0	301,872,251
Redeemable preferred shares	26,100,000	0	0	0	26,100,000
<b>Net Financial Liabilities</b>	<b>(1,322,207,878)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(1,322,207,878)</b>

**Foreign Exchange Risk**

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

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

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

As at March 31, 2022 and December 31, 2021, the exchange rate of ₱ to the \$ is ₱51.96 and ₱ 50.774, respectively.

	March 31, 2022		December 31, 2021	
	USD	PHP	USD	PHP
Accrued interest and other current liabilities	1,921,528	99,842,595	1,921,528	97,563,663
Other current liabilities	17,399	904,052	17,399	883,417

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

	Change in exchange rate	
	\$ strengthens by 5%	\$ weakens by 5%
Increase (decrease) in income before income tax and equity		
<b>March 31, 2022</b>	<b>(4,992,130)</b>	<b>4,992,130</b>
December 31, 2021	(4,878,183)	4,878,183

#### Fair Values of Financial Instruments

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

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

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

During the years ended March 31, 2022 and December 31, 2021 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 March 31, 2022 and year ended December 31, 2021.

Management's plans on how to address the Company's deficit in explained under Plan of Operations for 2022

The following table summarizes what the Company considers as its total capital as of March 31, 2022 and December 31, 2021.

The following table summarizes what the Company considers as its total capital as of March 31, 2021 and December 31, 2020.

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
<u>2.2.2.1</u>	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.
<u>2.2.5</u>	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 2021

Directors	Executive/ Non-Executive/ Independent	Attended Corporate Governance Seminar	Committee Membership		
			Corporate Governance & Nomination	Audit & RPT	Compensation & Remuneration
Alfredo C. Ramos	Executive Director	√			
Adrian Paulino S. Ramos	Executive Director	√		√	
Gerard Anton S. Ramos	Executive Director	√			√
Eduardo B. Castillo	Non-Executive Director	√		√	
Renato C. Valencia	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	√			

Item 22. Requirements of Section 49 of the Revised Corporation Code

**a.1) Description of the Voting and Vote Tabulation procedures used in the previous meeting (2021 Annual Stockholders' Meeting)**

In all items for approval, each voting share of stock entitles the registered owner as of the record date (May 11, 2021) to one vote:

In the election of directors, straight and cumulative voting was allowed. Each stockholder voted such number of shares for as many persons as there are directors to be elected, but he is entitled to cumulate the shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or to distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

After successful registration at the Annual Stockholders' Meeting, each stockholder was provided with an electronic ballot to vote on each item or proposal in the Agenda. All votes were counted and tabulated by the Electronic Committee composed of representatives from the Office of the Corporate Secretary.

Registration for the annual stockholders' meeting and tabulation of votes were conducted in the following manner:

- (1) Registration commenced by the filing of a scanned or digital copy of the completed Registration Form together with other required documents to [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) beginning July 7, 2021 at 8:00 am until July 21, 2021 at 5:00pm.
- (2) The stockholder had the option to either vote in absentia, in which case the stockholder had to complete the ballot included in the Registration Form; or appointed the Chairman of the meeting as Proxy.
- (3) Upon validation by the Company, the stockholder received an email confirming their valid registration which shall also contained the link to the live webcast of the Meeting.
- (4) The Proxy Validation Committee tabulated all votes received through the Proxy or in absentia, and an independent third party validated the results.
- (5) Some Stockholders who notified the Company of their intention to attend the meeting remotely voted in advance and some during the meeting through the link provided to their email address. Votes were subjected to validation of an independent third party.

**2.) Description of the Opportunity given to Stockholders to ask questions and a record of the questions asked and answers given**

Stockholders were given the opportunity to send their questions and/or comments during the meeting by email to [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) with subject "ASM Question/Comment". Stockholders who participated in the Meeting sent their questions before the meeting. There has been no question received by the moderator.

**(3) Matter discussed and resolutions reached**

1. Approval of the Minutes of the 30 September 2020 Annual Stockholders' Meeting

It has been moved and seconded that the reading of the Minutes of the last Annual Stockholders' Meeting be dispensed with and to approve the same without reading.

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

2. Approval of the Company's Management Report

It has been moved and seconded that the Management Report, Annual Report and Financial Statements for 2020 be noted and approved.

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

3. Approval of Acts and Resolutions of the Board of Directors and Management

It has been moved and seconded that all acts and resolutions of the Board of Directors and its Committees, as well as acts of Management taken or adopted since the Annual Stockholders' Meeting last 30 September 2020 until the date of this meeting July 28, 2021, noted and approved.

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

#### 4. Appointment of Independent External Auditor

It has been moved and seconded that the auditing firm of Sycip Gorres Velayo & Co. was appointed as the Corporation's external auditors for the ensuing fiscal year.

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

#### 5. Amendment Of Articles Of Incorporation and By-Laws

The Presiding Officer then gave the floor to the Corporate Secretary to explain the matter of the amendment of the Corporation's Articles of Incorporation and the By-laws.

After discussion and upon motion made and seconded, the matter of amendment to the Corporation's Articles of Incorporation were unanimously approved and adopted, as follows:

**"RESOLVED**, as it is hereby resolved that Article II, of the Corporation's By-Laws be amended:

##### **ARTICLE II: THE BOARD OF DIRECTORS**

1.1.a. The **Corporate Governance and Nomination Committee** shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Corporation's information or proxy statement or such other reports required to be submitted to the Securities and Exchange Commission (the "SEC");

1.1. b. Nomination of independent director/s shall be conducted by the **Corporate Governance and Nomination Committee** prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees;

1.1. c. The **Corporate Governance and Nomination Committee** shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s;

1.1. d. After the nomination, the **Corporate Governance and Nomination Committee** shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV(A) and (C) of Annex “C” of SRC Rule 12, which list, shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Corporation is required to submit to the SEC. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee;

“**RESOLVED**, as it is hereby resolved that Article III, of the Corporation’s By-Laws be amended:

#### **ARTICLE III: OFFICERS**

1. GENERAL - The officers of the Corporation shall consist of a Chairman of the Board, a President, **who shall also be the CEO**, one or more Vice-Presidents, a Treasurer, a Secretary, **Assistant Secretary and a Compliance Officer**, whose powers and duties shall be as hereinafter provided and as the Board of Directors may fix in conformity with the provisions of these by-laws. All officers shall be elected to their offices by a majority vote of the Board of Directors. Two or more offices may be vested in the same person whenever deemed convenient or expedient and as long as the duties of these officers are not incompatible with each other. The Board of Directors may elect such other officers (whose officers are not specifically provided by these By-Laws) as they may deem necessary or expedient.\*

**7. COMPLIANCE OFFICER - The Compliance Officer, who shall be a citizen and resident of the Philippines, shall be elected by the Board of Directors. S/he is a member of the Company’s management team in charge of the compliance function. Similar to the Corporate Secretary, s/he is primarily liable to the Company and its shareholders, and not to the Chairman or President of the Company, although s/he holds office at the pleasure of the Board.**

**8. COMPENSATION** – All officers shall receive such salaries or compensation as may be fixed by the Board of Directors.

**9. VACANCIES AND DELEGATION OF OFFICERS** – If the office of the Chairman of the Board, President, one or more Vice-President(s), Secretary or Treasurer, becomes vacant by death, resignation or otherwise, the Board of Directors, by a majority vote, may choose a successor who shall hold office for the unexpired term.

“**RESOLVED**, as it is hereby resolved that Article VII, of the Corporation’s By-Laws be amended:

#### **ARTICLE VII: STOCKHOLDER’S MEETING**

1. PLACE – All meetings of the stockholders shall be held at the municipality where the principal office of the Corporation is located **or via remote communication.**

4. VOTING – Voting upon all questions at all meetings of the stockholders shall be by shares of stock. **Stockholders may vote in person or through remote communication or voting in absentia.**

5.  
(second paragraph)

Written notice of the annual meeting of the Corporation shall be sent to each registered stockholder **by mail or electronic mail or publication**, at least ten (10) days prior to the date of such meeting, waiver of such notice may only be made in writing.

#### 6. Election of Directors

Upon their nominations, duly seconded, the following were duly elected directors for the term 2021-2022, to serve as such until their successors are duly elected and qualified under the by-laws of the Corporation.

1. **ALFREDO C. RAMOS**
2. **GERARD ANTON S. RAMOS**
3. **ADRIAN PAULINO S. RAMOS**
4. **PRESENTACION S. RAMOS**
5. **MAUREEN ALEXANDRA S. RAMOS-PADILLA**
6. **EDUARDO B. CASTILLO**
7. **CHRISTOPHER M. GOTANCO**
8. **JOHN PETER C. HAGER (ID)**
9. **RENATO C. VALENCIA (ID)**

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

##### 1. Record of Voting results for each agenda item

There were 229,990,119,227 votes from stockholders owning or representing 84.57% of the outstanding capital stock of the Company entitled to vote, in favor of the approval of the minutes of the Annual Stockholders' Meeting held on July 28, 2021,.

There were 229,990,119,227 votes from stockholders owning or representing 84.57% of the outstanding capital stock of the Company entitled to vote, in favor of the approval of the Company's Annual Report and Audited Consolidated Financial Statements for the year ending December 31, 2020, as presented.

There were 229,990,119,227 votes from stockholders owning or representing 84.57% of the outstanding capital stock of the Company entitled to vote, in favor of the Minutes of the meetings, and all acts and resolutions taken or adopted by the Board of Directors, Board Committees and Management since the Annual Meeting of Stockholders on 30 September 2020 up to the date of the 2021 Annual Stockholders' Meeting.

There were 229,990,119,227 votes from stockholders owning or representing 84.57% of the outstanding capital stock of the Company entitled to vote, in favor of the appointment of the Sycip Gorres Velayo & Co. as external auditor of the Company for fiscal year 2021.



There were 229,990,119,227 votes from stockholders owning or representing 84.57% of the outstanding capital stock of the Company entitled to vote, in favor of the nine (9) elected Board of Directors of the Company, to serve as such beginning September 30, 2020 and until their successors are elected qualified:

1. **ALFREDO C. RAMOS**
2. **GERARD ANTON S. RAMOS**
3. **ADRIAN PAULINO S. RAMOS**
4. **PRESENTACION S. RAMOS**
5. **MAUREEN ALEXANDRA S. RAMOS-PADILLA**
6. **EDUARDO B. CASTILLO**
7. **CHRISTOPHER M. GOTANCO**
8. **JOHN PETER C. HAGER (ID)**
9. **RENATO C. VALENCIA (ID)**

**7. A. List of Directors or trustees, officers and stockholders or members who attended the meeting:**

Directors

1. Mr. Alfredo C. Ramos
2. Ms. Presentacion S. Ramos
3. Mr. Adrian Paulino S. Ramos
4. Mr. Gerard Anton S. Ramos
5. Ms. Maureen Alexandra Ramos-Padilla
6. Mr. Christopher M. Gotanco
7. Mr. Eduardo B. Castillo
8. Mr. John Peter C. Hager (Independent Director)
9. Mr. Renato C. Valencia (Independent Director)

Officers

10. Mr. Gerard Anton S. Ramos
11. Mr. Adrian Paulino S. Ramos
12. Atty. Iris Marie U. Carpio-Duque
13. Atty. Deborah S. Acosta-Cajustin
14. Mr. Gilbert V. Rabago
15. Atty. Adrian S. Arias

Stockholders

16. Ms. Rosenda R. Rosaria
17. Ms. Nenita M. Sison

**7. B) List of Material Information on the current stockholders, and their voting rights**

A complete list of registered Stockholders as of May 23, 2022 was submitted to the PSE & SEC.

### *Voting Right and Right to Participate at Stockholders Meeting*

- i. In all items for approval, each share of stock entitles its registered owner as of the record date to one vote.

Voting shall be by poll and the Company shall provide the mechanism to implement the same at every stockholders' meeting.

- ii. For the election for directors, every stockholders' shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or distributing such votes on the same principle among any number of candidates.
- iii. The stockholders shall also have an opportunity during the stockholders' meeting to ask questions and raise their issues relevant to the agenda items. The minutes of the meeting shall record the shareholders questions and corresponding answers given by the directors and officers of the Company.
- iv. The Board encourages active shareholder participation by making the result of the voted taken during the most recent Annual or Special Shareholders' Meeting publicly available. In addition, the Minutes of the Annual and Special Shareholders' Meeting is also made available on the Company website within five (5) business days from the end of the meeting.

### **7. C) Directors' Training and Continuing Education**

The Company holds annual Corporate Governance seminars for its Directors and Officers. Due to the pandemic, the Company had its online webinar on September 14, 2021, with training provider Risk, Opportunities, Assessment and Management (ROAM), Inc. ROAM conducted a webinar on Corporate Governance in Pandemic – Global and Regional Trends (America, Europe, Asia-Pacific) with Corporate Governance Updates.

The following Directors attended the seminar:

Mr. Alfredo C. Ramos  
Ms. Presentacion S. Ramos  
Mr. Adrian Paulino S. Ramos  
Mr. Gerard Anton S. Ramos  
Ms. Maureen Alexandra Ramos-Padilla  
Mr. Christopher M. Gotanco  
Mr. Eduardo B. Castillo  
Mr. Renato C. Valencia  
Mr. John Peter C. Hager

#### 7. D) Directors Attendance Report

Director	No. of Meetings	% of Attendance
1. Alfredo C. Ramos	8	100%
2. Presentacion S. Ramos	8	100%
3. Maureen Alexandra Ramos-Padilla	8	100%
4. Gerard Anton S. Ramos	8	100%
5. Adrian Paulino S. Ramos	8	100%
6. . Christopher M. Gotanco	8	100%
7. Eduardo B. Castillo	8	100%
8. Renato C. Valencia	8	100%
9. John Peter C. Hager	8	100%

Total number of meetings for the year 2021: eight (8)

#### 7. E) Appraisals and performance report for the board and the criteria and procedure for assessment.

The company recognizes that in order to sustain good corporate governance within the organization, the same sound culture must be upheld and cultivated from the top. It is therefore of paramount importance to monitor the governance structure and performance of the Board of Directors (the Board) and top management according to their roles, responsibilities and accountabilities.

It has been the policy and practice of the Company for its Board to conduct an Annual Self-Assessment exercise through a questionnaire given to each Director at the last regular meeting for the year, for the purpose of evaluating the performance of the Board that year and the effectiveness of the Company's governance processes, and seeking ways to improve such performance.

The Company continually review this assessment process to take into consideration leading practices in corporate governance. The self-rating form had been revised to cover appraisal of the Board as a governing unit, of individual directors, of the different Board Committees, and of management including the President.

The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each director, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflects the specific duties, responsibilities, accountabilities of each party assessed as provided in the Company's By-Laws, Manual on Corporate Governance, Board Committee Charters and government policies.

Moreover, the questionnaire allows the Director to provide the comments and suggestions to further enrich the assessment process. In case clarification is needed on this policy and the performance assessment exercise, the Board addresses their queries to the Compliance Officer.

Facilitated by the Corporate Secretary, the annual self-rating form is required to be accomplished and signed by each individual director, the submitted to the Office of the Corporate Secretary within 30 days from receipt of the form.

The Corporate Secretary collates the results of the assessment and reports the same to the Board at a subsequent regular meeting prior to the annual stockholders' meeting. The self-rating form may be further amended by the Office of the Corporate Secretary as deemed necessary, provided that the form remains compliant with the sound corporate governance standards and practices applicable law.

**7. F) Directors' disclosures on self-dealing and related party transactions.**

There were no transactions with Directors, Officers or any principal stockholders (owning at least 10% outstanding shares of the Company) that are not in the ordinary course of business of the Company. No related party transactions were entered into by any Director in 2021 that required review by the Audit and Related Party Transaction Committee and further approval by the Board in accordance with the RPT Policy of the Company. There have been no complaints, disputes or problems regarding related party transactions of the Company. The Company observes an arm's length policy in its dealings with related parties.

**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  
6<sup>th</sup> 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 June 16, 2022.

**UNITED PARAGON MINING CORPORATION**

**BY:**



**IRIS MARIE U. CARPIO-DUQUE**  
Corporate Secretary  
Mandaluyong City, Philippines

Date: June 16, 2022

## ANNEX "A"

### UNITED PARAGON MINING CORPORATION 2022 ANNUAL STOCKHOLDERS' MEETING GUIDELINES ON PARTICIPATION BY REMOTE COMMUNICATION

#### I. Coverage

Stockholders of **UNITED PARAGON MINING CORPORATION** (the "Company") who are unable to physically attend the Company's Annual Stockholders' Meeting on July 27, 2022 and who have: (a) appointed the Chairman of the meeting as Proxy, or (b) upon valid registration chose to electronically vote in absentia after advising the Company of their intention to attend the Meeting remotely.

#### II. Registration

1. **Who may Register** – Stockholders of Record as of May 23, 2022.
2. **When to Register**- Registration period for Stockholders who intend to appoint the Chairman as Proxy, or to electronically vote in absentia shall start on July 6, 2022 at 8:00 am until July 20, 2022 at 5:00 pm, Philippine time ("Registration Period"). Beyond this date, Stockholders may no longer avail of the option to electronically vote in absentia.
3. **How to Register** - The Shareholder must send a scanned or digital copy of their Registration Form, herein attached, together with the following documents to the email address [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) within the Registration Period, for validation.

##### Individual Stockholders–

- a. A recent photo of the Stockholder, with the face fully visible.
- b. Scanned or digital copy of the front and back portions of the Stockholder's valid government-issued identification card, preferably with residential address.
- c. Contact details

##### Stockholders with Joint Accounts –

- a. Scanned or digital copy of authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account.
- b. A recent photo of the authorized Stockholder, with the face fully visible.
- c. Scanned or digital copy of the front and back portions of the authorized Stockholder's valid government-issued identification card, preferably with residential address.
- d. Contact details of the authorized Stockholder.

##### Broker Accounts –

- a. Scanned or digital copy of broker's certification on the Stockholder's number of shareholdings.
- b. A recent photo of the Stockholder, with the face fully visible.
- c. Scanned or digital copy of the front and back portions of the Stockholder's valid government-issued identification card, preferably with residential address.
- d. Contact details.

##### Corporate Stockholders –

- a. Scanned or digital copy of signed secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation.

- b. A recent photo of the stockholder's representative, with the face fully visible.
- c. Scanned or digital copy of the front and back portions of the valid government issued identification card of the Stockholder's representative, preferably with residential address.
- d. Contact details of the Stockholder's representative. Stockholders with incomplete requirements will not be able to register online and vote electronically in absentia, but may still vote by sending a proxy (appoint the Chairman of the Company as proxy) to the Annual Stockholders' Meeting.

#### 4. **Validation of Registration.**

The validation of the Stockholder's Registration Form shall be completed by the Company within three (3) business days from receipt thereof.

The Company will send an email confirming successful validation of the Stockholder's registration. Please note that submission of incomplete or inconsistent information may result in an unsuccessful registration.

The Registration Form can be accessed and downloaded at our website

<http://www.unitedparagon.com/>

Note: In light of the recent events and government pronouncements and guidelines surrounding the COVID-19 pandemic, the Company shall allow electronic signature for the required documents, as applicable. Notarization requirement shall also be dispensed with at this time. However, the Company reserves the right to request additional information, and original signed and notarized copies of these documents at a later date, as it deems necessary.

### III. **Right to Vote**

#### 1. **The Stockholder Appointing the Chairman as Proxy:**

Stockholders may give the Chairman, as Presiding Officer, the authority to vote in all matters for approval, by appointing the Chairman as Proxy in the Stockholders' Registration Form.

#### 2. **The Stockholder Votes in Absentia:**

- a. For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.
- b. For the Election of Directors, the registered Stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

The votes cast in absentia will have equal effect as votes cast by proxy.

#### 5. **Stockholder Participating through Remote Communication:**

Stockholders participating through remote communication may either vote prior to or during the Annual Stockholders' Meeting provided they have validly registered within the Registration Period.

Upon successful registration, Registered Stockholders will receive an electronic mail containing the link they can access to cast their votes. For verification, the Registered Stockholder will have to fill in their data and certify their information on the link provided. The Stockholder may edit their votes but once the Registered Stockholder clicks the Submit button, votes are irreversible.

#### **IV. Tabulation & Validation of Votes in Absentia or by Proxy**

The Proxy Validation Committee will tabulate all votes received through Proxy or in absentia, and an independent third party will validate the results. Stockholders who register and vote are hereby deemed to have given their consent to the collection, use storing, disclosure, transfer sharing and general processing of their personal data by the Corporation and by any other relevant third party for the purpose of electronic voting in absentia for the Annual Stockholders' Meeting and for all other purposes for which the Stockholder can cast his/her/its vote as a stockholder of the Corporation.

#### **V. Determination of Quorum**

Only those Stockholders who have notified the Company of their intention to participate in the Annual Stockholders' Meeting by remote communication, and who have successfully registered during the Registration Period, together with the Stockholders who voted by proxy or in absentia will be included in the determination of quorum.

#### **Access to the Live Meeting**

The Company will send the registered Stockholders the link to the live webcast of the Annual Stockholder's Meeting through the email confirming their successful registration or at least no later than two (2) business days prior to the date of the Meeting. Registered Stockholders may be required to download an application or register an account to access the live webcast of the meeting. For any technical assistance, Stockholders may send their questions or concerns prior to the date of the meeting via email to [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) with the subject "Technical Assistance" where our IT personnel can assist them.

#### **VII. Stockholders' Questions/Comments During the Meeting**

Stockholders may send their questions and/or comments during the meeting by email to [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) with subject "ASM Question/Comment". Stockholders who will participate in the Meeting are encouraged to send their questions, comments and motions before the meeting. Relevant questions on the agenda items will be read by the Moderator and will be answered by concerned officers during the meeting.

#### **VIII. Recording of the Annual Meeting**

Upon adjournment, the Company shall post the link to the recorded webcast of the Annual Stockholder's Meeting on the Company's website, for two (2) weeks. Within this period, Stockholders may raise with the Company any issues, clarifications and concerns on the Annual Stockholder's Meeting conducted.

#### **IX. Other Matters**

For any clarifications or other concerns, Stockholders may contact the Office of the Corporate Secretary at [unitedparagonmining@gmail.com](mailto:unitedparagonmining@gmail.com) or through telephone nos. +632 8631-5139.

**UNITED PARAGON MINING CORPORATION****LIST OF STOCKHOLDERS**

As of 5/23/2022

<b>NAME</b>	<b>SHARES ISSUED &amp; OUTSTANDING</b>
ALAKOR SECURITIES CORPORATION	199,653,850
ALPHA SECURITIES CORPORATION	500,000
ANSALDO, GODINEZ & COMPANY, INC.	5,562,500
ANSELMO TRINIDAD & CO., INC.	125,000
ASIAN CAPITAL EQUITIES, INC. A/C CMXNO129	250,000
ASIAN OCEANIC MERIT SEC., INC. FAO CHP698	25,000
AURORA SECURITIES, INC.	1,250,000
BA SECURITIES, INC.	3,625,000
BENJAMIN CO CA & COMPANY, INC.	3,145,000
CATHAY SECURITIES CO., INC. A/C#000001	2,500
CATHAY SECURITIES CO., INC. A/C#1066	500,000
CATHAY SECURITIES CO., INC. A/C#1116	5,000,000
CATHAY SECURITIES CO., INC. A/C#1130	230,250
CATHAY SECURITIES CO., INC. A/C#1343	12,500
CATHAY SECURITIES CO., INC. A/C#1621	2,500,000
CATHAY SECURITIES CO., INC. A/C#1663	300,000
CATHAY SECURITIES CO., INC. A/C#1831	1,250,000
CATHAY SECURITIES CO., INC. A/C#2598	2,500,000
CATHAY SECURITIES CO., INC. VA/C#2689	250,000
CITISECURITIES, INC.	2,500,000
CONNELL SECURITIES, INCORPORATED	6,750,000
DAVID GO SECURITIES CORPORATION	1,250,000
E. CHUA CHIACO SECURITIES, INC.	500,000
EBC SECURITIES CORPORATION	7,602,500
FEB STOCK BROKERS, INC.	350,000
FORTUNE SECURITIES, INC.	12,500
FPSC	200,000
FRANCISCO ORTIGAS SECURITIES, INC.	62,500
FRANCISCO ORTIGAS SECURITIES, INC. A/C#6586	362,500
FRANCISCO ORTIGAS SECURITIES, INC. A/C#8140	112,500
FRANCISCO ORTIGAS SECURITIES, INC. ACCOUNT NO 5750	750,000



FRANCISCO ORTIGAS SECURITIES, INC. ACCOUNT NO. 555	500,000
FRANCISCO ORTIGAS SECURITIES, INC. ACCOUNT NO. 793	217,500
G & L SECURITIES COMPANY, INC.	868,750
G.D. TAN & COMPANY, INC.	1,250,000
GENESIS GLOBAL SECURITIES, INC.	637,500
GUILD SECURITIES, INC.	2,750,000
GUILD SECURITIES, INC.	1,250,000
GUOCO SECURITIES (PHILS.), INC.	350,000
HDI SECURITIES, INC. A/C CRUZM003	500,000
HDI SECURITIES, INC. A/C VILLC001	500,000
I. ACKERMAN & COMPANY, INC.	75,000
INVESTORS SECURITIES, INC.	3,250,000
J.M. BARCELON & COMPANY, INC. SALT-001	250,000
J.M. BARCELON & COMPANY, INC. SINJ-001	1,250,000
KEPPEL SECURITIES PHILIPPINES, INC. A/C#1722	250,000
KERRY SECURITIES (PHILS.), INC. RPS01	49,250,000
MARINO OLONDRIZ Y CIA	5,550,000
MDR SECURITIES, INC.	1,500,000
MERIDIAN SECURITIES, INC. A/C 1233	250,000
MOUNT PEAK SECURITIES, INC.	125,000
ORIENTRADE SECURITIES INC.	375,000
ORTIGAS, REYES, LAT & CO., INC.	175,000
PAN ASIA SECURITIES CORPORATION	1,750,000
PIERCE INTERLINK SECURITIES, INC.	4,700,000
PNB SECURITIES, INC.	500,000
PRIME SECURITIES CORPORATION	250,000
PROBITY SEC. MGMT. CORP. FAO: ROSEMARIE FLORENDO	625,000
R. COYIUTO SECURITIES, INC.	500,000
REGINA CAPITAL DEV. CORP. 000757	2,175,000
REGINA CAPITAL DEV. CORP. 000971	1,000,000
REGINA CAPITAL DEVELOPMENT CORPORATION /000553	25,000
REGINA CAPITAL DEVELOPMENT CORPORATION A/C#000576	1,250,000
RTG & COMPANY, INC.	500,000
SAPPHIRE SECURITIES, INC.	22,500
SAPPHIRE SECURITIES, INC. (001442)	50,000

SQUIRE SECURITIES, INC.	250,000
SUMMIT SECURITIES, INC.	5,000,000
TOWER SECURITIES, INC.	2,500,000
UBP SECURITIES INC.	25,000
UY-TIOCO & COMPANY, INC. A/C#M3423-G2347-A-0	50,000
WEALTH SECURITIES, INC.	1,000,000
WESTIN SECURITIES CORPORATION	500,000
WOLFF & CO., INC.	2,529,000
YAO & ZIALCITA, INC.	946,050
YAO & ZIALCITA, INC. A/C#1081	220,600
YU & COMPANY, INC.	500,000
<b>BROKER</b>	<b>345,126,000</b>
AACTC FAO TA# 93-059	12,500
ANSI INDL PRODUCTS ELECT. SERVICES	44,100
CAMARINES MINERALS, INC.	1,252,097,050
CONQUEST LINKAGES CORPORATION	12,500
CONQUEST LINKAGES CORPORATION	12,500
HAPI ILOILO CORPORATION	1,000,000
HEIRS OF FIDEL & TERESITA REYES, INCORPORATED	3,625,000
HYDEE MANAGEMENT & RESOURCE CORP.	12,600,600
ITAMI VENTURES INTL INC.	2,950
J&T REALTY	750,000
J. L. HOLDINGS CORPORATION	6,150
LANCASTER HOLDINGS LIMITED	5,235,537,900
MARSMAN FOUNDATION INC.	50,000
NSA PHILIPPINES, INC.	500,000
PCD NOMINEE CORPORATION (F)	251,524,379,742
PCD NOMINEE CORPORATION (NF)	961,701,120
PROCURADOR GENERAL DE PADRES FRANCISCANO DE MANILA	2,000,000
RCBC TA #33-430-8	200,000
SEC ACCOUNT FAO: VARIOUS CUSTOMERS OF GUOCO SEC. (	3,890,000
THE MARSMAN FOUNDATION, INC.	8,947,500
TRADERS ROYAL BANK T/A 94-329	250,000
TRADERS ROYAL BANK TRUST ACCT #84-234	450,000
VALMORA INVESTMENT AND MANAGEMENT CORP.	80,000,000

**CORPORATION****259,088,069,612**

ABALOS, MARIETTA &/OR FRANK MARTIN ABALOS	200,000
ABELLA, ANESIA	500,000
ABESAMIS, GRACE	50,000
ABIOG, ROLANDO R.	5,000
ABRENICA, CORAZON	500
ABRUGAR, MA. JOSEFINA C.	250,000
ACAYAN, ROMMEL	12,500
ACORDA, CYNTHIA DOROTHY I.	250,000
ACOSTA, GERARDO	6,250
ACUNA, MA. CECILIA D.	125,000
ACURAM, NASSER C.	250,000
ADAY, CARLOS	200,000
ADRIANO, LEO EDESEL NUKE	500,000
AGUDO, PACITA C.	250,000
AGUINDADAO, MARCELO	750,000
AGUIRRE, PHILIP Z.	250,000
AGULAN, NORMA C.	125,000
ALBERT, RAMON A.	25,000
ALBERT, RAMON A.	25,000
ALCA, MARIO	62,500
ALCANTARA, ZENAIDA P. &/OR LUIS ALCANTARA	250,000
ALCASABAS, D. B.	12,500
ALEGIOJO, CHUCHI	250,000
ALEGRADO, EDUARDO C.	5,000,000
ALEGRE, RAMON J.	787,500
ALEJANDRIA, RENATO	125,000
ALFARO, AZUCENA V.	12,500
ALFONSO, ERLINDA I.	12,500
ALIM, NORLANDO M.	250,000
ALIM, NORLANDO M.	112,500
ALINA, FRANCISCO B.	18,750
ALMERA, ALAN F.	612,500
ALMOITE, VIRGINIA	6,250
ALPIN, CARLOS O.	8,800

ALTO, ZENOBIO P.	250,000
ALVIAR, EMILIO	12,500
AMARNANI, SANJANA ITF SHAN AMARNANI	500,000
AMARNATH HINDUJA	250,000
AMBAS, CONCHITA M.	126,400
AMBULARIO, NORBERTO E.	6,250
AMIL, JOSE	6,250
AMOGAN, CATHERINE R.	50,000
AMPARO, EDUARDO T.	145,000
AMSIWEN, NELSON	200,000
ANDAYA, ARLENE G.	125,000
ANDRADE, MA. TERESA	500,000
ANG SIOK TUAN	12,500
ANG, IDA BERNADETTE	12,500
ANG, LETECIA	250,000
ANG, RHEA UY	250,000
ANG, SUSANA UY	750,000
ANGBUETE, EUGENE LORENZO	1,750,000
ANGELES, MIGUEL &/OR OPHELIA ANGELES	1,250,000
ANGELES, REYNALDO ITF ANNA MARIE GARCES	250,000
ANGELES, VIDAL V.	250,000
ANGELES, VIDAL V.	250,000
ANGELES, VIDAL V.	475,000
ANGELES, VIVENCIO	1,850
ANGKANG, ANNIE O.	55,000
ARANTON, NOE	200,000
ARCE, JULIUS &/OR ERLINDA M.	5,000,000
ARRANZ, MARCELINA	250,000
ARRIOLA, ARIEL R.	15,000
ASPILLERA, ANTHONY	2,000,000
ATWA, MOHAMMED	200,000
AYODOC, WILFREDO	250,000
AZORES, NORMA AZORES &/OR LIGAYA	250,000
BADELLES, FELIX C.	500,000
BAHNI, JULIUS	250,000

BAINTO, PUBLITO V.	6,250
BALAGBAGAN, RUBEN F.	1,700,000
BALAGOT, MERVIN L.	500,000
BALANAY, MARIDELL A.	50,000
BALLESTEROS, EDUARDO	200,000
BALON, ALEXANDER E.	50,000
BALON, ROVIMER &/OR BEULAH	450,000
BANA, WILLIAM	200,000
BANCOD, BARBARA ESTRADA	100,000
BANDA, CLEOFE O.	25,000
BANDAL, AURELIO	125,000
BANDOJO, JESUS NOLAN B.	36,250
BANDOJO, AMADO B.	431,250
BANDOJO, JESUS NED B.	36,250
BANDOJO, JESUS NORRIEL B.	36,250
BANDOJO, MA. NALISSA	36,250
BANDOJO, MA. NANETTE B.	36,250
BANDOJO, MA. NERISSA B.	36,250
BANDOJO, MA. NOREEN B.	36,250
BANDOJO, NOEL JESUS B.	36,250
BANDOJO, NOLEE JESUS B.	36,250
BANDOJO, PERLA B.	36,250
BANZON, DANILO	6,250
BARING, IMEE RACHELLE S.	250,000
BARO, REMEDIOS	250,000
BARREIRO, MA. CECILIA C.	5,000,000
BARROZO, RAUL S.	1,500,000
BASE JR., ABRAHAM	200,000
BASTO, DOMINGO S.	6,250
BASUG, LEONARDO R.	125,000
BATANG, ARNEL C. BATANG &/OR JUDITH	250,000
BAUTISTA, DEOLANTE B.	50,000
BAUTISTA, MARIE DELL L.	125,000
BAUTISTA, MAUREEN C.	25,000
BAYGAN, ROMEO J.	200,000

BAYONA, CHARINA R.	50,000
BAYONA, KATHLEEN R.	50,000
BEATRIZ GO &/OR FELIPE BELENA	375,000
BEDASOA, MELCHORA P.	250,000
BELANDRES, JESUS	6,250
BELECINA, REMEDIOS	3,100
BELGIRA, JOSE M.	6,250
BENEDICTO, DAVID DWIGHT C.	900,000
BERBA, RAFAEL	750,000
BERNABE JR., RICARDO C.	25,000
BERNABE, NIDA	725,000
BERNARDO, JOSEPHINE S.	500
BESIN, FELIMON B.	6,250
BIANO, JANE	1,250,000
BIANO, JANE M.	500,000
BIHIS, MA. LUZ M.	18,750
BILBAO, ASUNCION R.	200,000
BILBAO, ASUNTA R.	250,000
BIN LIM	6,500
BISWATEN, EDUARDO	200,000
BOFILL, JOSE B.	6,250
BONIFACIO, CORINA V.	250,000
BONITA JR., IRENEO	125,000
BONITA, SALVADOR	125,000
BONPIN, HENRY &/OR MA. BEBOT BONPIN	250,000
BONTO, ARIEL	110,000
BOON WEE HUAN	12,500
BORJA, MA. LOURDES L.	25,000
BORROMEO JR., ELPIDIO	50,000
BRAVO, JOCELYN E.	250,000
BRIAS, VICKY M.	181,250
BUCKINGHAM, MARTIN CHARLES MICHAEL	100,000
BUENAVENTURA, ROSITA L.	250,000
BUENVENIDA, GRACE	750,000
BUMANGLAG, CONSTANTE P.	3,125,000

BUMANGLAG, CONSTANCE P.	125,000
BUSTOS, JAIME	5,000,000
CAASI, ISAURO	12,500
CABALUNA, BONIFACIO	125,000
CABIGON, ALEJANDRO Y.	125,000
CABILAN, FABIAN D.	6,250
CABURIAN, JOSE G.	341,200
CACHERO, RUBY R.	250,000
CACHIN, FELIPE	12,500
CAILAN, LEONARDO	6,250
CALAGUAS, ROSALMIRA	118,100
CALILUNG, HECTOR G.	58,000
CALILUNG, LIBRADO S.	53,000
CALLEJA, DAN A.	150,000
CALLOS, PABLO	50,000
CAMMAYO, ARTHUR	4,250,000
CANEJA, BASILISA	50,000
CANG, ANTONIO	8,000,000
CANLAS, ARMANDO	10,650
CANUTO, BETTY	750,000
CARBUNGCAL, JOSE	25,000
CARINGAL, ERNESTO M.	675,000
CARLOS, ADELAIDA ZITA R.	1,125,000
CARMEN, FILEMOM DEL	110,300
CARPO, ANITA	62,500
CARREON, ALBERTO	12,500
CARREON, ALMA M.	12,500
CARULLO, ALFREDO	50,000
CASTANEDA, ISA F.	50,000,000
CASTILLO, AVELINO	200,000
CASTILLO, EDUARDO B.	54,375,000
CASTILLO, FIDELA F.	217,500
CASTOLO, RONALDO D. &/OR RUBY K. CASTOLO	125,000
CASTRO, ANGELITO P	17,650
CASTRO, JONES R.	125,000

CASTRO, RAUL A.	12,500
CATAQUIS, WILFREDO SUZARA	250,000
CATBAGAN JR., CALIXTO C.	2,500,000
CAW, HENRY	500,000
CELIS, CARMELITA D.	125,000
CELIS, JOSE &/OR CARMELITA CELIS	125,000
CERVANTES, AMELIA	100,000
CESAR A RUBIO &/OR RENEE	1,450
CHAN, ANTHONY M.	250,000
CHAN, BENITO CHAN &/OR KINGSLEY	2,500,000
CHAN, CAROLINE H.	2,000,000
CHAN, JENNIFER CHUA	1,250,000
CHAN, MARIA HELVETIA	750,000
CHAN, VICKY L.	3,325,050
CHAN, WINSTON	300,000
CHENG SIOK CHUA	6,250
CHINANGLAS, PABLO	12,500
CHING, CATHERINE	500,000
CHIONGBIAN III, GEORGE	250,000
CHIONGBIAN, AMADEO VICTORIANO	250,000
CHIU, EDDY	500,000
CHIU, JOHNSON	725,000
CHIU, JOHNSON	1,250,000
CHIU, JOHNSON	2,500,000
CHIU, JOHNSON CHIU &/OR VICKY	15,000,000
CHIU, JOHNSON L.	3,525,000
CHIU, RYAN PRINCETON	125,000
CHIU,JOHNSON L.	7,000,000
CHIYUTO, CESAR S.	500,000
CHOACHUY JR., DEWEY	125,000
CHOO, BLESILDA A.	4,750,000
CHU, BERNARD	15,000,000
CHUA HO TI	31,250
CHUA, ANITA CHUA &/OR ELY	2,537,500
CHUA, CHERIE S.	500,000



CHUA, EMELYN T.	1,750,000
CHUA, FELIPE	62,500
CHUA, GENE CHUA &/OR CHERIE	500,000
CHUA, JERRY TEO	2,500
CHUA, JOANNAH	125,000
CHUA, LINDA CASES	1,000,000
CHUA, MARTIN LIM	125,000
CHUA, ROWENA Y.	125,000
CHUA, SUSAN T.	2,500,000
CHUA, VINSON R.	160,000
CHUA, WILLIAM H. &/OR TITA P. CHUA	6,000,000
CHUAKAW, ERNESTO	2,000,000
CHUAN, ANNIE C.	250,000
CHUAN, ANNIE C.	112,500
CHUN, BONIFACIO	12,500
CIMAFRANCA, JUNJIE	2,000,000
CLAYTON JR., ALVIN E. &/OR TINA JOY CLAYTON	500,000
CO JR., TOMAS	5,000
CO JR., TOMAS	227,250
CO SIU TEE	12,500
CO, BETTY	12,500
CO, DOROTHY G.	1,250,000
CO, MERLE SY	5,000,000
CO, NOEL L.	3,750,000
CO, PAUL	1,250,000
CO, RONALD &/OR SUSANA CO	50,000
CO, ROWENA	2,500,000
CO, WILLIAM ONG	2,500,000
COJUANGCO, DONA JOSEPHINE M.	3,529,400
COKIENG, RICARDO	250,000
CONCEJERO, ARIEL M. &/OR MA. CONSUELO G. CONCEJERO	375,000
CONRADO M. &/OR LETICIA MOLINA	2,500,000
CONSTANTINO, TEODORICO C.	118,100
CONSUELO, ANGEL T.	12,500
CORDOVA, MA. ANDRIE GASTON	600,000

COROMINAS JR., JOSE	31,250
COROMINAS, JOSE	31,250
CORPUS, AMOS S.	50,000
CORRO, ANTONIO SEBASTIAN T.	20,000,000
CORTEZ, ALEXANDER B.	362,500
COSALAN, JEFFERSON	750,000
COSEIP, ANITA	1,250
CRISPINO, EMMANUEL Z.	625,000
CRUZ JR., AUGUSTO A.	1,000,000
CRUZ, AILEEN L.	250,000
CRUZ, AUGUSTO C.	6,397,800
CRUZ, AURORA	1,250
CRUZ, CRISELDA I.	4,625,000
CRUZ, ELIODORO C.	9,350,000
CRUZ, JOHN VINCENT C. STA.	1,250,000
CRUZ, MA. ROGINA DELA	1,250,000
CRUZ, MA. TERESE B. DELA	675,000
CRUZ, MIA ZOLINDA T. DELA	125,000
CRUZ, PABLITO C.	6,250
CRUZ, PABLITO C.	6,250
CRUZ, YOLANDA M.	6,250
CU, JEOFFREY	5,000,000
CUA, HENRY	12,500
CUA, RODOLFO E.	375,000
CUA, SANTIAGO	12,500
CUAN, JOSE	6,250
CUNANAN, RAFAEL F.	125,000
DACANAY, LEONCIO G. &/OR AURORA S. DACANAY	2,250,000
DAIT, GENOVEVA S.	125,000
DALAGAN, ALICIA V.	62,500
DANAQUE, LAMBERTO O.	500,000
DAVID, ANGELICA H.	125,000
DAVID, ANITA T.	250,000
DAYAO, ROSAURO E.	100,000
DE CASTRO, ISAGANI	1,350,000

DE CASTRO, TIRSO	250,000
DE GUZMAN, SYLVIA LINGAD	500,000
DE GUZMAN, VICTORIA	18,750
DE LARA, NORA F.	580,000
DE LEMOS, LUIS	6,250
DE LEON, ANTONIO	600,000
DE LEON, ANTONIO	1,625,000
DE LEON, LAURA L.	750,000
DE LEON, MARIBEL R.	250,000
DE MONTEMAYOR, URSULA	1,850
DE ROTAECHÉ, ALBERTO	1,250,000
DE ROTAECHÉ, ALBERTO	2,375,000
DECENA, THERESE S.	450,000
DEFEO, ALLAN	150,000
DEGAY, GABRIEL	250,000
DEL ROSARIO JR., FIDEL B.	56,250
DEL ROSARIO, ANDRES T.	6,250
DEL ROSARIO, CARMENCITA	31,250
DEL ROSARIO, JOSE	18,750
DEL ROSARIO, LEONARDO B.	6,250
DELA FUENTE, ALFREDO E.	1,550,000
DELA PAZ, PANFILO	18,750
DELA PENA, CERILA G.	425,000
DELA VEGA CAPULI, VICTORIA	250,000
DELOS SANTOS, LIWAYWAY	1,450,000
DEMETILLO, GLORIA F.	625,000
DESIDERIO II, JOSE O.	942,500
DESQUITADO, BUENAVENTURA B.	1,250,000
DÍAZ, EMILIO A.	18,750
DÍAZ, REYNALDO	62,500
DIMAANO, ENRIQUE D.	200,000
DINO, RICSON ENRICO T.	2,500,000
DIONNET, THOMAS	1,250,000
DISINI, ANGEL E.	62,500
DOLOR, RODOLFO B.	950,000

DOMAOAL, RAMON M.	85,250
DOMINGO, FELICITO M.	168,750
DOMINGO, FELICITO M. &/OR CRISTINA L. DOMINGO	500,000
DOMINGO, LORETO	6,250
DOMINGO, RENATO T.	2,500,000
DOMINGUEZ, CARLOS G.	50
DOPPMAN, XAVIER	25,000
DUMDUM, ETHEL	500,000
DUMDUM, LEYDA	250,000
DUMDUM, NIDO	250,000
DUMDUM, RO. SAMUEL M.	2,175,000
DUQUE, ASTERIO T.	1,500,000
DURAN, NARISA BERLIN R.	125,000
DURANA, ROSITA	1,500,000
DY BUNCIO, BENJAMIN L.	250,000
DY, ALEXANDER	362,500
DY, BELEN L.	2,500,000
DY, MANUEL	1,000,000
DY, MARCELO	362,500
DY, ROSSANA	750,000
ELLIEVERA, FLORA C.	25,000
ELLIEVERA, FLORA C.	33,750
ELORIAGA, RICARDO	6,250
ENRILE II, WILLIAM RAGOS	250,000,000
ENRIQUEZ, MARTIN U.	6,250
EPINO, MARIO CARLO G.	1,250,000
ESCALONA, ALMEDA	145,000
ESCOBAR, RENATO M.	12,500
ESGUERRA, GODOFREDO C.	625,000
ESPARAGOZA, ROWENA TEVES	150,000
ESPINA, MA. LUISA	1,250,000
ESPINO, NESTOR	43,750
ESTANDARTE, DOLORES CALONG	50,000
ESTATE OF ANTONIO A. ESTOLAS	500,000
ESTATE OF BESSIE C. LIM	500,000

ESTATE OF MA. MAGNOLIA BACOLCOL	375,000
ESTATE OF ROBERTO J. MONTINOLA	15,600
ESTRADA, JOSE MARIA	500,000
ESTRALLADO, LUZ	250,000
ESTUPIGAN, PEDRO S.	12,500
EVANGELISTA, ADORACION C.	500,000
EXLIPSE, FLORENDA	1,850
FACTOR, CONSTANTINO S.	6,250
FACTORA, ERNESTO B.	6,250
FAJARDO, EDUARDO JORGE F.	250,000
FAJARDO, ELLEN F.	250,000
FAJARDO, EMMANUEL JORGE F.	250,000
FEDILSON, TRINIDAD	100,000
FEIST, ROSA G.	5,000,000
FELICIANO, ARTHUR	4,500,000
FELIX, MA. LEONIDA	500,000
FELY LEE FONG SHENG	2,175,000
FERNANDEZ, ADELFA M.	2,025,000
FERNANDEZ, ARTHUR F.	150,000
FERNANDEZ, CORAZON	500,000
FERNANDEZ, EDNA T.	500,000
FERNANDEZ, LEANDRO B.	1,250,000
FERNANDEZ, RAQUEL	135,000
FERNANDEZ, RAQUEL	165,000
FERNANDEZ, SUSAN	6,250
FESTIN, MARINO	200,000
FIANZA, ISMAEL	500,000
FILICIANO, GEORGE	7,500,000
FLORENDO, ELENA T.	62,500
FLORENTINO, JOSEFINA C.	375,000
FLORES, DOMINGA	12,500
FONTAMOS, CONRADO	62,500
FORONDA, RODRIGO	12,500
FRANCIA, MARTIN M.	6,250
FRANCISCO &/OR RAQUEL BANAWA	112,500

FRANCISCO, ELEUTERIA M.	250,000
FRANCISCO, RUBEN C.	250,000
FRANCO, JOSE MELANDRO	750,000
FRANCO, MA. ROSARIO Q.	250,000
FUSINGAN, EUGENE A.	62,500
GABRIEL, JOSE SAN	117,650
GAERLAN, ROSARIO	6,250
GALAN, HEIDI YU	500,000
GALLEGO, JOSEPH L.	12,500
GALLERA, OLIVER T.	250,000
GALVEZ, JOSEFINA E.	12,500
GAMAYO, HONORATA M.	250,000
GAMBOA, LILIA Q.	12,500
GAMBOA, PRISCILLA TEEHANKEE	7,750,000
GAMO, VICENTE G. &/OR STRELLA A. GAMO	225,000
GAN, ROBERTO T.	2,393,100
GAN, ALFONSO A.	6,250
GAPASIN, ROMEO	125,000
GARCES, ANNA MA.	562,500
GARCIA III, PACIFICO L.	937,500
GARCIA, AUGUSTO Z.	2,750,000
GARCIA, EVALIN A.	250,000
GARCIA, GLORIA M. &/OR MA. VICTORIA G. PADILLA	500,000
GARCIA, JESUS	1,000,000
GARCIA, MA. TERESA M.	50,000
GARCIA, MANUEL L.	12,500
GARCIA, MANUEL S.	6,250
GARCIA, MARIA VICTORIA	250,000
GARCIA, MOISES Y.	2,000,000
GARCIA, PACIFICO	70,000
GARCIA, ROMEO J.	12,500
GARCIA, THELMA	250,000
GARCIA, THELMA	250,000
GARCIA, VIOLETA LINCALLO	250,000
GARON, ROBERT &/OR EMERITA	562,500

GARRIDO, MA. VICTORIA S.	50,000
GARROVILLO, FLOR M.	2,500,000
GEWAN, FRANCIS	200,000
GLORIA JR., RICARDO V.	225,000
GLORIA, RICARDO	500,000
GLORIOSO, ISAURO	1,850
GO ENG LU	1,250,000
GO JR., BENITO	500,000
GO JR., CARLOS T.	500,000
GO, ALBERT	1,250,000
GO, ALEX	2,250,000
GO, ELENA	500,000
GO, JOHNNY	5,000,000
GO, MA. CHER &/OR NENE BETH YAP	100,000
GO, MARIA	12,500
GO, TERESITA GO &/OR SATURNINA	2,500,000
GOCHIPCO, PETER	6,250
GOCHUICO, ALICIA	12,500
GOHU, PATRICIA U.	1,000,000
GOLEZ, LAMBERTO	15,600
GOMEZ, LUCILA M.	150,000
GOMEZ, NARCISA	500,000
GONZALES, LUISA	6,250
GONZALES, MARCIANO S.	250,000
GONZALES, MERCY P.	12,500
GONZALEZ, ALEX S.	750,000
GONZALEZ, ANTHONY M.	2,000,000
GONZALEZ, MARISSA R.	1,250,000
GONZALEZ, TERESITA	9,350
GORRE, NITA	6,250
GOSMO, TERESITA	6,250
GOTAMCO, AMELIA	1,250,000
GOTANCO, CHRISTOPHER M.	500,000
GOZO JR., EDILBERTO	250,000
GRANADOS, RODOLFO	62,500

GUANZON, ARTURO	1,000,000
GUANZON, ARTURO	1,000,000
GUERRA, HENRY Y.	375,000
GUEVARA, ANNA GEORGINA	1,000,000
GUEVARA, SHEILA	75,000
GUIANG, FELICIANO	15,600
GUIRIBA, GERARDO	100,000
GURNAMAL, AIL GURNAMAL &/OR HARESH	500,000
GUSTILLO, SANDRA N.	250,000
HABANA, BERNADETTE A.	125,000
HAYNES, GEORGE J.	18,750
HEDY SONIDO, EDUARDO	1,500,000
HENSON, MA. PAZ	725,000
HERNANDEZ, AGAPITO A.	12,500
HERNANDEZ, ANNA LIZA Y.	50,000
HERNANDEZ, DEWEY FRANCIS Y.	50,000
HERNANDEZ, JUAN	1,087,500
HERNANDEZ, LUIS V.	3,100
HERNANDEZ, RAFAELITO L.	250,000
HILADO, MANUEL	500,000
HILADO, MANUEL V.	950,000
HILARIO, MICHAEL	500,000
HILL, ALMA P.	72,500
HIZON, ORLANDO	12,500
HO, LILY S.	750,000
HOLANDA, ETHELWOLDO	6,250
HUANG, KEVIN	250,000
HUI, TIU YENG	225,000
IBALLA, MA. CRISTINA	75,000
IGNACIO, NICANOR K.	3,000,000
IGOY, CORAZON	1,850
ILAGAN, JIMMY A. &/OR EDITHA S. ILAGAN	1,750,000
ILEDAN, CARMENCITA C.	117,600
INFANTADO, GRACE J.	250,000
INSIGNE, MARIA	12,500



IPAPO, WILFREDO	62,500
ISLA, RUTH E.	375,000
ISON, ELIZABETH E.	125,000
JALANDONI, OFELIA S.	250,000
JAVELLANA, EDUARDO &/OR TERESA JAVELLANA	1,580,000
JAVIER, AGUSTIN	12,500
JAVIER, TEODORO &/OR ROSARIO JAVIER	250,000
JOSE &/OR CONCHITA YAP	4,250,000
KALAW, ROSA	625,000
KEH, BENITO	18,000,000
KHAN, CARLOS B.	25,000
KHO, DAVID	3,750,000
KHO, SALLY	2,500,000
KHU, CONSUELO DY	2,500,000
KIAT, JOSEPH	250,000
KIM TIN SY	5,000,000
KING, ELNORA P.	1,250,000
KIONG, ELVIRA C.	2,500,000
KOA, ELIZABETH SEE	1,750,000
LACANILAO JR., ARTURO L.	12,500
LACLACAN, SATURNINO	375,000
LACSON, JOSE MARTIN	500,000
LADABAN, MA. CRISTINA B.	250,000
LAM YU PING	1,250,000
LAMPA, REYNALDO D.	250,000
LANDINGIN, HELEN	125,000
LANUZA, ROGELIO A.	1,750,000
LASAY, OCTAVIO D.	118,100
LAT, ARLEEN V.	250,000
LAVIN, SUNDAY	290,000
LAWSON, ESTHER A. VIBAL &/OR STELLA V &/OR AIDA V. G	1,000,000
LAYA, NICANOR	51,450
LAYCO, JOSE S.	6,250
LAZARO, FLORENTINO	580,000
LEAL, THELMA	250,000

LEDESMA, ELIZABETH R.	725,000
LEDESMA, ELVIRA R.	362,500
LEE SHIEN CHUI	125,000
LEE, ANDREW S.	2,500,000
LEE, DANIEL U.	12,687,500
LEE, JACQUELINE M.	3,037,500
LEE, LOLITA YU	500,000
LEE, WILLY P.	125,000
LEE, YVETTE	125,000
LEGARDA JR., BENITO	453,100
LEGARDA JR., DR. BENITO	271,850
LEGARDA, ANGELITA GANZON	54,350
LETRAN, PACITA	2,500,000
LIANTING, ROBERTO LIM	500,000
LIBORO, OSCAR L.	22,050
LICAUCO III,MAXIMO G.	250,000
LICAUCO, CECILIA R.	7,350
LICUANAN, JAIME	6,250
LIGOT, STEPHANIE Y.	87,500
LIM (JS), EDUARDO	2,500,000
LIM III, JOSE A.	22,500,000
LIM JR., VICTOR Y.	3,861,050
LIM, ALICIA &/OR JOY &/OR RICHARD T.	2,500,000
LIM, ANDRES G.	2,250,000
LIM, BELLA L. LIM &/OR LOUIE L.	1,000,000
LIM, BENJAMIN	375,000
LIM, CARMEN CANG	250,000
LIM, CLARITA &/OR CRISTINA L. DOMINGO	50,000
LIM, CLARITA P.	11,250
LIM, DAISY	500,000
LIM, EDGARDO O.	100,000
LIM, ELENA BIN	6,250
LIM, ELISA ONG	1,000,000
LIM, ELIZABETH	500,000
LIM, FELIPE D.	250,000

LIM, JASON	87,500
LIM, LINO	12,500
LIM, MARIANO RUBEN	3,000,000
LIM, ROBERTO L.	6,250
LIM, SIN ENG	2,500,000
LIM, STELLA	1,500,000
LIM-DY, ROSSANA	250,000
LINCO, YUWIN ESPINOSA	150,000
LIONG, MERCEDES T.	750,000
LIPTON, ROBERTO	62,500
LLAMADO, ANNALIZA	250,000
LLANTO, LEOVIN RAY C.	500,000
LLANTO, LIDUVINA C.	1,000,000
LLORCA, JAMES P.	250,000
LOMADILLA, RODOLFO	250,000
LOPEZ, EDUARDO S.	1,250,000
LOPEZ, JOSEPH L.	250,000
LOPEZ, JUAN B.	6,250
LOPEZ, LILIBETH S.	350,000
LOPEZ, MANUEL DE LARA	250,000
LORENZO JR., LUIS P.	109,250,000
LOTA, VIOLETA A.	250,000
LOZANO, VIRGINIA	12,500
LU, JONATHAN G.	750,000
LUA, JONATHAN	1,450,000
LUNA, DELIA DE	6,250
LUNAR, CECILLE L.	500,000
MACALOS, FELICIDAD	100,000
MACANDILI, ALBERTO L.	500,000
MACAPAGAL, JANICE A.	375,000
MACUGAY-LOZADA, CONNIE	75,000
MAGTIBAY, JULIAN L.	6,250
MAGTIBAY, ROMULO B.	6,250
MAGTOTO, DELIA L.	200,000
MAHAGIS, CHITO	12,500

MALIT, LUIS MANUEL P.	5,000,000
MALLARI, MA. TERESA P.	500,000
MANALAYSAY, CESAR P.	500,000
MANALO, NESTOR &/OR MUTYA MANALO	290,000
MANAS, FRANCIS H.	250,000
MANDILAG, MERGELYN B.	100,000
MANEZE, DELLA UY	3,250,000
MANRIQUE, JIMMY	3,500,000
MANZANO, DOMINIC	750,000
MANZON, DULCE AMOR N.	750,000
MAPALAD CO, JESUS	500,000
MAPUA, MIGUEL	3,000,000
MAPUA, RAFAEL	1,250,000
MARASIGAN, ANTONIO C.	625,000
MARBIL, MICHAEL	350,000
MARFORI, SIMEON	3,750,000
MARIANO, HERMINIA	6,250
MARSO, ALICE T.	118,100
MARSO, ALICE T.	53,150
MARTELINO, FATIMA	250,000
MARTELINO, MARCIA	600,000
MARTINEZ, QUINTIN	750,000
MARTINEZ, RODOLFO S.	6,250
MARTINEZ, SOCORRO	6,250
MARZAN, CONRADO	6,250
MARZAN, EDGARDO	2,500,000
MASCARDO, HANNAH Y.	250,000
MATIAS, ALEXANDER V.	200,000
MAXIMO, RUBEN S.	125,000
MAYUGA, WILMA P. &/OR WILLIAM P. PANUELOS JR.	200,000
MEDIALDEA, BETTY	250,000
MEDIDAS, TERESITO B.	2,500,000
MEJIA, BIENVINIDO	1,850
MENDOZA, ALBERTO &/OR JEANIE	562,500
MENDOZA, ALBERTO &/OR JEANIE	562,500

MENDOZA, ALBERTO &/OR JEANIE C. MENDOZA	1,250,000
MENDOZA, ALBERTO OR JEANIE	1,250,000
MENDOZA, LAWRENCE &/OR ALBERTO MENDOZA	562,500
MENDOZA, MARCELINA	250,000
MENDOZA, TERESITA	6,250
MERCADO, CATALINA R.	12,500
MERCADO, JOSEPHINE	9,350
MERCADO, MILAGROS M.	6,250
MESA, JUANITO C.	25,000
MESINA, JOHN T.	100,000
METRADO, CLARITA	12,500
MIRANDA, DANIEL M.	31,250
MOLINA, MA WINEFRIDA T. &/OR OLIVER R. MOLINA	50,000
MOLTIO, VILMA O.	250,000
MONDINA, HELEN R.	250,000
MONTELIBANO, MARIANNA O.	15,000
MONTERO, NESTOR O.	376,250
MONTES, FLORENCE G.	250,000
MORADA, MARINA CECILIA L.	1,250,000
MORALES, RAYMOND C.	625,000
MORENO, RUFINA	225,000
MORILLO, ROMUALDO	200,000
MORTIZ, EDWARD	6,250
MOSS, NONA	12,500
MUNOZ, JANE	1,250,000
MURGA, MA.TERESA S. &/OR WILFRIDO SANCHEZ	1,075,000
MURILLO, VICTOR	625,000
MUTIA, DOMINGO	12,500
NADELA, EPEFANIA T. &/OR JAY BLANE	500,000
NAPILE, RICO	250,000
NARANJO, RODOLFO	200,000
NARIO, FRANCISCO D.	12,500
NARIO, FRANCISCO D.	11,250
NASSR, ANGELA L.	350,000
NATI, ANGELINO V.	100,000

NAVARRO, ADELAIDA	1,850
NAVARRO, ALFONSO N.	1,250
NAVARRO, LOURDES M.	600
NEPOMUCENO, LIZITA E.	125,000
NG, JEAN &/OR JOHNSON	500,000
NG, MARIQUITA	6,250
NG, WAI SUN	1,500,000
NG, WILBERT S.	750,000
NGO, AMELIA DY	1,250,000
NGO, GONZALO	2,500,000
NGO, RODERICK	250,000
NIFRAS, ARTHUR J.	375,000
NOLASCO, CONRADO	500,000
NOLASCO, LUCINA	500,000
NOLASCO, MYVEL E.	50,000
NOVAL, DALE	250,000
NOVAL, DALE	112,500
OBALDO, HILARIO O.	6,500,000
OBGUIA, REYNALDO	1,250,000
OCAMPO JR., JUANITO	375,000
OCAMPO, IMELDA	2,250,000
OCAMPO, JOSEFINA C.	87,500
OGAD, JONNEY A.	50,000
OJALES, BABES	2,550,000
OLALIA, ANGELITA &/OR ANTHONY	50,000
OLALIA, ANGELITA &/OR ANTHONY OLALIA	50,000
OLALIA, ANGELITA Y.	45,000
OLIVA JR., JOSE E.	6,250
OMO, MARGARITA O.	25,000
ONG, BENSON	2,500,000
ONG, BERNARD &/OR CONCHITA ONG	7,000,000
ONG, CLEMENTE Y.	550,000
ONG, DEBRA	500,000
ONG, DOLORES	250,000
ONG, FRANCISCO K.	1,750,000

ONG, HARVEY	375,000
ONG, HELEN &/OR CLARITA ZAFRA	500,000
ONG, HELEN &/OR EDELMIRA GUILAS	50,000
ONG, IVAN	6,250
ONG, JOSEPH	12,500,000
ONG, JUANITO D.	31,250
ONG, PABLITO M.	322,500
ONG, PABLITO M.	2,000,000
ONG, WILLIAM D.	5,000,000
ONGSIAKO, MARGARITA	250,000
OPPEN, ANTONIO C.	250,000
ORAZA, FELIPE	100,000
ORENDAIN, NORMINDA	100,000
ORLINO, MARY JANE P.	100,000
ORTIGAS JR., RAFAEL O.	2,500,000
OSMENA, ISABEL	500,000
OWEN NATHANIEL AU ITF: LI MARCUS AU A/C IAUOWE11	15,000
PABANCOD, BARBARA ESTRADA	6,550
PACHECO, PRISCILA R.	1,500,000
PACHECO, PRISCILA R. &/OR REYNALDO D. PACHECO	1,225,000
PACHECO, REYNALDO &/OR PRISCILA R. PACHECO	225,000
PADACO, BERNARD &/OR AURORA PADACO	375,000
PADACO, GINA &/OR AURORA PADACO	250,000
PADILLA, REYNALDO M.	852,900
PADUGA JR., ROMEO S.	25,000
PAGDANGANAN, NIDA	50,000
PAGGABAO, MELISANDE M.	200,000
PALAD, ELPIDIO P.	50,000
PALAO, ROSSANA L.	250,000
PALITAYAN, FELICIANO C.	6,250
PALLORINA, JEAN PANTALEON	750,000
PALMIANO, MICHAEL	1,500,000
PANGANG-AT, FELIX	200,000
PANLASIGUI, PAUL ANDREW P.	50,000
PAPA, FLORENTINO	12,500

PARAGGUA, RUTHEBBA	250,000
PARDO, EMMANUEL	125,000
PAREA, ANGELA	2,500
PAREDES, JEANNE	25,000
PASCUAL, ELLEN H.	125,000
PASCUAL, SANTOS N.	25,000
PASILIAO, HELEN	6,250
PAULINO, PABLO	37,500
PE, ROMEO &/OR ESTHER PE	2,500,000
PEDAZO, PETER M.	250,000
PELOME, JOSE E.	6,250
PELONE JR., JOSE F.	6,250
PENAFUERTE-JEROME, MARISSA	325,000
PENALBA, RIZAL P. &/OR AZUCENA PENALBA	500,000
PENALOSA, EMILIO M.	1,000,000
PENALOSA, MANOLO R.	500,000
PENAMANTE, JOSE MANUEL M.	125,000
PERALTA, MACARIO	31,250
PEREZ, EDMUNDO O.	146,250
PEREZ, EDMUNDO O.	21,250
PEREZ, GEORGINA VERA	2,500,000
PEREZ, GERARDO	50,000
PEREZ, MANTESIO C.	31,250
PEREZ, ROGELIO	12,500
PEREZ, ROMAN M.	375,000
PHI, DOROTHY	500,000
PICACHE, MIGUEL	1,250,000
PILLOS, RICARTE B.	500,000
PIMENTEL, JULIE ANNE	250,000
PINEDA, AGRIPINA	6,250
PINEDA, CRESENCIA	6,250
PIONELA JR., ERNESTO	12,500
PO, LYDIA	62,500



PO, VICTORIA L.	325,000
POBLADOR III, HONORIO	5,882,400
POBLADOR, GREGORIO	250,000
POMPA, ANTONIO M.	12,500
POMPA, DANILO	6,250
POMPA, MERLINDA R.	6,250
POMPA, PACITA R.	6,250
PONIO, BEN AZEL S.	17,500,000
PORCIUNCULA, JAIME	362,500
PORCIUNCULA, JAIME L.	700,000
PREIN, MANFRED	6,250
PROPETA, REYNALDO	12,500
PUNO, LORETTO B.	435,000
PUNONGBAYAN, RAYMUNDO	400,000
QUA HIANSEN, ERNESTO*	12,500
QUESADA, MIGUEL	600,000
QUINTANA, ANTONIO V.	12,500
QUINTANS, LILIAN	250,000
QUIZON, BENITO T.	500,000
QUIZON, IRENEO C.	1,750,000
RAGOS, MIRIAM B.	25,000
RAMIREZ, CELSO A.	250,000
RAMOS, ADRIAN PAULINO S.	500,000
RAMOS, ALFREDO C.	318,976,817
RAMOS, ANTON S.	100,000
RAMOS, BENJAMIN	6,250
RAMOS, RICARDO MIGUEL S.	25,000
RANOSA, DULCE	12,500
RASALAN, DERICK	72,500
RECTO, MANUEL D.	2,500,000
RECTO, MANUEL D.	1,125,000
REGALARIO, EDDIE	25,000
RELOVA, EDEN H.	200,000
RENTASIDA, BESILDA M.	100,000
RESPALL, SANDRA C.	1,087,500

REYES IV, ALEX T.	125,000
REYES JR., CESAR Z.	1,500,000
REYES SR., TEOFILO	212,500
REYES, ADOLFO R.	3,262,500
REYES, AMADO	31,250
REYES, AMANDO	735,300
REYES, ANGELA	12,500
REYES, AUGUSTIN PANGANIBAN DELOS	4,350,000
REYES, CEASAR	31,250
REYES, EDNA GARCIA	600,000
REYES, GILBERT RAYMUND T. &/OR JOCELYN REYES	500,000
REYES, IMELDA	62,500
REYES, LALAINA A.	72,500
REYES, LOURDES L.	250,000
REYES, LURLYN	250,000
REYES, PAZ	62,500
REYES, TERESITA R &/OR ADOLFO R. REYES	4,125,000
REYES, VICTORIANO	3,825,000
REYES-HANGAD, CELIA	10,000,000
REYES-LAO, HONORIO	2,000,000
REYNALDO, TATA	31,250
RICABLANCA, CAROLITO	425,000
ROBIS, ANGEL	750,000
ROCES, LUIS MIGUEL	72,500
ROCES, LUIS MIGUEL M.	72,500
RODRIGUEZ, HONORIO	6,250
RODRIGUEZ, JOAQUIN C.	2,525,000
ROLA, DIONISIA A.	375,000
ROLDAN, REX	125,000
ROMERO, NEMESIO	6,250
ROQUE, VERONICA	250,000
ROQUEZA, RICARDO S.	25,000
ROSALES JR, BENJAMIN S.	500,000
ROSALES, CLEMENCIA	250,000
ROSARIO, DEOGRACIA R.	12,500

ROXAS, JOSEPH T.	2,500,000
RUFINO, JOSE MA.	2,500,000
SAAVEDRA, RAQUEL C.	1,000,000
SAB-IT, MARIA LUZ MINDA M.	75,000
SAGUN, SOFIA	3,100
SAKDALAN, JOSE M.	250,000
SAKDALAN, JOSEPH ALLAN E.	250,000
SALAMAT, JUANITO D.	250,000
SALAZAR, MA. REMEDIOS M.	31,250
SALCEDA, NORMA	72,500
SALCEDO, JANET	125,000
SALCEDO, RAFAEL D.	31,250
SALES, JULIAN J.	3,100
SALMIN, CECILE	3,000,000
SALUDO, MARTIN	62,500
SALVACION, ANGEL	12,500
SAMONTE, ANAME D.	362,500
SAMONTE, ARTURO	6,250
SAMUS, FLORENCIO	2,600
SAN GABRIEL, JOSE A.	197,950
SAN GABRIEL, ORLANDO	6,250
SAN JOSE, ROBERTO V.	5,000,000
SAN JOSE, ROBERTO V.	12,600,000
SAN SAN GO	2,500,000
SANCHEZ, FE CECILIA	250,000
SANCHEZ, LORRAINE C.	100,000
SANDOVAL, FE NIEVA S. J.	1,275,000
SANTIAGO, CONRADO &/OR GLORIA SANTIAGO	50,000
SANTIAGO, FERNANDO	6,250
SANTIAGO, LUALHATI	31,250
SANTIAGO, LUALHATI F.	31,250
SANTIAGO, RAMON T.	397,050
SANTOS JR., ANTONIO N.	44,100
SANTOS, DANNY	31,250
SANTOS, DANNY	31,250

SANTOS, EDUARDO R.	625,000
SANTOS, ELVIRA	6,250
SANTOS, ERNESTINA P.	67,600
SANTOS, LAWRENCE DE LOS	750,000
SANTOS, LEONEL &/OR ALICIA	1,250,000
SANTOS, MONETTE C. DELOS	375,000
SANTOS, NATIVIDAD	31,250
SANTOS, ROMARICO	500,000
SANTOS, RURIK EARL	50,000
SANTOS, SALVADOR	12,500
SAPINOSO, JOSELITO Z.	50,000
SAPLALA, ROMAN JESUS	6,250
SAPNU, GEOGINA M.	250,000
SARMIENTO, DELIA M.	36,000
SATURINAS, POMPEYO C.	125,000
SAYOC, CESAR P.	6,250
SAZON, EDUARDO &/OR EVELYN	1,375,000
SAZON, ULPIANO	250,000
SEE, JOHANNA &/OR MARY ANN TE	250,000
SEE, SIMEON K.	62,500
SEGOVIA, KENNETH RAOUL H.	625,000
SEMILLA, PRIMO T. TACANDONG &/OR MARIA PAZ	250,000
SENN, MA. LOURDES A.	250,000
SERRANO, LAURITO E.	1
SIAO, MARK ANTHONY	1,000,000
SIAO, PATRICK	2,250,000
SIMEON, EDUARDO R.	6,250
SISON, CECILIO B.	6,250
SISON, EDGAR	6,250
SO, CELY	225,000
SO, HENRY	12,500
SO, JIMMY	6,250
SOLMIRANO, FELIPE C.	250,000
SOLPETER, MONSERRAT	53,100
SON, YOLANDA A.	500,000

SONIDO, EDUARDO HEDY	112,500
SORIANO, CLARK A. &/OR CLARISA V. SORIANO	5,000,000
SORIANO, FEDERICO P. &/OR CECILIA	250,000
SUAREZ, MA. ROSARIO	1,000,000
SUAREZ, SERVIDEO	1,000,000
SUGAY, JANINE MARIE ALEXANDRA V.	250,000
SUN, TERESA	3,750,000
SUN, THERESA	5,312,500
SUNGA, LOURDES	6,250
SUNGAYAB, DANIEL SUNGAYAB &/OR JUAN	125,000
SUNICO, AUGUSTO B.	10,600
SUNTAY, ISABEL C.	3,970,600
SUSA, JOSE B. SUSA &/OR OLIVIA R.	125,000
SUZARA, ILDEFONSO	125,000
SY TIONG SHIOU &/OR JUANITA S. TAN	93,500,000
SY, RAMON	1,250,000
SY, ANNALIZA V.	3,150
SY, CARMEN	250,000
SY, FERNANDO	62,500
SY, FLORENCIO	250,000
SY, MARK ANTHONY V.	3,100
SY, RAMON	1,250,000
SY, RAMON CHUA	1,500,000
SY, REBECCA V.	3,150
SY, RICHARD	12,500
SY, TERENCE G.	250,000
SYCIP, MARY JEAN	12,500
SYLIANTENG, CAESAR S.	2,500,000
TABILI, EDWIN G. &/OR ANTONIA J. TABILI	125,000
TABIMINA, ZOSIMO G.	25,000
TABUCANON, JAIME T	125,000
TACUB, PACIFICO	1,250,000
TALAVERA, ESTER	93,750
TALISIC, MARIE ROISANNIE R.	500,000
TAMAYO, ANTONIO	6,250

TAN SHIN TIU	1,250,000
TAN SHIN TIU	5,768,100
TAN SHIN TIU &/OR SUSANA TAN	12,500,000
TAN, ANGELINE	750,000
TAN, EUGENE	31,250
TAN, FRANCIS	12,500
TAN, FRANCISCO	12,500
TAN, HENRY T.	262,500
TAN, JOCELYN C.	58,800
TAN, MANUEL C.	2,500,000
TAN, MANUEL TAN & SUSAN	4,000,000
TAN, MARILYN	5,000,000
TAN, MARY JANE T.	250,000
TAN, MAXIMO	1,000,000
TAN, MELISSA M.	250,000
TAN, MELITO K.	500,000
TAN, MICHAEL L.	10,000,000
TAN, MILTON	4,250,000
TAN, ROSITA	500,000
TAN, SUSANA	725,000
TAN, VICENTE	12,500
TAN, WILBERT Y.	25,000
TANABE, ALEJANDRO S.	125,000
TANAEL, ELDRID	200,000
TANAEL, EMMANUEL	100,000
TANCHAN, INGRID	1,250,000
TANJANGCO, LUIS S.	5,000
TANMANTIONG, ERNESTO	3,625,000
TAVARES, MARIBEL D.	250,000
TE TIONG	12,500
TE, FLORA	12,500
TEE, ANTONIA	250,000
TENHECO, VICENTE	31,250
TERREL, NORMA L.	12,500
TETANGCO, FE G.	250,000

TIA, ANGEL	3,750,000
TIN, ROSARIO	7,500,000
TIN, ROSARIO	5,000,000
TIO SHU ENG TAN	625,000
TIONG SIN CHUAN	500,000
TIONGSON, RICARDO	156,250
TIU KIM HE, JOSE	31,250
TIU YENG HUI	250,000
TIU, ALFRED	2,500,000
TIU, HEIDI B.	375,000
TIU, TAN SHIN &/OR SUSANA TAN	5,000,000
TOBIAS III, VICTORIANO S.	500,000
TOLEDO, CESAR RICARDO &/OR PACIFICO LUIS VIJANDRE	1,250,000
TOLEDO, EVELYN R.	50,000
TORRE, ANTHONY	100,000
TORRES, SALVADOR	6,250
TORRIJOS, VICTOR	6,250
TOUZO, ALFREDO R.	12,500
TRINIDAD JR., JOSE T.	12,500
TUAZON, MARS	100,000
TUPAS, ROLANDO	250,000
UDQUIN, JUDY	250,000
UY, DAVE	12,500
UY, EDWARD	62,500
UY, FIDEL B.	2,500
UY, FIDEL B.	2,450
UY, LIDIA	500,000
UY, MA. THERESA OLGA B.	112,500
UY, NELSON T.	175,000
UY, PETER	6,250
UY, REYNALD C.	2,500,000
UY, ROBERT	1,450,000
UY, ROMEO UY AND/OR FE C.	1,000,000
UY, SHIRLEY T.	176,450
VALENCIA JR., CORNELIO H.	125,000

VALENCIA, JESUS SAN LUIS	100,000
VALENTON, ERLINDA V. ITF JASMIN VALENTON	157,500
VARGAS, FRANCISCO M.	2,175,000
VELANDRIA, ADELAIDA (AIDA) T.	1,812,500
VELANDRIA, AIDA	1,250,000
VELANDRIA, FRANCO V.	250,000
VELARDE, DENNIS	75,000
VELARDE, GLORIA	6,250
VELASCO JR., AGUSTIN	12,500
VELASCO, CHERISIA	6,250
VERGARA, LILY	6,250
VIADO, JONEL	250,000
VICTORINO, ANALYN P.	1,375,000
VICTORINO, ROSE	725,000
VIERMES, JUANITO	6,250
VILAR, JOSE VICENTE	5,074,650
VILLANO, PATRICK	125,000
VILLANUEVA, BERNARDINO L.	350,000
VILLANUEVA, CAYO E.	500,000
VILLARAZA, ARTHUR L.	25,000
VILLARAZA, F. ARTHUR L.	36,250
VILLASFER, ROMMEL V.	250,000
VILLENA, MARIO	100,000
VON DAYA, FRANCIS PETER	340,000
VON DAYA, FRANCIS PETER	22,500
VON EBBE, NELS &/OR INGRID VON EBBE	500,000
WALLANG, KAZMER	200,000
WEE CHI ONG	37,500
WEE WINTHROP	1,250
WEE, WINTHROP &/OR STANLEY WEE	13,050
WEI, MINNIE	12,500
WIDWIDAN JR., BASILIO S.	250,000
WONG, VICENTE	750,000
YAM, ROSA CHAN &/OR ANGELINA YAM	250,000
YAN, LUCIO W.	100,000,000



YANG, NELLY	500,000
YAO, LINA S.	341,200
YAP, BETTY L.	500,000
YAP, FLORENTINO	250,000
YAP, JERRY	31,250
YAP, LUIS	50,000
YAP, LUIS	22,500
YAP, LUIS Y.	72,500
YAP, MICHAEL V.	5,250,000
YE WEI	5,000,000
YENEZA JR., FACUNDO &/OR GRACE YENEZA	362,500
YEOH, ROSALIE	500,000
YET, DOMINGO	200,000
YMSON JR., LUIS R.	250,000
YOUNG, MARIO	250,000
YU CHIAO CHIOK	12,500
YU CHIAO HUI	25,000
YU EK AY	500,000
YU SHIAO CHIOK	12,500
YU, ANNABELLE	12,500
YU, ANTONIA	250,000
YU, ANTONIO &/OR LITA L. YU	250,000
YU, BIENVINIDO	62,500
YU, DONATA	2,500,000
YU, HERWIN T.	1,250,000
YU, JAMES NG	750,000
YU, KENNETH	12,500
YU, MAYBELLINE	2,000,000
YU, PETER C. L.	31,250
YU, PETER TIU	1,250,000
YU, VICENTE VELASCO	12,500
ZALAVARRIA, EMEVERTO O.	50,000
ZOCIMO, RAQUEL S.	18,750
ZULUETA, NELLIE R.	6,250

**INDIVIDUAL**

**1,881,601,468**

**GRAND TOTAL**

**261,314,797,080**

**Total Stockholders**

**1,181**

**TOTAL SHARES SUMMARY**

TOTAL SHARES ISSUED AND OUTSTANDING

FILIPINO

**255,094,939,310**

FOREIGN

**6,219,857,770**

TOTAL

**261,314,797,080**

Certified True and Correct:

---

Professional Stock Transfer, Inc.

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **JOHN PETER C. 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
Equi-Pro Meats Inc.	Director	May 2021 – present
Squires Bingham Sports, Inc.	Independent Director	2019 – present
Spanish Chamber of Commerce in the Philippines	President	2019 – Apr 2022
Spanish Chamber of Commerce in the Philippines	Director	2005 – present
Raco Trading (Asia) Development Corporation	Vice-President	Sep 2015 – present
Philippine New Zealand Business Council	Board Member	2014 – present
Alakor Securities Corp.	Independent Director	2014 – present
Raco Commodities Phils., Inc.	Managing Director	2008 – present
Raco Trading Phils., Inc.	Managing Director	2003 – 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 **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 16<sup>th</sup> day of June 2022 at Mandaluyong City.

  
**JOHN PETER C. HAGER**  
Affiant

**SUBSCRIBED AND SWORN** to before me this JUN 16 2022 day of 2022 at QUEZON 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. 264  
Page No. 55  
Book No. XIV  
Series of 2022.

  
**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. RP- 204 (2021-2022)  
IBP O.R. No. 382334 MD 1621 B-16P O.R. No. 133076 MD 2022  
PTR O.R. NO. 21692588 (Mailed) / Mail No. 35162 / TRIM 121-871-009  
MCLEXTENSION APRIL 15, 2022 / MCLEXTENSION APRIL 15, 2022 / TRIM 121-871-009  
Address: 28-F, 2nd Floor, 12th Avenue, Quezon City.

## CERTIFICATE OF QUALIFICATIONS INDEPENDENT DIRECTORS

I, **RENATO C. VALENCIA**, Filipino of legal age and resident of 331 Ma. Cristina Road Ayala Alabang Village, Muntinlupa City, after having been sworn to in accordance with law do hereby declare that:

1. I am an independent director of **UNITED PARAGON MINING CORPORATION** and have been its independent director since July 2019.
2. I am affiliated with the following companies or organizations:

Company / Organization	Position/ Relationship	Period of Service/Status
1 Anglo Phil. Holdings Corporation	ID	Dec. 2006 to date
2 EEI Corporation	ID	Sept. 8, 2015 to date
3 GT Capital Holding, Inc.	ID	May 10, 2017 to date
4 I-People Inc.	Chairman/ ID	Sept. 2, 2005 to date/ 2003 to Sept. 2, 2005
5 Malayan Insurance Co. Inc.	RD	March 19, 2007 to date
6 Vulcan Industrial & Mining Corporation	ID	November 2009 to date
7 United Paragon Mining Corporation	ID	July 2019 to date
8 Omnipay Inc.	Vice Chairman Director	January 2014 to date 2009 to date

*\*ID – Independent Director RD – Regular Director*

3. I possess all the qualifications 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, its Implementing Rules and Regulations and other SEC issuances.
4. I am **not** related to any of the 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 Shareholder	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 the duties and responsibilities as an independent director under Securities Regulation Code and its Implementing Rules and Regulations, Code of corporate Governance and other SEC issuances.
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 ~~JUN 16 2022~~ of June 2022 at Mandaluyong City

  
**RENATO C. VALENCIA**  
Affiant

SUBSCRIBED AND SWORN to before me this ~~JUN 16 2022~~ day ~~2021~~ June 2022 at Mandaluyong City **QUEZON CITY**  
affiant exhibiting to me his Passport No. P6487147A issued on March 20, 2018 with expiry date on March 19, 2028.

Doc. No. 265  
Page No. 54  
Book No. XXXV  
Series of 2022

  
**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. NP-206 (2021-2022)  
I.P.O.R. No. 132134 AND 2021 & I.P.O.R. No. 139076 MD 2022  
P.T.R. O.R. NO. 24632550 1/03/22 / Roll No. 39832 / TIRAF 124-871-019  
MCIE EXTENSION APPY. 15, 2022 UP TO APRIL 14, 2024 BY THE SEC. BUREAU D.M. NO. 850  
Address: 31-F Harvard St., Cuzco Q.C.



## CERTIFICATION

This is to certify that Ms. **Maureen Alexandra S. Ramos-Padilla** has been appointed as a Member, currently representing the private sector of the Governing Board of the National Book Development Board (NBDB).

By virtue of such appointment, she assumes the powers and functions of a member of the Governing Board set forth in Section 8 of the Republic Act No. 847 or the Book Publishing Industry Development Act.

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

Done this 13<sup>th</sup> day of June 2022.

  
**CHARISSE AQUINO-TUGADE**  
*Executive Director*

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., Street City / Town / Province)

Mr. Iris Marie U. Carpio-Duque

Contact Person

8631-5139

Company Telephone Number

2021 Annual Report - SEC Form 17A

(With attachment - Audited Financial Statement 2021 and Sustainability Report)

1 2 3 1

Month Day Fiscal Year

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Secondary License Type, If Applicable

Dept Requiring this Doc

Dept Requiring this Doc

Amended Articles Number / Section

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Total No. of Stockholders

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

LCU

Document ID

Document ID

Cashier

Cashier



STAMPS

Remarks: Please use BLACK ink for scanning purposes



**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A  
ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **December 31, 2021**
2. SEC Identification Number 40938      3. BIR Tax ID No. **000--169-117-000**
4. **UNITED PARAGON MINING CORPORATION**  
Exact name of issuer as specified in its charter
5. **Philippines**      6.  (SEC Use Only)  
Province, Country or other jurisdiction      Industry Classification Code:  
of incorporation or organization
7. **Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City**      **1550**  
Address of principal office      Postal Code
8. **(632) 8631-5139**  
Issuer's telephone number, including area code
9. **N/A**  
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 & 12 of the SRC, or Sec. 4 and 8 of the RSA

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

11. Are any or all of these securities listed on a Stock Exchange.  
Yes [  ]      No [  ]  
If yes, state the name of such stock exchange and the classes of securities listed therein:

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

12. Check whether the issuer:
- (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 hereunder or Section 11 of the RSA and RSA Rule 11(a)-1 hereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);  
Yes [  ]      No [  ]

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

Yes []

No []

13. State the aggregate market value of the voting stock held by non-affiliates (55,246,591,544 shares) of the registrant – ₱381.2 million based on the closing stock price of P0.0069 per share at the Philippine Stock Exchange, Inc. on December 31, 2021.

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes []

No []

NA []

#### **DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of the report into which the document is incorporated:

The Company's 2021 Audited Financial Statements are incorporated under item 7 of Part II (Operational & Financial Information).

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## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business and General Information

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 Abcar Paragon 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.

Meanwhile, on December 29, 2018, the company acquired the rights and interests of Vulcan Industrial & Mining Corporation (VIMC) under the following MPSAs:

<b>Project</b>	<b>Location</b>	<b>Contract</b>	<b>Area (has)</b>
<i>Manlupo (Copper)</i>	<i>Bgy. Damutan, Hinobaan, and Bgy. Gatuslao, Candoni, Negros Occidental</i>	<i>MPSA 092-97-VI granted to VIMC on November 20, 1997 and registered with MGB-R06 on June 9, 1998</i>	<i>477.00</i>
<i>Luz (Copper)</i>	<i>Bgy. Manlucahoc, Sipalay, Negros Occidental</i>	<i>MPSA 113-98-VI granted to VIMC on May 26, 1998 and registered with MGB-R06 on May 13, 1999</i>	<i>806.5719</i>

The assignment was approved by the Mines and Geosciences Bureau in an Order dated December 22, 2020. The company is currently preparing for the extension of the DMPF and renewal of both MPSAs.

**Production.** There were no gold and silver recovered in the years 2021, 2020 and 2019. The Company's mining and milling operations are still suspended.

**Products/Sales/Competition.** Prior to the suspension of the mining and milling operations, the Company produced dore bullions, containing gold and silver, which were either refined by the Bangko Sentral ng Pilipinas Mint and Gold Refinery or sent by airfreight and refined by Johnson Matthey PLC. of England. The principal product, gold, accounted for over 99% while the by-product, silver contributed only less than 1%. Since the suspension of the mining and milling operations, the Company has had no new product.

The gold and silver dore bullions were sold either to Bangko Sentral ng Pilipinas or Johnson Matthey PLC. of England. The sales were covered by contracts using internationally accepted pricing in the world market available from the London Metal Exchange. Since no single gold producer (mining company) can affect the international metal prices, competition among mining companies is virtually non-existent. Competition among mining companies is on acquisition of mining claims/areas. Dore bullion is readily marketable.

**Sources and availability of raw materials and supplies.** The ore as raw material extracted usually comes from the Company's mineral properties. However, the Company suspended its mining and milling operations in 1999 due to depletion of economic reserves at its Shaft 4, high operating costs and low metal prices.

The Company has quite a number of suppliers for its operating supplies. Energy was sourced from Camarines Norte Electric Cooperative ("CANORECO") under a long-term contract for the supply of electricity from 1988 to 2000. Likewise, the Company has four (4) megawatt power plant, which has the ability to provide sufficient power for operation during any power failure. Since this equipment has been idle for a period of time, further rehabilitation is required. However, in November 2000, the Company switched its power supply from CANORECO to an in-house generating set to provide its limited power requirement of 10 KVA. In early 2012, site power supply is now provided by CANORECO. However, the Company is also looking an option for other possible power provider and/or participates in an open market to source its future power requirement. Purchases of supplies, equipment and spare parts are obtained on a competitive basis from sources both local and foreign and are generally available.

**Transactions with and/or dependence on related parties.** The information required is disclosed on Note 11 of the Company's 2021 Audited Financial Statements.

**Patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements.** The information required is disclosed on Note 2 of the Company's 2021 Audited Financial Statements.

**Government regulations and approvals.** The Company has to strictly comply with governmental regulations and seek government approvals, particularly those of the DENR, with respect to disposal of waste and tailings, rehabilitation, environmental compliance, and the like, to be able to start or continue mining operations. The Company's Environmental Compliance Certificate ("ECC") expired on July 31, 1999 and after satisfying the requirements and upon the recommendation of the Environmental Management Bureau, the Company was granted an ECC for the Longos Mining Project on October 8, 2010 while its MPSA application was still pending. The Company has filed for reconsideration of the automatic cancellation of its ECC pursuant to EMB Memorandum Circular No. 2020-31, and will explore the filing in due course of a new ECC application to cover a wider area resulting from the conformity with the meridional blocking system covering an area of 972 hectares.

Effects of existing government regulations are mainly on their corresponding costs of compliance to the Company, which are appropriately reflected either as expense or as capital asset under generally accepted accounting principles. The effect on the Company of any probable government regulation could not be determined until specific provisions are known.

**Research and Development.** Exploration, drilling and development for a mining company, are the equivalent of research and development. The Company's principal activities since the suspension of the mining and milling operations until 2004 had been exploration and confirmation drilling. The total cost of exploration and drilling, community and environmental protection for the year 2020 amounting to ₱19.5 million.

**Exploration/Drilling.** In October 2020, three holes, totaling 604.9 meters were drilled east-southeast of the Bula-ay small scale mining area. These holes were to check the up-dip continuity of Baluarte Vein and San Antonio Vein (between level 200 and level 400) above the ultramafic granodiorite contact. No exploration work was initiated during the years 2019 and 2018 due to revised exploration work program was just approved in early 2020. The Company suspended its exploration/drilling activities in the San Mauricio mineral claim in Jose Panganiban after completing the 2<sup>nd</sup> 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.

**Compliance with environmental laws.** On May 14, 2011, the former President Benigno S. Aquino III issued EO 26, declaring the implementation of the National Greening Program (NGP) as a government priority program to specifically seek to plant 1.5 billion seedlings in 1.5 million hectares of public lands nationwide in six years, from 2011 to 2016. Areas for planting under the program include forestlands, mangrove and protected areas, inactive and abandoned mine sites and other suitable lands of the public domain.

mining operation and eventually was put on a care and maintenance mode, the company had envisioned to provide and have prepared a tree-planting program especially on surface areas where mining activities had been conducted. The total planted areas for the year 2020 was pegged at 0.4128 hectares and with 1,045 tree seedlings planted.

From 2011 up to 2021, the company had planted a total of 33,307 trees on approximately 42.83 hectares of old mining land of which 1,420 trees planted in 2021.

The company has constructed a nursery to propagate various kind of tree seedling just to provide full support to the company's monthly tree planting activity as well as in the production of quality seedlings. Tree planting activity was documented and was reported annually in compliance with the regional Mines and Geosciences Bureau ruling.

Moreover, the company likewise provided assistance on livelihood, health and safety, Education and Recreation, Environmental and Sanitation programs to the host Barangays as part of the company's Community Development program. It has allotted a minimum fund to execute necessary support to the communities wherein request and solicitation are commonly considered.

Furthermore, the most pressing concern facing the company since the NGP launching is the proliferation of illegal small-scale miners within the property. The problem has created instability and uncertainties on the area. However, the company was urged to take steps for the necessary protection of all areas where tree-planting activities are conducted. Environmental and ecological protection is the main goal of the company ever since the mine operations ceased in 1999.

The National Greening Program is not only expected to instill greater social confidence in the Mining Industry, but will also result in clear, stable and predictable policies on environmental and ecological aspects on mining.

**Employees.** The total manpower of the Company as of December 31, 2021 consists of nine (8) regular employees and one (1) consultant.

<b>Type of employee</b>	<b>Exploration/Technical</b>	<b>Finance/Administration</b>
Executive Officers	-	3
Managers/Technical Personnel	1	1
Rank and File		4
<b>Total</b>	<b>1</b>	<b>8</b>

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.

("NAMAWU") for rank and file, and United Paragon Mining Corporation Supervisors' Union ("UPSU") for supervisors. The collective bargaining agreement between the Company and NAMAWU expired on December 31, 1999 while that between the Company and UPSU expired on April 30, 2003. Mandaluyong City based employees and administrative personnel at the mine site are not subject to collective bargaining agreement. The Company's employees have not been on strike in the past three (3) years and are not threatening to go on strike. The Company does not have any incentive arrangement with its employees and no plans to establish one in the future.

**Major Risk/s.** The management of the Company regularly scans the events and trends concerning the mining industry in order to identify and assess risks affecting the Company. At the same time, the management of the Company assesses the internal risks and weaknesses in its operations. The major risks involved in the Company's operations are as follows:

- a. **Changes in the market price for gold.** The market price for gold can fluctuate widely. These fluctuations are caused by numerous factors beyond the Company's control such as speculative positions taken by investors or traders in gold; changes in the demand for gold for industrial uses, for use in jewelry and investment; changes in the supply of gold from production, disinvestment, scrap and hedging; financial market expectations regarding the rate of inflation; the strength of the US dollar (the currency in which the gold price trades internationally) changes in interest rates; actual or expected gold sales by central banks; gold sales by gold producers in forward transactions; global or regional political or economic events.

A sharp decline in the gold price would adversely affect the viability of the Longos Rehabilitation Project and the Company's ability to raise the required amount to finance the said project. However, inasmuch as gold price fluctuations are caused by numerous factors beyond the Company's control and gold hedging is not applicable to the Company at this stage, there is no way the Company can manage this risk at this time. In the future, when the Company reopens the mine, gold price hedging strategies will be considered.

- b. **Skills shortages.** Skills shortages are re-emerging as industry growth recovers and mine production ramps up to meet revived demand. With an inadequate supply of skilled workers and professionals for the mining sector, the challenge of recruitment, retention, development and deployment has re-emerged as a significant strategic threat to the industry. This may further delay future project development and production.
- c. **Development risks.** The Company's plan to rehabilitate and reopen the Longos Mine is based on the results of a pre-feasibility study conducted by the Company. The study used estimates of expected or anticipated project economic returns which are based on assumptions such as future gold and silver prices, anticipated tonnage, grades of ore to be mined and processed, anticipated recovery rates of gold and anticipated capital expenditure and cash operating costs, among other factors.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by Company's studies and estimates due to a number of uncertainties inherent in the development and construction of an extension to an existing mine or any new mine. Prior to reopening the mine, the Company may hire additional consultants to double check the Company's pre-feasibility study and rehabilitation plan.



- d. **Ore reserves estimate risk.** The ore reserves presented in this annual report are the best estimates of Company's technical personnel and confirmed/certified by competent persons-geologist and mining engineer. The Company undertakes annual revisions of its ore reserve estimates based upon actual exploration and drilling results, new information and fluctuations in economic parameters. The actual mineral deposition in quantity (tonnage) and quality (grade) may vary greatly from the Company's estimate when actual mining/extraction is conducted. Some physical obstacles in operation such as water inflow underground, fracturing of rock upon mining and erratic nature of the mineral content of the vein can contribute to the variance between the estimated and actual ore reserves.
- e. **The risk of flooding the underground workings.** The ore reserves of Longos Mine comprising of several parallel narrow gold veins are located in an ultramafic and granodiorite country rocks. Heavy water ingress into the underground workings caused by fissures of the veins under the ocean floor is inevitable but can be controlled by a well-planned and designed dewatering plan inside the mine. The Company had been successful in controlling water ingress in the past by installing heavy-duty pumps and by pushing the shoreline with a cofferdam. The same dewatering strategy will be used when the Company reopens the mine.
- f. **Liquidity and access to capital.** The Company needs an estimated amount of US\$20 million for capital expenditures to implement its two (2) years exploration work program the exploration work program was revised in 2019 with a capital expenditure of estimated US\$250 thousand. The company pursued various options to raise project funding to fully implement the approved exploration work program, approved exploration permit was received in August 24, 2018. Although, the Philippine government has been aggressively promoting and supporting the revitalization of the mining industry and investors are bullish on the gold price. Successful implementation of the approved exploration work program will upgrade the current ore reserve. In the last quarter of 2020 the company completed the implementation of the 2 year exploration work program by drilling 3 holes totaling 604.9 meters drilled east-southeast of the Bula-ay small scale mining area.

## Item 2. 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 Haliguig Bato 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 entitled “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 its application from APSA-00375-V to EXPA-00180-V. On August 24, 2018 the company received the approved exploration permit with a larger area from 394 hectares to 580 hectares.

UPMC on its own has located several mineral areas located in Paracale and Labo, Camarines Norte consisting of 531.000 hectares for which corresponding APSAs were filed.

The 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-254 covers six (6) mining claims owned by UPMC and located within Labo and Paracale, Camarines Norte consisting of Lots 1 and 2 with a total area of 405.0227 hectares, denied by MGB V in an order dated June 30, 2011 pursuant to the provisions of Department Memorandum Order (DMO) NO. 2010-04. A motion for reconsideration on the denial of the application has been filed by the Company which is currently being evaluated by MGB V office.
- 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 the approved exploration permit with a larger area from 394 hectares to 580 hectares.

**Mineral Resources and Ore Reserves.** There was no change in the resource estimates during the year 2021 even after the completion of the 2 years exploration work program wherein the company drilled 3 holes totaling 604.9 meters to check the up-dip continuity of Baluarte Vein and San Antonio Vein (between level 200 and level 400) above the ultramafic-granodiorite contact and for the year 2019. The Indicated Mineral Resources Inventory as of January 01, 2022 is 3,160,737 MT at 10.89 grams of gold per tonnes (Au g/t) containing 1,106,420 ounces of gold. Summary of the ore resources as of January 01, 2022 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 01-01-2022	3,160,737	10.89	1,106,420
Identified Mineral Resources as of 01-01-2021	3,160,737	10.89	1,106,420
Difference	-	-	-

Summary of the ore reserves as of January 01, 2022 is presented below:

<b>Underground Movable Ore Reserves</b>	<b>Tonnes</b>	<b>Grade, Au g/t</b>	<b>Ounces, Gold</b>
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	1,302,52	11.30	473,211
Sub Total	1,302,52	11.30	473,211
Total			
Proven	202,071	10.61	68,930
Probable	1,388,45	11.30	496,086
Total Ore Reserves	1,590,52	11.05	565,016
Less: Reserves Used For Pillars	6,963	6.63	1,484
Total Ore Reserves - January 01, 2022	1,583,56	11.07	563,532
Total Ore Reserves - January 01, 2021	1,583,56	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 (PMRC) 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 experiences, which are relevant to the style of mineralization and type of deposit under consideration and to the activity, which they had undertaken to qualify as Competent Persons as defined in the 2007 Edition of PMRC. Messrs. Domingo and Castillo consented to the inclusion in this report of the matters based on their information in the form and context in which it appears.

### Item 3. 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, apart from Civil Case No. 18-469 entitled *Ofelia R. Delos Santos, et. al. vs. United Paragon Mining Corporation* for unlawful detainer, pending before the Regional Trial Court, Branch 41, Daet, Camarines Norte, involving a portion of Lot 971, PLS-1047-D, owned by Camarines Minerals, Inc. The parties therein reached an amicable settlement but which the plaintiffs later repudiated, and such opposition was upheld by the court. The Company's motion for reconsideration is now pending resolution.

### Item 4. Submission of Matters to a Vote of Security Holders

Except for the matters taken during the annual stockholders meeting on September 30, 2020, no other matter was submitted to a vote of security holders during the period covered by this report.

## PART II – OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. 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 2019, 2020, 2021 and the first quarter of the current fiscal year 2022 are as follows:

Market Price	2022		2021		2020		2019	
	High	Low	High	Low	High	Low	High	Low
First Quarter	.0086	.0063	0.0160	0.0056	0.0066	0.0039	.0100	.0056
Second Quarter			0.0130	0.0073	0.0045	0.0032	.0076	.0060
Third Quarter			0.0110	0.0070	0.0080	0.0080	.0084	.0061
Fourth Quarter			0.0072	0.0059	0.0072	0.0072	.0066	.0052

The Company's shares of common stock were traded with a closing price of ₱0.0069 per share on December 31, 2021 and ₱0.0063 March 31, 2022.

**Holders.** The Company has 1,182 shareholders as of December 31, 2021. The outstanding shares as of December 31, 2021 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 December 31, 2021 are as follows:

No.	Name	No. of shares held	Percent of Total
1	PCD NOMINEE CORPORATION	252,482,855,862	96.6202
2	LANCASTER HOLDINGS LIMITED	5,235,537,900	2.0035
3	CAMARINES MINERALS, INC.	1,252,097,050	0.4792
4	RAMOS, ALFREDO C.	318,976, 817	0.1221
5	ENRILE II, WILLIAM RAGOS	250,000,000	0.0957
6	ALAKOR SECURITIES CORPORATION	199,653,850	0.0764

<b>7</b>	LORENZO JR., LUIS P.	109,250,000	0.0418
<b>8</b>	YAN, LUCIO W.	100,000,000	0.0383
<b>9</b>	SY TIONG SHIOU &/OR JUANITA S. TAN	93,500,000	0.0358
<b>10</b>	VALMORA INVESTMENT AND MANAGEMENT	80,000,000	0.0306
<b>11</b>	CASTILLO, EDUARDO B.	54,375,000	0.0208
<b>12</b>	CASTANEDA, ISA F.	50,000,000	0.0191
<b>13</b>	KERRY SECURITIES (PHILS.), INC. RPS01	49,250,000	0.0188
<b>14</b>	LIM III, JOSE A.	22,500,000	0.0086
<b>15</b>	CORRO, ANTONIO SEBASTIAN, T.	20,000,000	0.0077
<b>16</b>	KEH, BENITO	18,000,000	0.0069
<b>17</b>	PONIO, BEN AZEL S.	17,500,000	0.0067
<b>18</b>	CHU, BERNARD CHIU, JOHNSON CHIU &/OR VICKY	15,000,000	0.0057
<b>19</b>	LEE, DANIEL U.	12,687,500	0.0049
<b>20</b>	HYDEE MANAGEMENT & RESOURCES CORP.	12,600,600	0.0048

Shown in the below table is the equity ownership on a per class basis as of December 31, 2021.

	Security Class	Outstanding Shares	Percent of Total
<b>1.</b>	<b>Common Shares</b>		
	Filipino	255,182,939,310	97.6535
	Alien:		
	Other	6,109,401,520	2.3379
	British	1,250,000	0.0005
	American	13,000,000	0.0050
	Chinese	8,206,250	0.0031
	<b>Total</b>	<b>261,314,797,080</b>	<b>100 .0000</b>
<b>2.</b>	<b>Preferred A</b>		
	Filipino	9,365,000	76.76
	Alien-other	2,835,000	23.24
	<b>Total</b>	<b>12,200,000</b>	<b>100</b>
<b>3.</b>	<b>Preferred B</b>		
	Filipino	120,000	30.00
	Alien-other	280,000	70.00
	<b>Total</b>	<b>400,000</b>	<b>100</b>

**Dividends.** No dividends were declared in the first quarter of 2022 and in the years 2021 and 2020. The Company's ability to declare and pay dividends on common equity is restricted by the availability of sufficient retained earnings and funds.

**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 the Company 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.

However, because of the prevailing market conditions and current market price, the Company saw the need to reprice the stock option plan in order to be a fair and proper incentive program for directors and management. Hence, the delegation to the board of directors of the authority to reprice at below par value was proposed to, and approved by, the stockholders at the annual meeting held on July 8, 2021. As of date of this report, no stock options have been 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 Securities Regulation 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 15 of the 2021 Audited Financial Statements.

## Item 6. Management's Discussion and Analysis and Plan of Operation.

### Management's Discussion and Analysis

#### Results of Operations.

	2021 (Audited)	2020 (Audited)	2019 (Audited)
Revenues	-	-	-
Net Income (Loss)	(90,961,031)	(57,882,805)	(46,854,180)
Total Assets	1,130,307,232	1,135,464,373	1,125,706,949
Total Liabilities	1,323,055,583	1,237,319,560	1,169,659,901
Net Worth	(192,748,351)	(101,855,187)	(43,952,952)
Issued & Subscribed Capital	261,314,797,080	261,314,797,080	261,314,797,080

#### 2021 compared to 2020

The company has posted net loss of ₱90.9 million in 2021 compared to ₱57.9 million in 2020. The higher net loss was due provision for impairment loss of inventories and interest expense.

Finance Expenses of ₱66.5 million in 2021 was higher by ₱7.1 million as compared to ₱59.4 million in 2020 due to compounding interest calculation on unpaid obligation to Camarines Minerals Inc. (CMI).

Finance income earned for the year 2021 arising from interest income on bank deposit.

Other income earned for the year 2021 and 2020 comes from the disposal of scrap materials.

### **2020 compared to 2019**

The company has posted net loss of ₱57.9 million in 2020 compared to ₱46.9 million in 2019. The higher net loss was due provision for impairment loss of VAT and interest expense.

Finance Expenses of ₱59.5 million in 2019 was higher by ₱10.9 million as compared to ₱48.6 million in 2019 due to compounding interest calculation on unpaid obligation to Camarines Minerals Inc. (CMI).

Finance income earned for the year 2019 arising from interest income on bank deposit.

Other income earned for the year 2020 of comes from the disposal of scrap materials and NIL in 2019.

### **2019 compared to 2018**

The company has posted net loss of ₱46.9 million in 2019 compared to ₱59.1 million in 2018. The lower net loss was due to unrealized foreign exchange gain recognized in 2019 and a loss in 2018, some administrative cost incurred was capitalized part of exploration cost.

Finance Expenses of ₱48.6 million in 2019 was slightly higher by ₱1.3 million as compared to ₱47.3 million in 2018 due to compounding interest calculation on unpaid obligation to Camarines Minerals Inc. (CMI).

Finance income earned for the year 2019 arising from interest income on bank deposit.

Other income earned for the year 2018 of comes from the disposal of scrap materials and NIL in 2019.

The key performance indicators of the company.

<b>Ratios</b>	<b>Formula</b>	<b>DECEMBER 31 2021</b>	<b>DECEMBER 31 2020</b>
Current Ratio	Current Assets/ Current Liabilities	<b>0.0010</b>	<b>0.0142</b>
		₱ 1,304,340	₱ 17,545,555
		₱ 1,322,211,822	₱ 1,236,189,011



Quick Ratio	Current Asset- Inventory- Prepaid/ Current Liabilities	<b>0.0007</b>	<b>0.0002</b>
		₱ 888,091	₱ 206,278
		₱ 1,322,211,822	₱ 1,236,189,011
Solvency Ratio	Total Assets/ Total Liabilities	<b>0.8543</b>	<b>0.9178</b>
		₱ 1,130,307,232	₱ 1,135,464,373
		₱ 1,323,055,583	₱ 1,237,189,011
Debt Ratio	Total Liabilities/ Total Assets	<b>1.17</b>	<b>1.09</b>
		₱ 1,323,055,583	₱ 1,237,189,011
		₱ 1,130,307,232	₱ 1,135,464,373
Debt to equity ratio	Total liabilities/ Stockholders' equity	<b>(6.86)</b>	<b>(12.15)</b>
		₱ 1,323,055,583	₱ 1,237,189,011
		₱ (192,748,351)	₱ (101,855,187)
Equity to debt ratio	Stockholders' equity/ Total liabilities	<b>(0.15)</b>	<b>(0.08)</b>
		₱ (192,748,351)	₱ (101,855,187)
		₱ 1,323,055,583	₱ 1,237,189,011
Asset to equity ratio	Total Assets Stockholders' equity/	<b>(5.86)</b>	<b>(11.15)</b>
		₱ 1,130,307,232	₱ 1,135,464,373
		₱ (192,748,351)	₱ (101,855,187)
Interest coverage ratios	Earnings (loss) before interest & taxes Interest Expense	<b>(0.37)</b>	<b>0.03</b>
		₱ (24,435,559)	₱ 1,563,334
		₱ 66,525,472	₱ 59,446,139

Book value per share	Stockholders' equity/ Total # of shares	<b>(0.00074)</b> ₱ (192,748,351) 261,314,797,080	<b>(0.00039)</b> ₱ (101,855,187) 261,314,797,080
Loss per share	Net loss/ Total # of shares	<b>0.00035</b> ₱ 90,961,031 261,314,797,080	<b>0.00022</b> ₱ 57,882,805 261,314,797,080

Current Ratio continue to decrease from 2018 to 2021 due to increase in current liabilities brought about by accrual of interest from unpaid royalty fees to Camarines Minerals Inc. (CMI) and the advances made from shareholders to fund operating costs.

Solvency Ratio continue to decrease from 2018 to 2021 due to increase in current liabilities brought about by accrual of interest from unpaid royalty fees to Camarines Minerals Inc. (CMI) and the advances made from shareholders to fund operating costs.

Debt-to-Equity Ratio continue to decrease from 2018 to 2021 due to increase in current liabilities brought about by accrual of interest from unpaid royalty fees to Camarines Minerals Inc. (CMI) and the advances made from shareholders to fund operating costs.

Equity-to-Debt Ratio continue to decrease from 2018 to 2021 due to increase in current liabilities brought about by accrual of interest from unpaid royalty fees to Camarines Minerals Inc. (CMI) and the advances made from shareholders to fund operating costs and decrease in Stockholders Equity due to net loss incurred by the Company in 2021.

Asset to equity Ratio continue to decrease from 2018 to 2021 due to decrease in Stockholders Equity brought about by a net loss incurred by the Company in 2021.

Book Value per Share (BVPS) continue to decrease in 2018 to 2021 due to the decrease in Stockholders Equity due to net operating loss from previous years till year 2021.

Earnings Per Share (EPS) decrease from 2018 to 2021 due net operating loss from previous years till year 2021.

#### **Financial Position.**

As shown in the financial statements, the Company has incurred capital deficiency of ₱192.7 million and ₱101.9 million as at December 31, 2021 and 2020, respectively resulting from cumulative losses of ₱2,826.5 million and ₱2,735.6 million as at December 31, 2021 and 2020, respectively. Also, the Company's current liabilities exceeded its current assets by ₱1,320.9 million and ₱1,218.6 million, respectively. Net cash flows used in operating activities amounted to ₱13.1 million, ₱2.2 million and ₱3.8 million in 2021, 2020 and 2019, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to

continue as a going concern, and, therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business. 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.

Cash requirement for years 2021, 2020 and 2019 were principally financed by loans, advances from related parties and disposal of site scrap materials.

The Company's total current liabilities of ₱1,322.2 million as of December 31, 2021, of which, ₱301.9 million was due to related parties for loans and advances, interests, and dividends and other liabilities, and the balance are due to suppliers and other creditors as disclosed in Note 10 of 2021 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 2021 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".

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

The gold price decrease by 4% in 2021 as compared to the same period in 2020. Gold was traded in the London Metal Exchange ("LME") with a closing price of USD per Oz of US\$1,820.10 at the end of 2021 as compared to US\$1,891.10 in 2020 and US\$1,523.00 in 2019. The gold price reached an all-time high of US\$2,017.15.00 in March 2022. The outlook for gold remains bullish, as it continues to provide a hedge against weakness in fiat currencies. For the quarter ending March 31, 2022, gold price closed at US\$1,924.10 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, except for the implementation of the approved exploration work program for the period two years starting from August 24, 2018.
- 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, 2021 to December 31, 2020 in one or more line items of the financial statements *except* for the following:

- a) Increase in Accrued interest & other current liabilities by ₱67.2 million mainly due to the accrual of interest charges for the year 2021 including interest/dividends on Class A preferred shares.
- b) Increase in Advances from related parties by ₱18.7 million.
- c) 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 2021 compared to 2020.

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 I.

**Plan of operations.** The plan of operations covers the following activities:

- a. In October 2020, the company completed the exploration work program by drilling 3 holes, totaling 604.9 meters east-southeast of the Bula-ay small scale mining area. These holes were to check the up-dip continuity of Baluarte Vein and San Antonio Vein (between level 200 and level 400) above the ultramafic granodiorite contact. In February 4, 2021, the Company filed a Declaration of Mining Project Feasibility (DMPF) prior to the expiration of exploration permit on Feb 19, 2021 to Mines and Geosciences Bureau Regional Office No. 5 (MGB 5). The application underwent the normal evaluation process and the same was endorsed to the MGB Central Office in April 2022 for evaluation. The Company will work closely with the MGB in order to comply with all the mandatory requirements.
- b. The Company will work on getting the financing requirement needed to comply with all the mandatory requirements for DMPF and later the MPSA application either by external sources or internal sources.

The Company expects significant purchases of machinery & equipment and change in the number of its employees during the year once the required government permit has been awarded to it and the financing for the exploration activity of its Longos Mine becomes available during the year.

**Item 7. Financial Statements**

The 2021 Audited Financial Statements of the Company are incorporated herein by reference. The schedules listed in the accompanying index to supplementary schedules are filed as part of this SEC Form 17-A.

**Item 8. Information on Independent Accountant and other Related Matters**

**Information on Independent Accountant.** The accounting firm of SyCip Gorres Velayo & Co. CPAs (“SGV”) with address at the 6760 Ayala Avenue 1226 Makati City, was appointed as external auditor of the Company at the annual stockholders’ meeting in 2014 with Ms. Eleanor Layug as partner-in-charge, in 2017 audit year Ms. Eleanor Layug was replaced by Mr. Jose Raoul J. Balisalisa as the new audit partner-in-charge, and in 2018 Ma. Genalin Q. Arevalo is the partner in-charge, in line with the Company’s commitment to good corporate governance and in compliance with SEC Memo Circular No. 8 Series of 2003.

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

<b>Year</b>	<b>Audit &amp; Related Fees</b>	<b>Tax Fees</b>	<b>Other Fees</b>
2021	₱363,825	43,659	37,600
2020	₱346,500	41,580	34,650
2019	₱315,000	37,800	31,500

For the past three (3) years, the Company had not engaged the services of SGV 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 amounts under the caption “Audit and Related Fees” & “Other Fees” for the years 2021, 2020 and 2019 pertain to these services. The Company’s tax related matters are being handled by the tax services department of SGV.

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.

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

No independent accountant engaged by the Company has resigned or declined to stand for re-election or was dismissed.

## PART III – CONTROL AND COMPENSATION INFORMATION

### Item 9. Directors and Executive Officers of the Registrant

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

**Alfredo C. Ramos** is the Chairman of the Board 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.

**Gerard Anton S. Ramos** is the President & Chief Executive Officer 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, and shopping centers, among others.

**Presentacion S. Ramos** is the Director of the Company. For the past five (5) years, she has served as 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 & gas exploration, and mining, among others.

**Adrian Paulino S. Ramos** is the Vice-President and Treasurer of the Company. For the past five (5) years, he has served as an Instructor at a business school, Operations Manager for a major book retailer and Business Analyst for McKinsey & Company. He is currently serving 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.

**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.

**Maureen Alexandra S. Ramos-Padilla** is a Director of the Company. For the past 5 years, she has served as a 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.

**Renato C. Valencia** was elected as independent director of the Company last July 30, 2019. For the past (5) years, he has served as director and/or executive officer in companies engaged in banking, investment holdings, education and technology, realty and insurance. He is a former administrator of the Social Security System.

**Iris Marie U. Carpio-Duque** is the Company's Compliance Officer, Chief 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.

**Josephine L. Ilas** is the Assistant Corporate Secretary of the Company. For the past five (5) years, she has served as assistant corporate secretary and compliance officer of companies involved in oil and petroleum and natural resources. She is 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.

Mssrs. John Peter C. Hager and Renato Valencia are the current independent directors.

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 has been elected and qualified.

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.

**Reporting companies in which each Director holds directorship:**

Alfredo C. Ramos	Anglo Philippine Holdings Corporation The Philodrill Corporation Shang Properties, Inc. Atlas Consolidated Mining & Devt. Corp.
Adrian Paulino S. Ramos	Anglo Philippine Holdings Corporation The Philodrill Corporation Vulcan Industrial & Mining Corporation Atlas Consolidated Mining & Devt. Corp. Alakor Securities Corporation*
Gerard Anton S. Ramos	Anglo Philippine Holdings Corporation The Philodrill Corporation Atlas Consolidated Mining & Devt. Corp. Alakor Securities Corporation
Presentacion S. Ramos	Anglo Philippine Holdings Corporation The Philodrill Corporation Alakor Securities Corporation

Maureen Alexandra S. Ramos-Padilla	Anglo Philippine Holdings Corporation The Philodrill Corporation Alakor Securities Corporation
Christopher M. Gotanco	Anglo Philippine Holdings Corporation The Philodrill Corporation Boulevard Holdings, Inc.
Renato C. Valencia	Anglo Philippine Holdings Corporation (ID) i- People, Inc. (ID)
John Peter C. Hager	Alakor Securities Corp.

**Resignation or Declination to Stand for Re-election of a Director.** Since the Company's last annual meeting of stockholders held on July 28, 2021, none resigned.

**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: Ms. Maureen Alexandra S. Ramos-Padilla, Mr. Gerard Anton S. Ramos and Mr. Adrian Paulino S. Ramos are the children of Mr. Alfredo C. Ramos, Chairman of the Board and Ms. Presentacion S. Ramos, Director.

**Involvement in Certain Legal Proceedings.** The Company is not aware of any adverse events or legal proceedings of the nature required to be disclosed under Part IV, paragraph (A), (4) of SRC Rule 12, Annex C with respect to directors and executive officers during the past five (5) years that are material to the evaluation of the ability or integrity of the directors or executive officers.

#### Item 10. Executive Compensation

The aggregate compensation paid or incurred for the Company's Chief Executive Officer and most highly compensated executive officers and employees named below as a group for the two (2) most recently completed years (2020 and 2021) and the ensuing fiscal year (2022) are as follows:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo C. Ramos	Chairman				
Gerard Anton Ramos	President - CEO				
Adrian Paulino Ramos	Vice-President / Treasurer				
Gilbert Rabago	Finance, Admin. & Purchasing Manager				
Iris-Marie Carpio-Duque	Legal and Compliance				



	Officer/Corporate Secretary				
Total (Top 5 Executives)		2020	₱0.6 million	0	0
		2021	₱0.6 million	0	0
		2022 (Est.)	₱0.6 million	0	0
Total (All Executives & Directors)		2020	₱0.6 million	0	0
		2021	₱0.6 million	0	0
		2022 (Est.)	₱0.6 million	0	0

For the most recently completed fiscal year and the ensuing fiscal year, directors received and will receive a per diem of ₱2,000.00 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 13<sup>th</sup> 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.

#### Item 11. Security Ownership of Certain Beneficial Owners and Management

**Security Ownership of Certain Record and Beneficial Owners.** As of December 31, 2021 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	(1,6,7) National Book Store Inc. 3 <sup>rd</sup> 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) 6 <sup>th</sup> 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	46,300,863,524	17.72
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	33.20
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, Commonwealth Ave., Quezon City (Director until 1993/Stockholder)	Edmundo M. Tolentino	Filipino	2,000,000	16.39
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	70.00
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.				
(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 129,954, 122,445 shares in the name of Alakor Securities Corporation (ASC) and 94,928,498,994 shares in the name of BDO Securities Corporation. Of the 224,882,621,439 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)	Anglo Philippine Holdings Corp., National Book Store Inc., 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:

Title of Class	Name of Beneficial Owner	Amount and nature of Record <sup>®</sup> /Beneficial (B) Ownership		Citizenship	Percent of Class
		Direct	Indirect		
Common	Alfredo C. Ramos	318,976,817	-	Filipino	0.12
Common	Christopher Gotanco	500,000	90,312,500	Filipino	0.03
Common	Eduardo B. Castillo	54,375,000	-	Filipino	0.02
Common	Adrian Paulino S. Ramos	500,000	-	Filipino	0.00
Common	Gerard Anton S. Ramos	100,000	50,100,000-	Filipino	0.00
Common	Presentation S. Ramos	-	73,050,000	Filipino	0.02
Common	Maureen Alexandra S. Ramos-Padilla	-	65,000,00	Filipino	0.02
Common	John Peter C. Hager	-	87,000,000	Filipino	0.03
Common	Renato C. Valencia	-	1	Filipino	0.00
Common	Iris-Marie U. Carpio-Duque	-	-	Filipino	0.00
Common	Gilbert V. Rabago	-	-	Filipino	0.00

As of December 31, 2021, the aggregate number of shares owned by the Company's directors and executive officers is 739,914,318 shares or approximately 0.27% 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.

**Changes 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.

#### **Item 12. 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. 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 companies. These loans and advances, inclusive of accrued interests, guaranty fees and other liabilities to related companies 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, 2011, 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. As of December 31, 2021, no additional funds have been drawn.

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 2021 Audited Financial Statements.

There are no on-going contractual or other commitments as a result of the loans and advances obtained from related companies other than the payment of the loans and advances, interests, conversion of the same to equity and other rights as mentioned above.

During the last two (2) years, there were no other transactions 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. 11.

**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.

**Transaction with Promoters.** There are no transactions with promoters within the past five (5) years.

## **Part IV – CORPORATE GOVERNANCE**

### **Item 13. CORPORATE GOVERNANCE**

As a publicly-listed Philippine corporation, the Company conforms to the corporate governance rules, requirements, and regulations of the SEC, PSE and all pertinent government regulatory bodies.

The Company filed a copy of its 2020 Integrated Annual Corporate Governance Report (I-ACGR) to the Philippine SEC on June 29, 2021 and is posted in the Company website. The I-ACGR for 2021 will be filed with the SEC on or before June 30, 2022.

## PART V - EXHIBITS AND SCHEDULES

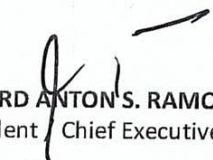
### Item 14. Exhibits and Reports on SEC Form 17-C

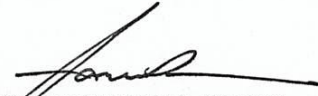
- a. **Exhibits** - See accompanying Index to Exhibits (pages 30 and 31)
- b. **Reports on SEC Form 17-C** - Reports on SEC Form 17-C filed during the year of 2021 and for the first quarter of 2022 are as follows:

<b>Date</b>	<b>Particulars</b>
January 20, 2021	Application for Declaration of Mining Project Feasibility (DMPPF) and Conversion of EP-016-2016-V to Mineral Production & Sharing Agreement (MPSA)
January 29, 2021	Resignation and Election of Assistant Corporate Secretary
March 09, 2021	Compliance with SEC Memorandum Circular 3-2021
April 27, 2021	Setting the Agenda for the Annual Stockholders' Meeting
May 17, 2021	Case No. R-MKT-20-02555-CV
May 17, 2021	Approval of Release of the 2020 Audited Financial Statements
June 25, 2021	Amendment of the Agenda of the Annual Stockholders' Meeting
July 28, 2021	Result of Annual Stockholders' & Organizational Board Meeting
November 22, 2021	Replacement of Plate Number of Toyota Hilux
November 22, 2021	Authorization for the Mineral Production Sharing Agreement (MPSA's) Nos. 092-97-VI and 113-98-VI

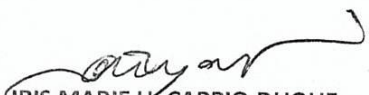
**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on \_\_\_\_ May 2022

  
**GERARD ANTON S. RAMOS**  
 President / Chief Executive Officer

  
**ADRIAN PAULINO S. RAMOS**  
 Vice-President / Treasurer

  
**GILBERT V. RABAGO**  
 Principal Financial & Accounting Officer

  
**IRIS MARIE U. CARPIO-DUQUE**  
 Corporate Secretary


**MAY 13 2022**

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_ day of May 2022 affiant (s) is exhibiting to me their competent evidence of identity, as follows:

Names	ID No.	Date of Issue/Expiry	Place of Issue
Gerard Anton S. Ramos	PASSPORT – P7752563A	29 June 2028	DFA NCR South
Adrian Paulino S. Ramos	PASSPORT – P63688018	23 February 2021	DFA NCR East
Gilbert V. Rabago	PRC No. 0105874	24 March 2023	PRC Manila
Iris-Marie U. Carpio-Duque	PASSPORT- P4323180A	10 September 2022	DFA NCR East

Doc no. 179  
 Page no. 27  
 Book no. 51  
 Series of 2022

**MAY 13 2022**

  
**ATTY. JAMES K. ABUGAN**  
 Notary Public  
 Appt. No. 0442-21  
 Until Dec. 31, 2022  
 BP No. 175123 01/06/2022 Rizal Chapter  
 Roll No. 26890 Lifetime  
 MCLE No. VI-0012875 Until 4/14/2022  
 TTN No. 116-239-956  
 PTR No. 4871351 / 01-06-2022  
 Tel. No. (02) 854-523-21  
 Mandaluyong City

**UNITED PARAGON MINING CORPORATION**  
**INDEX TO THE FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**SEC FORM 17-A**  
**DECEMBER 31, 2021**

**FINANCIAL STATEMENTS**

Statement of Management's Responsibility for Financial Statements

Report of Independent Auditors

Consolidated Statements of Financial Position as at December 31, 2020 and 2019

Statements of Comprehensive Income for the Years Ended  
December 31, 2021, 2020 and 2019

Statements of Changes in Equity for the Years Ended  
December 31, 2021, 2020 and 2019

Statements of Cash Flows for the Years Ended  
December 31, 2021, 2020 and 2019

Notes to Financial Statements

**SUPPLEMENTARY SCHEDULES**

Report of Independent Auditor's on Supplementary Schedules

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SCHEDULE II Map of the Relationships of the Companies within the Group

SCHEDULE III Schedule of Effective Standards and Interpretations under the PFRSs

SCHEDULE IV Reconciliation of Retained Earnings Available for Dividend Declaration

SCHEDULE A. Financial Assets in Equity Securities

SCHEDULE B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than Related Parties)

SCHEDULE C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

SCHEDULE D. Intangible Assets - Other Assets

SCHEDULE E. Long-Term Debt

SCHEDULE F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

SCHEDULE G. Guarantees of Securities of Other Issuers

SCHEDULE H. Capital Stock

**SCHEDULE I**  
**UNITED PARAGON MINING CORPORATION**  
**FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2021**

	2021	2020
<b><u>Profitability Ratios:</u></b>		
Return on assets	-8.05%	-5.10%
Return on equity	-47.19%	-56.82%
Gross profit margin	-	-
Net profit margin	-	-
<b><u>Liquidity and Solvency Ratios:</u></b>		
Current ratio	0.0010:1	0.0142:1
Quick ratio	0.0007:1	0.0002:1
Solvency ratio	-0.0687:1	-0.0467:1
<b><u>Financial Leverage Ratios:</u></b>		
Asset to equity ratio	-5.86:1	-11.15:1
Debt ratio	1.17:1	1.09:1
Debt to equity ratio	-6.86:1	-12.15:1
Interest coverage ratio	-0.37:1	-0.03:1



**SCHEDULE II**  
**UNITED PARAGON MINING CORPORATION**  
**MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2021**

<b><u>United Paragon Mining Corporation</u></b> <b>(The Company; Reporting Company)</b>
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**Note: The Company does not have any subsidiary or associate as at December 31, 2021.**

**SCHEDULE III**  
**UNITED PARAGON MINING CORPORATION**  
**RECONCILIATION OF RETAINED EARNINGS**  
**AVAILABLE FOR DIVIDEND DECLARATION**  
**PURSUANT TO REVISED SRC RULE 68 AND**  
**SEC MEMORANDUM CIRCULAR NO. 11**  
**As at December 31, 2021**

<b>Unappropriated Retained Earnings, beginning</b>		(P2,735,616,653)
Adjustments:		-
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>		<u>(P2,735,616,653)</u>
<b>Add: Net loss actually earned/realized during the period</b>		(90,893,164)
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		<u>-</u>
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		<u>-</u>
<b>Net loss actually earned during the period</b>		<u>(90,893,164)</u>
Add (Less):		
Dividend declarations during the period		-
Appropriations of retained earnings		-
Reversals of appropriations		-
Effects of prior period adjustments		-
Treasury shares		-
Subtotal		<u>-</u>
<b>Unappropriated Retained Earnings, as adjusted, ending†</b>		<u><u>(P-)</u></u>

†Amount is zero since the reconciliation results to a deficit

United Paragon Mining Corporation

2021 SEC 17-A (Annual Report with Audited Financial Statements 2021)

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**SCHEDULE A**

**UNITED PARAGON MINING CORPORATION  
FINANCIAL ASSETS IN EQUITY SECURITIES  
DECEMBER 31, 2021**

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, 2021**

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, 2021**

Name and Designation of Debtor	Balance at Beginning period	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, 2021**

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, 2021  
(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, 2021**

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, 2021**

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, 2021**

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, 2021, total shares issued and outstanding is 261,314,797,080 held by 1,186 shareholders.

Title of Issue	Number of shares authorized	Number of shares reserved and outstanding as shown under related financial condition captioned and other rights	Number of		Principal/ Substantial Stockholders	No of shares held by Government	Banks	Others
			shares reserved for option, warrants, conversions	Directors and Officers				
Common Stock	397,325,000,000	261,314,797,080	—	739,914,318	205,328,291,218	—	—	55,246,591,544

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

4	0	9	3	8					
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**COMPANY NAME**

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																								

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

6	t	h	F	l	o	o	r	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	g	C	i
t	y																								

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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**COMPANY INFORMATION**

<p style="font-size: small; text-align: center;">Company's Email Address</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>unitedparagonmining@gmail.com</b> </div>	<p style="font-size: small; text-align: center;">Company's Telephone Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>(02) 8631-3113</b> </div>	<p style="font-size: small; text-align: center;">Mobile Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>N/A</b> </div>
<p style="font-size: small; text-align: center;">No. of Stockholders</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>1,185</b> </div>	<p style="font-size: small; text-align: center;">Annual Meeting (Month / Day)</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>Month of May</b> </div>	<p style="font-size: small; text-align: center;">Fiscal Year (Month / Day)</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>12/31</b> </div>

**CONTACT PERSON INFORMATION**

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

<p style="font-size: small; text-align: center;">Name of Contact Person</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>Gilbert Rabago</b> </div>	<p style="font-size: small; text-align: center;">Email Address</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>gilbert.rabago@unitedparagon.com</b> </div>	<p style="font-size: small; text-align: center;">Telephone Number/s</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>(02) 8631-5139</b> </div>	<p style="font-size: small; text-align: center;">Mobile Number</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>N/A</b> </div>
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**CONTACT PERSON'S ADDRESS**

**6th 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.





**UNITED PARAGON  
MINING CORPORATION**

Head Office  
6th Floor, Quad Alpha Centrum Bldg.  
125 Pioneer Street, Mandaluyong City, Philippines  
Tel. no. (632) 8631-5139 Fax No. (632) 8631-3113  
www.unitedparagon.com

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

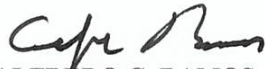
The management of **United Paragon Mining Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, 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 therein, and submits the same to the stockholders.

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

  
**ALFREDO C. RAMOS**  
Chairman of the Board

  
**GERARD ANTON S. RAMOS**  
President /CEO/Director

  
**ADRIAN PAULINO S. RAMOS**  
Treasurer/Director

SUBSCRIBED AND SWORN to before me this 13 day of MAY 2022 2022, affiant exhibited to me his/their Valid Identification numbers, as follows:

Names	Passport Number/ Government Issued ID	Issue Date/Expiry Date	Place of Issue
Adrian Paulino S. Ramos	P6368801B	Feb 23, 2021/Feb 22, 2031	DFA-NCR East
Gerard Anton S. Ramos	P7752563A	June 30, 2018/June 29 2028	DFA- NCR South
Adrian Paulino S. Ramos	P63688018	Feb 23, 2021/Feb 22, 2031	DFA-NCR East

Doc No. 178  
Page No. 77  
Book No. 51  
Series of 2022.

**MAY 13 2022**

  
**ATTY. JAMES K. ABUGAN**  
Notary Public  
Appt. No. 0442-21  
Until Dec. 31, 2022  
IBP No. 175123 01/06/2022 Rizal Chapter  
Roll No. 26890 Lifetime  
MCLE No. VI-0012875 Until 4/14/2022  
TIN No. 116-239-936  
PTR No. 4871351 / 01-06-2022  
Tel. No. (02) 854-523-21  
Mandaluyong City

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders  
United Paragon Mining Corporation  
6th 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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 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 of ₱2,826.6 million and ₱2,735.6 million as at December 31, 2021 and 2020, respectively, and a capital deficiency of ₱192.7 million and ₱101.9 million as at December 31, 2021 and 2020, respectively. In addition, the Company's current liabilities exceeded its current assets by ₱1,320.9 million and ₱1,218.6 million as at December 31, 2021 and 2020, respectively, and the Company has negative operating cash flows of ₱13.1 million, ₱2.3 million and ₱3.8 million in 2021, 2020 and 2019, respectively. As stated in Note 2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



## 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*

As of December 31, 2021, the carrying values of deferred exploration costs amounted to ₱123.2 million. These deferred exploration costs represent expenditures incurred by the Company for the Longos Mine. Under Philippines Financial Reporting Standard (PFRS) 6, *Exploration and Evaluation of Mineral Resources*, these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceed the recoverable amounts. The ability of the Company to recover its deferred exploration costs would depend on the commercial viability of the reserves. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether there is any indication of impairment.

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. We reviewed relevant updates on the current status of the Longos Mine under exploration and future management plans as of December 31, 2021. 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 planned period of operation. 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. We reviewed the Company's disclosures, which are relevant to management's assessment of the recoverability of deferred exploration costs.



### *Recoverability of Property, Plant and Equipment*

The net book value of the Company's property, plant and equipment amounted to ₱994.1 million as at December 31, 2021. The Company is under exploration status upon receipt of Exploration Permit in November 2021. Under PFRSs, the Company assesses at the end of each reporting period whether there is any 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 costs, as well as external inputs such as gold prices and discount rate. In addition, because of the COVID-19 pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, such assessment is a key audit matter in our audit.

The disclosures 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 recoverable amount of the property, plant and equipment. These key assumptions include the future production levels and costs as well as external inputs such as gold prices and discount rate. We compared the key assumptions used such as future production levels and costs against project feasibility report and key inputs such as gold prices against externally published data, taking into consideration the impact associated with the COVID-19 pandemic. We carried out an update discussion with the Company's specialists who were part of the feasibility study team on the basis of the estimated production levels and costs considering the anticipated changes. We tested the parameters used in the determination of the discount rate against market data, taking into consideration the impact associated with the COVID-19 pandemic. 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, 2021. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 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.

## **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.

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 25 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  
Ma. Genalin Q. Arevalo.

SYCIP GORRES VELAYO & CO.



Ma. Genalin Q. Arevalo

Partner

CPA Certificate No. 108517

Tax Identification No. 224-024-926

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 1613-AR-1 (Group A)

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-123-2019, November 27, 2019, valid until November 26, 2022

PTR No. 8853466, January 3, 2022, Makati City

May 13, 2022



**UNITED PARAGON MINING CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 5)	₱888,091	₱206,278
Materials and supplies (Note 6)	100,568	17,313,885
Other current assets (Note 7)	315,681	25,392
<b>Total Current Assets</b>	<b>1,304,340</b>	<b>17,545,555</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment (Note 8)	994,138,073	994,304,198
Deferred exploration costs (Note 9)	123,165,923	112,114,545
Other noncurrent assets (Note 7)	11,698,896	11,500,075
<b>Total Noncurrent Assets</b>	<b>1,129,002,892</b>	<b>1,117,918,818</b>
<b>TOTAL ASSETS</b>	<b>₱1,130,307,232</b>	<b>₱1,135,464,373</b>
<b>LIABILITIES AND CAPITAL DEFICIENCY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Note 10)	₱994,235,627	₱926,946,011
Due to related parties (Note 11)	301,872,251	283,143,000
Redeemable preferred shares (Note 12)	26,100,000	26,100,000
Income tax payable (Note 19)	3,944	-
<b>Total Current Liabilities</b>	<b>1,322,211,822</b>	<b>1,236,189,011</b>
<b>Noncurrent Liability</b>		
Retirement benefit obligation (Note 13)	843,761	1,130,549
<b>Total Liabilities</b>	<b>1,323,055,583</b>	<b>1,237,319,560</b>
<b>Capital Deficiency</b>		
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
Remeasurement gains on retirement benefits obligation (Note 13)	1,231,986	1,164,119
Deficit (Note 2)	(2,826,577,684)	(2,735,616,653)
<b>Total Capital Deficiency</b>	<b>(192,748,351)</b>	<b>(101,855,187)</b>
<b>TOTAL LIABILITIES AND CAPITAL DEFICIENCY</b>	<b>₱1,130,307,232</b>	<b>₱1,135,464,373</b>

*See accompanying Notes to Financial Statements*



**UNITED PARAGON MINING CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
(Note 16)	<b>₱19,493,926</b>	<b>₱4,306,777</b>	<b>₱2,034,870</b>
<b>OTHER EXPENSES - NET</b>			
Interest expenses (Note 17)	<b>66,525,472</b>	59,446,139	48,592,211
Foreign exchange losses (gains) - net	<b>5,333,988</b>	(5,064,477)	(3,771,213)
Interest income (Note 5)	<b>(1,915)</b>	(1,618)	(1,688)
Other income (Note 18)	<b>(394,384)</b>	(804,016)	-
	<b>71,463,161</b>	53,576,028	44,819,310
<b>LOSS BEFORE INCOME TAX</b>	<b>90,957,087</b>	57,882,805	46,854,180
<b>PROVISION FOR CURRENT INCOME TAX</b>			
(Note 19)	<b>3,944</b>	-	-
<b>NET LOSS</b>	<b>90,961,031</b>	57,882,805	46,854,180
<b>OTHER COMPREHENSIVE LOSS (INCOME)</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement losses (gains) on retirement benefits obligation (Note 13)	<b>(67,867)</b>	19,430	220,010
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>₱90,893,164</b>	<b>₱57,902,235</b>	<b>₱47,074,190</b>
<b>Basic and Diluted Loss Per Share (Note 20)</b>	<b>₱0.0003</b>	<b>₱0.0002</b>	<b>₱0.0002</b>

*See accompanying Notes to Financial Statements.*



**UNITED PARAGON MINING CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**

	Capital Stock (Note 15)	Additional Paid-in Capital	Remeasurement Gains (Losses) on Retirement Benefit Obligation (Note 13)	Deficit	Total
<b>Balances at January 1, 2019</b>	<b>₱2,613,147,971</b>	<b>₱19,449,376</b>	<b>₱1,403,559</b>	<b>(₱2,630,879,668)</b>	<b>₱3,121,238</b>
Net loss	-	-	-	(46,854,180)	(46,854,180)
Other comprehensive income	-	-	(220,010)	-	(220,010)
Total comprehensive loss	-	-	(220,010)	(46,854,180)	(47,074,190)
<b>Balances at December 31, 2019</b>	<b>2,613,147,971</b>	<b>19,449,376</b>	<b>1,183,549</b>	<b>(2,677,733,848)</b>	<b>(43,952,952)</b>
Net loss	-	-	-	(57,882,805)	(57,882,805)
Other comprehensive loss	-	-	(19,430)	-	(19,430)
Total comprehensive loss	-	-	(19,430)	(57,882,805)	(57,902,235)
<b>Balances at December 31, 2020</b>	<b>2,613,147,971</b>	<b>19,449,376</b>	<b>1,164,119</b>	<b>(2,735,616,653)</b>	<b>(101,855,187)</b>
Net loss	-	-	-	(90,961,031)	(90,961,031)
Other comprehensive loss	-	-	67,867	-	67,867
Total comprehensive loss	-	-	67,867	(90,961,031)	(90,893,164)
<b>Balances at December 31, 2021</b>	<b>₱2,613,147,971</b>	<b>₱19,449,376</b>	<b>₱1,231,986</b>	<b>(₱2,826,577,684)</b>	<b>(₱192,748,351)</b>

*See accompanying Notes to Financial Statements.*



**UNITED PARAGON MINING CORPORATION**  
**STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax	(₱90,957,087)	(₱57,882,805)	(₱46,854,180)
Adjustments for:			
Interest expense (Note 17)	66,525,472	59,446,139	48,592,211
Unrealized foreign exchange losses (gains)	5,333,988	(5,064,477)	(3,771,213)
Retirement benefit expense (Note 13)	116,757	123,138	248,566
Interest income (Note 5)	(1,915)	(1,618)	(1,688)
Depreciation (Notes 8 and 16)	-	-	170,457
Operating loss before working capital changes	(18,982,785)	(3,379,623)	(1,615,847)
Decrease (increase) in:			
Materials and supplies	17,213,317	44,452	(30,837)
Other current assets	(6,457,222)	2,846,557	(305,012)
Increase (decrease) in accounts payable and other current liabilities	1,214,768	(535,281)	(40,303)
Net cash used in operations	(7,011,922)	(1,023,895)	(1,991,999)
Interest paid	(5,784,612)	(1,316,321)	(1,204,179)
Interest received	1,915	1,618	1,688
Retirement benefits paid (Note 13)	(335,678)	-	(569,000)
Income taxes paid	-	-	(4)
Net cash flows used in operating activities	(13,130,297)	(2,338,598)	(3,763,494)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to deferred exploration costs (Note 9)	(4,718,320)	(13,190,022)	(8,646,399)
Additions to other noncurrent assets	(198,821)	(232,903)	(171,774)
Net cash flows used in investing activities	(4,917,141)	(13,422,925)	(8,818,173)
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>			
Additional advances from related parties (Note 11)	18,729,251	14,987,031	12,900,000
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>681,813</b>	<b>(774,492)</b>	<b>318,333</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>206,278</b>	<b>980,770</b>	<b>662,437</b>
<b>CASH AT END OF YEAR (Note 5)</b>	<b>₱888,091</b>	<b>₱206,278</b>	<b>₱980,770</b>

*See accompanying Notes to Financial Statements.*



# **UNITED PARAGON MINING CORPORATION**

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## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Corporate Information**

#### Corporate Information

United Paragon Mining Corporation (the Company) was the name given to United Asia Resources and Geothermal Corporation (UARGC), surviving corporation, when the Securities and Exchange Commission (SEC) approved the merger of UARGC and Abcar-Paragon Mining Corporation (APMC) on January 29, 1990. The more significant provisions of the merger, which for accounting purposes were effective July 31, 1989, included the acquisition of assets and assumption of APMC's obligations by UARGC through issuance of shares of stock. 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 principal exploration and mining operations is the Longos Mine at Paracle, Camarines Norte for which the related valid and subsisting mining properties of the Company are MPSA-V-0041 dated July 19, 1991, AMA-V-0270 dated October 29, 1998, and EP-016-2016-V, formerly EXPA-000180-V, issued on August 20, 2018.

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 6th Floor Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City.

The financial statements of the Company as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were authorized for issue by the Board of Directors (BOD) on May 13, 2022.

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### **2. Status of Operations and Management Plans**

The Company has incurred cumulative losses in prior years, resulting in a deficit of ₱2,826.6 million and ₱2,735.6 million as at December 31, 2021 and 2020, respectively, and a capital deficiency of ₱192.7 million and ₱101.9 million as at December 31, 2021 and 2020, respectively. In addition, the Company's current liabilities exceeded its current assets by ₱1,320.9 million and ₱1,218.6 million as at December 31, 2021 and 2020, respectively, and the Company has negative operating cash flows of ₱13.1 million, ₱2.3 million and ₱3.8 million in 2021, 2020 and 2019, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

- a. The Company expects that payment will not be demanded for a substantial portion of its current liabilities that are either attributed to related parties, which committed not to demand repayment, or have been outstanding over the years with demand for payment. The Company will continue with its exploration and drilling activities since it already received its Exploration Permits and applied for Declaration of Mining Project Feasibility (DMPF) for EP-016-2016-V and it plans to apply for DMPF for EXPA-000233-V and EXPA-000234-V;



- b. The Company's shareholders, Anglo Philippines Holdings Corporation and Alakor Corporation, are financially capable and committed to provide full support in the operations of the Company to ensure business continuity. The Company has also secured their commitments not to demand payment of the Company's due to them within 12 months from reporting date;
- c. The Company will examine various project financing options and obtain financial guarantee from Alakor Corporation and additional advances from Anglo Philippines Holdings Corporation to implement the approved exploration work program, environmental work program, and community development program; and
- d. The Company will generate sufficient cash flows once it re-opens the Longos Mine project.

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 ₱83.4 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 Application for Production Sharing Agreement, APISA-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. The said DMO also requires 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.



On August 20, 2018, exploration permit No. EP-016-2016-V, formerly EXPA-000180-V, has been issued by the MGB Regional Office No. V, Legazpi City in favor of the Company which was extended for a 6-month period until February 19, 2021. On February 3, 2021, the MGB certified the Company's compliance with the terms and conditions set forth in the exploration permit.

On February 4, 2021, the Company filed its Declaration of Mining Project Feasibility (DMPF) under EP-016-2016-V to MGB Regional Office prior to exploration permit expiration. Once approved, the Company may file for Mineral Processing Sharing Agreement (MPSA).

On November 26, 2021, MPSA applications denominated as MPSA-V-0041 and AMA-V-0270 were converted into an Exploration Permit and was renumbered as EXPA-000233-V and EXPA-000234-V, respectively.

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

#### Basis of Preparation

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

#### Statement of Compliance

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

#### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new pronouncements effective in 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new pronouncements did not have an impact on the Company's financial statements:

- Amendment to PFRS 16, *Leases, COVID-19-related Rent Concessions beyond 30 June 2021*

The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.





A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment has no significant impact to the Company.

- Amendments to PFRS 9, *Financial Instruments*, Philippine Accounting Standard (PAS) 39, *Financial Instruments: Recognition and Measurement*, PFRS 7, *Financial Instruments: Disclosures*, PFRS 4, *Insurance Contracts*, and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of the IBOR reform,
- Relief from discontinuing hedging relationships; and,
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The amendment has no significant impact to the Company.

#### Pronouncements Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective.

#### *Effective beginning on or after January 1, 2022*

- Amendments to PFRS 3, *Business Combinations, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

The Company is currently assessing the impact of adopting the amendments.



- Amendments to PAS 16, *Property, Plant and Equipment, Proceeds before Intended Use*  
The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The adoption of the amendments is not expected to have a significant impact on the Company.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*  
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Company is currently assessing the impact of adopting the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a First-time Adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

The adoption of the amendments is not expected to have a significant impact on the Company.

- Amendments to PFRS 9, *Fees in the ‘10 per cent’ test for Derecognition of Financial Liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.



The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The Company is currently assessing the impact of adopting the amendments.

- Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*  
The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company's financial statements.

#### *Effective beginning on or after January 1, 2023*

- Amendments to PAS 12, *Income Taxes, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

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

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

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Company is currently assessing the impact of adopting the amendments.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

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

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The Company is currently assessing the impact of the amendments.



- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgements, Disclosure of Accounting Policies*

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

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

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

The Company is currently assessing the impact the amendments will have on current practice.

*Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

The amendments clarify paragraphs 69 to 76 of PAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Company is currently assessing the impact of the amendments will have on current practice and whether existing loan agreements may require renegotiation.

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a



comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

#### *Deferred effectivity*

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

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. 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 IASB 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.

#### Current versus Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;



- It is due to be settled within 12 months after the reporting date; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The Company classifies all other liabilities as noncurrent.

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

#### Fair Value Measurement

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

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

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

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

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

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

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

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

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

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



## Financial Instruments

### *Date of Recognition*

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

### *Initial Recognition*

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

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

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

- Financial assets measured at amortized cost;
- Financial assets measured at FVPL;
- Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

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

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



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

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

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

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

As at December 31, 2021 and 2020, the Company has financial assets at amortized cost consisting of cash (see Note 5).

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

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

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

As at December 31, 2021 and 2020, the Company has no equity instruments at FVPL.





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

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

Dividends are recognized in profit or loss only when:

- the Company's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Company; and
- the amount of the dividend can be measured reliably.

As at December 31, 2021 and 2020, the Company has no financial assets at FVOCI.

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

- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

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

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



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

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

#### *Impairment of Financial Assets*

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

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

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

- *Stage 1: 12-month ECL.* For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.
- *Stage 2: Lifetime ECL - not credit-impaired.* For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.
- *Stage 3: Lifetime ECL - credit-impaired.* Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

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

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

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



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

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

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

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

#### Offsetting Financial Instruments

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

#### Derecognition of Financial Instruments

##### *Financial Assets*

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

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

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



associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### *Financial Liabilities*

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

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

#### Cash

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

#### Materials and Supplies

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

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

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

#### Other Noncurrent Assets

##### *Input VAT*

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

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

##### *Tax Credit Certificates (TCCs)*

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

#### Property, Plant and Equipment

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



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

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

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

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

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

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

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

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

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

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

#### Deferred Exploration Costs and Deferred Development Costs

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

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



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

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

#### Impairment of Nonfinancial Assets

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

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

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

#### *Deferred Exploration Costs*

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

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

#### Redeemable Preferred Shares

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



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

The Company classified its redeemable preferred shares as a liability.

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

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

#### Deficit

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

#### Revenue Recognition

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

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

#### *Interest Income*

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

#### *Other Income*

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

#### Cost and Expense Recognition

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

#### Provisions

##### *General*

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



*Provision for Mine Rehabilitation and Decommissioning*

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

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

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

Retirement Benefits

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

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

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

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

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

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





## Income Taxes

### *Current Income Tax*

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

### *Deferred Income Tax*

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

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

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

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

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

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

### *Uncertain Tax Position*

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

## Leases – Company as a Lessee

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

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



### Segment Reporting

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

### Basic Loss Per Share

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

### Diluted Loss Per Share

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

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

### Foreign Currency Transactions

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

### Contingencies

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

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

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

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## **4. Significant Accounting Estimates and Assumptions**

The Company's financial statements prepared in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect amounts reported in the financial statements and its accompanying notes. 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.



### 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 and liabilities within the next reporting period are discussed below.

#### *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 and 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 and NRV, amounted to ₱0.1 million and ₱17.3 million as at December 31, 2021 and 2020, respectively (see Note 6). Materials and supplies inventories amounting to ₱28.3 million and ₱11.1 million as at December 31, 2021 and 2020, respectively, 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 ₱0.2 million, ₱0.2 million and ₱0.2 million in 2021, 2020 and 2019, respectively. The carrying amounts of property, plant and equipment amounted to ₱994.1 million and ₱994.3 million as at December 31, 2021 and 2020, respectively (see Note 8). There is no change in the estimated useful lives of property and equipment as at December 31, 2021 and 2020.

#### *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.

Management performed impairment test as at December 31, 2021 and 2020. The recoverable amount of the property, plant and equipment related to the Longos Mine Project has been determined using a discounted cash flow projection covering 10-year remaining mine life of the project based on the mine feasibility study.



The calculation of the value-in-use of the mine project incorporates the following key assumptions:

- future production levels and costs which are based on the Company's feasibility study;
- commodity prices; and,
- pre-tax discount rates.

The significant assumptions in the value-in-use calculation and sensitivity to changes in assumptions are disclosed in Note 8.

The carrying value of property, plant and equipment amounted to ₱994.1 million and ₱994.3 million as at December 31, 2021 and 2020, net of allowance for impairment losses of property, plant and equipment amounting to ₱141.7 million, respectively. No impairment losses were recognized in 2021, 2020 and 2019 (see Note 8).

*Estimating Allowance for Impairment Losses on Claims for VAT TCCs, and Input VAT*

The Company provides allowance for impairment losses on claims for VAT TCCs, Input VAT and advances to employees 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 claims for VAT TCCs, Input VAT and advances to employees.

The Company's claims for VAT TCCs amounted to ₱10.8 million, net of allowance for impairment losses amounting to ₱12.9 million as at December 31, 2021 and 2020. Input VAT amounted to ₱0.6 million and ₱0.4 million, net of allowance for impairment losses amounting to nil million and ₱3.3 million, as at December 31, 2021 and 2020, respectively (see Note 7).

*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.

There are no evidence of impairment of the Company's deferred exploration cost which amounted to ₱123.1 million and ₱112.1 million as at December 31, 2021 and 2020, respectively (see Note 9).



*Estimating Retirement Benefits*

The determination of the Company's obligation and retirement benefit expense 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, 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. Retirement benefit expense amounted to ₱0.1 million, ₱0.1 million and ₱0.2 million in 2021, 2020 and 2019, respectively. The Company's retirement benefit obligation amounted to ₱0.8 million and ₱1.1 million as at December 31, 2021 and 2020, 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.

As at December 31, 2021 and 2020, the Company recognized deferred tax asset to the extent of deferred tax liability. As at December 31, 2021 and 2020, the Company did not recognize the remaining deferred income tax on temporary differences as it is not probable that sufficient future taxable profits will be available to allow the benefit of the deferred income tax assets to be utilized (see Note 19).

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**5. Cash**

	<b>2021</b>	2020
Cash on hand	<b>₱35,000</b>	₱35,000
Cash in banks	<b>853,091</b>	171,278
	<b>₱888,091</b>	₱206,278

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

Total interest income amounted to ₱1,915, ₱1,618, and ₱1,688 in 2021, 2020 and 2019, respectively.

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**6. Materials and Supplies**

	<b>2021</b>	2020
At NRV:		
Spare parts – net of allowance for inventory obsolescence amounting to ₱23,130,450 and ₱8,777,571 as at 2021 and 2020, respectively.	<b>₱–</b>	₱14,352,879
Consumables – net of allowance for inventory obsolescence amounting to ₱5,185,814 and ₱2,325,376 as at 2021 and 2020, respectively.	–	2,860,438
	–	17,213,317

(Forward)



	2021	2020
At cost:		
Fuel and lubricants	<b>₱100,568</b>	₱100,568
	<b>₱100,568</b>	₱17,313,885

Material and supplies charged to expense amounted to nil, nil, and ₱8,805 in 2021, 2020 and 2019, respectively (see Note 16).

Movement in the allowance for inventory obsolescence is as follows:

	2021	2020
Balances at beginning of year	<b>₱11,102,947</b>	₱11,102,947
Provision (see Note 16)	<b>17,213,317</b>	–
Balances at end of year	<b>₱28,316,264</b>	₱11,102,947

## 7. Other Current Assets and Other Noncurrent Assets

### Other Current Assets

	2021	2020
Advances to employees	<b>₱360,128</b>	₱238,708
Others	<b>1,620,529</b>	1,451,660
	<b>1,980,657</b>	1,690,368
Allowance for impairment losses on:		
Advances to employees	<b>225,916</b>	225,916
Others	<b>1,439,060</b>	1,439,060
	<b>1,664,976</b>	1,664,976
	<b>₱315,681</b>	₱25,392

Others includes advances to a contractor, prepaid rent and insurance, and security deposits.

Movement in the allowance for impairment losses is as follows:

	2021	2020
Balances at beginning of year	<b>₱1,664,976</b>	₱2,468,992
Reversal (see Note 18)	–	(804,016)
Balances at end of year	<b>₱1,664,976</b>	₱1,664,976

### Other Noncurrent Assets

	2021	2020
Claims for VAT TCCs	<b>₱23,772,232</b>	₱23,772,232
Input VAT	<b>3,877,060</b>	3,678,239
Others	<b>267,695</b>	267,695
	<b>27,916,987</b>	27,718,166

(Forward)



	2021	2020
Allowance for impairment losses on:		
Claims for VAT TCCs	<b>₱12,944,529</b>	₱12,944,529
Input VAT	<b>3,273,562</b>	3,273,562
	<b>16,218,091</b>	16,218,091
	<b>₱11,698,896</b>	₱11,500,075

Movement in the allowance for impairment losses is as follows:

	2021	2020
Balances at beginning of year	<b>₱16,218,091</b>	₱12,944,529
Provision (see Note 16)	-	3,273,562
Balances at end of year	<b>₱16,218,091</b>	₱16,218,091



8. Property, Plant and Equipment

**2021**

Cost	Underground Development	Mine and Mining Properties	Buildings and Plant Improvements	Roads and Bridges	Office and Household Furniture and Equipment	Transportation Equipment	Total
Balances at beginning and end of year	<b>₱1,574,754,870</b>	<b>₱405,000,000</b>	<b>₱123,519,016</b>	<b>₱18,140,398</b>	<b>₱4,595,609</b>	<b>₱2,119,727</b>	<b>₱2,128,129,620</b>
<b>Accumulated depreciation, amortization and depletion:</b>							
Balances at beginning of year	763,575,151	84,461,189	123,216,618	14,166,008	4,583,770	2,119,727	992,122,463
Depreciation	-	-	130,000	36,125	-	-	166,125
Balances at end of year	763,575,151	84,461,189	123,346,618	14,202,133	4,583,770	2,119,727	992,288,588
<b>Accumulated impairment losses</b>	<b>101,568,158</b>	<b>40,134,801</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>141,702,959</b>
<b>Net book values</b>	<b>₱709,611,561</b>	<b>₱280,404,010</b>	<b>₱172,398</b>	<b>₱3,938,265</b>	<b>₱11,839</b>	<b>₱-</b>	<b>₱994,138,073</b>

**2020**

Cost	Underground Development	Mine and Mining Properties	Buildings and Plant Improvements	Roads and Bridges	Office and Household Furniture and Equipment	Transportation Equipment	Total
Balances at beginning and end of year	<b>₱1,574,754,870</b>	<b>₱405,000,000</b>	<b>₱123,519,016</b>	<b>₱18,140,398</b>	<b>₱4,595,609</b>	<b>₱2,119,727</b>	<b>₱2,128,129,620</b>
<b>Accumulated depreciation, amortization and depletion:</b>							
Balances at beginning of year	763,575,151	84,461,189	123,086,618	14,129,883	4,583,150	2,119,727	991,955,718
Depreciation	-	-	130,000	36,125	620	-	166,745
Balances at end of year	763,575,151	84,461,189	123,216,618	14,166,008	4,583,770	2,119,727	992,122,463
<b>Accumulated impairment losses</b>	<b>101,568,158</b>	<b>40,134,801</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>141,702,959</b>
<b>Net book values</b>	<b>₱709,611,561</b>	<b>₱280,404,010</b>	<b>₱302,398</b>	<b>₱3,974,390</b>	<b>₱11,839</b>	<b>₱-</b>	<b>₱994,304,198</b>

Depreciation expense amounted to ₱166,125, ₱166,745 and nil in 2021, 2020 and 2019, respectively, were capitalized as part of deferred exploration cost (see Note 9).





The Company performs an individual assessment of the physical condition of its property, plant and equipment. No provision for impairment was recognized in 2021, 2020 and 2019. Accumulated impairment losses on property, plant and equipment amounted to ₱141.7 million as at December 31, 2021 and 2020.

The carrying value of temporarily idle property, plant and equipment amounted to ₱990.0 million as at December 31, 2021 and 2020. The Company has no plans of disposing these idle assets as these are reserved for future use when the mine is reopened.

#### Key Assumptions Used in Value in Use Calculations and Sensitivity to Changes in Assumptions

The Company performed an impairment test in 2021 and 2020.

The recoverable amount of the property, plant and equipment has been determined based on a discounted cash flows (DCF) calculation using cash flow projections from the project feasibility study.

The projected cash flows have been developed to reflect the expected mine production over the life of the mine adjusted by the effects of other factors such as inflation rate. The pre-tax discount rate applied to the cash flow projections as at December 31, 2021 and 2020 is 11.8% and 15.8%, respectively. As a result of this analysis, management concluded that property, plant and equipment is not impaired.

The calculation of DCF is most sensitive to the following assumptions:

- a. **Future Production Levels and Costs**  
Future production levels and costs include direct and indirect costs used to concentrate the mined ore reserves for the remaining life of the mine.
- b. **Gold Prices**  
The Company considers the effect of commodity price changes. The Company considered the possible effect of the changes in the price of gold as it relates to the revenues that may be generated by the Company and the attainment of the cash flow projections. The Company used the data from the project feasibility study and was compared against externally published data.
- c. **Pre-tax Discount Rate**  
Discount rate represents the current market assessment of the risks specific to the Company, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the risk free market rate available in the market. Specific risk is incorporated by applying individual beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The pre-tax discount rate used by the Company is 11.8% and 15.8% as at December 31, 2021 and 2020, respectively.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.



## 9. Deferred Exploration Costs

	2021	2020
Balances at beginning of year	<b>₱101,434,763</b>	₱101,434,763
Additions	<b>30,575,078</b>	19,523,700
Balances at end of year	<b>132,009,841</b>	120,958,463
Allowance for impairment losses	<b>(8,843,918)</b>	(8,843,918)
Net book value	<b>₱123,165,923</b>	₱112,114,545

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.

Noncash acquisition of deferred exploration costs amounted to ₱25.9 million, ₱6.3 million and nil in 2021, 2020 and 2019, respectively.

The carrying value of the Company's deferred exploration costs were incurred in relation to 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;
- 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; and,
- Exploration Permit No. EP-016-2016-V, formerly EXPA-000180-V, which was issued on August 20, 2018 by MGB Regional Office No. V, Legazpi City. On February 3, 2021, the MGB certified the Company's compliance with the terms and conditions set forth in the exploration permit. On February 4, 2021, the Company filed its Declaration of Mining Project Feasibility under EP-016-2016-V to MGB Regional Office prior to exploration permit expiration. Once approved, the Company may file for Mineral Processing Sharing Agreement (MPSA).
- MPSA applications denominated as MPSA-V-0041 and AMA-V-0270 were converted into an Exploration Permit on November 26, 2021 and was renumbered as EXPA-000233-V and EXPA-000234-V, respectively.

No additional impairment loss was recognized in 2021, 2020 and 2019. 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 qualified technical personnel and certified by a competent geologists and mine engineers 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

	2021	2020
Royalty payable (Note 21)	<b>₱326,355,043</b>	₱416,021,873
Accrued interest on:		
Redeemable Class B preferred shares (Note 12)	<b>213,161,642</b>	209,161,642
Bonds payable	<b>97,563,652</b>	92,277,529
Due to related parties (Note 11)	<b>66,560,071</b>	66,560,071
Redeemable Class A preferred shares (Note 12)	<b>67,144,968</b>	65,924,968
Royalty payable (Note 21)	<b>169,576,031</b>	24,388,341
Others	<b>1,925,987</b>	1,925,987
Dividends payable (Note 12)	<b>20,022,233</b>	20,022,233
Nontrade payables	<b>8,000</b>	8,535,309
Accruals:		
Third parties:		
Salaries and wages	<b>7,392,247</b>	7,414,247
Professional and consultancy fees	<b>4,308,780</b>	4,308,780
Taxes and licenses	<b>61,075</b>	61,075
Related parties:		
Rental and utilities (Note 11)	<b>2,431,124</b>	2,431,124
Others	<b>17,724,774</b>	7,912,832
	<b>₱994,235,627</b>	₱926,946,011

Terms and conditions of the aforementioned liabilities are as follows:

- 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 movement in the remaining accrued interest payable pertains to the translation adjustments of US\$1.9 million and is 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.
- Dividends payable pertains to the cash dividends which remains outstanding as at December 31, 2021 and 2020 (see Note 12).
- Accrued salaries and wages and professional fees are noninterest-bearing and generally settled within thirty (30) days.
- Others consist mainly of statutory payables and payables to third parties which are already due and demandable. Statutory payables are expected to be paid within thirty (30) days.



## 11. Related Party Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company, in its regular course of business, has entered into transactions with related parties at terms and conditions agreed upon by the parties.

Related Party	Year	Transactions During the Year	Accrued interest (see Note 10)	Accruals (Note 10)	Due to Related Parties	Terms and Condition
<i>Entities under common control</i>						
Alakor Corporation (Alakor)						
Loans (see Note 11a)	2021	P-	P-	P-	₱120,000,000	10% interest bearing;
	2020	P-	P-	P-	₱120,000,000	Due and demandable; Unsecured
Interest (see Note 10)	2021	-	-	39,313,795	-	Due and demandable;
	2020	-	-	39,313,795	-	Unsecured
Advances (see Note 11c)	2021	-	-	-	75,684,098	12% interest bearing;
	2020	-	-	-	75,684,098	Due and demandable; Unsecured
Interest (see Note 10)	2021	-	-	27,246,276	-	Due and demandable;
	2020	-	-	27,246,274	-	Unsecured
Due to (see Note 11d)	2021	-	-	-	18,630,000	Noninterest-bearing
	2020	-	-	-	18,630,000	Unsecured
Accrued expenses (see Note 11b)	2021	-	-	-	766,771	Noninterest-bearing;
	2020	-	-	-	766,771	Due and demandable; Unsecured
National Book Store, Inc. (NBS)						
Due to (see Note 11d)	2021	-	-	-	14,400,714	Noninterest-bearing;
	2020	-	-	-	14,400,714	Due and demandable Unsecured
Anglo Phil. Holding Corp. (APHC)						
Due to (see Note 11d)	2021	18,729,251	-	-	71,897,255	Noninterest-bearing
	2020	14,220,260	-	-	53,168,004	Due and demandable Unsecured
Abacus Book and Card Corporation (Abacus)						
Due to (see Note 11d)	2021	-	-	-	493,413	Noninterest-bearing
	2020	-	-	-	493,413	Due and demandable Unsecured
The Philodrill Corporation (TPC)						
Accrued expenses (see Note 11b)	2021	-	1,376,801	-	-	Noninterest-bearing
	2020	-	1,376,801	-	-	Due and demandable Unsecured
(Forward)						



Related Party	Year	Transactions During the Year	Accrued interest (see Note 10)	Accruals (Note 10)	Due to Related Parties	Terms and Condition
Vulcan Industrial & Mining Corp. (VIMC)						
Accrued expenses (see Note 11b)	2021	₱-	₱1,054,323	₱-	₱-	Noninterest-bearing Due and demandable Unsecured
	2020	-	1,054,323	-	-	
	<b>2021</b>		<b>₱2,431,124</b>	<b>₱66,560,071</b>	<b>₱301,872,251</b>	
	2020		₱2,431,124	₱66,560,071	₱283,143,000	

- a. On September 20, 2011, the Company entered into loan agreement with Alakor, 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 unsecured loan amounts to ₱250.0 million with 10% interest per annum due 36 months after drawdown date. In 2011, drawdown amounted to ₱120.0 million. There were no additional drawdowns in 2021 and 2020.

The loan agreement gives the following rights to Alakor:

- Option to convert, at any time after the earliest draw down date, all amounts outstanding under the loan into equity of the Company at ₱0.018 per share.
- 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.

On September 31, 2020, the BOD approved to include a new conversion price per share in the loan agreement with Alakor which is to be renegotiated and determined by the BOD under such terms and conditions as it may deem proper and subject to compliance with law, rules and regulations. As at December 31, 2021, the conversion price is still for renegotiation.

- b. Accrued expenses due to Alakor, TPC and VIMC pertain to rental and utilities charged by the related parties to the Company.
- c. Advances from Alakor 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.
- d. Due to Alakor, NBS, APHC, and Abacus pertain to advances for working capital purposes. APHC made additional advances to UPMC for additional working capital.

On December 29, 2018, VIMC executed a Deed of Assignment (the Deed) assigning its rights in Negros Copper Projects to the Company. The Deed stipulates that the Company assumed all actual and contingent liabilities arising from or will arise from the abandonment of VIMC’s exploration activities. In relation to the assignment, VIMC has condoned its receivables from the Company relating to accrued rentals and utilities amounting to ₱1.1 million presented as part of “Accounts payables and other current liabilities” (see Note 10).

All outstanding balances with related parties are expected to be settled in cash.

Compensation of Key Management Personnel

Key management personnel compensation in the form of short-term benefits amounted to ₱0.6 million, ₱1.4 million and ₱1.4 million in 2021, 2020 and 2019, respectively.

The Company’s related party transactions which are 10% and above of the total assets are reviewed and approved by the Related Party Transactions Committee.



Changes in liabilities arising from financing activities

	January 1, 2021	Additions	Payments	December 31, 2021
Due to related parties	₱283,143,000	₱18,729,251	₱-	₱301,872,251
Redeemable preferred shares	26,100,000	-	-	26,100,000
	<b>₱309,243,000</b>	<b>₱18,729,251</b>	<b>₱-</b>	<b>₱327,972,251</b>

	January 1, 2020	Additions	Payments	December 31, 2020
Due to related parties	₱268,155,969	₱14,987,031	₱-	₱283,143,000
Redeemable preferred shares	26,100,000	-	-	26,100,000
	<b>₱294,255,969</b>	<b>₱14,987,031</b>	<b>₱-</b>	<b>₱309,243,000</b>

	January 1, 2019	Additions	Payments	December 31, 2019
Due to related parties	₱255,255,969	₱12,900,000	₱-	₱268,155,969
Redeemable preferred shares	26,100,000	-	-	26,100,000
	<b>₱281,355,969</b>	<b>₱12,900,000</b>	<b>₱-</b>	<b>₱294,255,969</b>

**12. Redeemable Preferred Shares**

	Shares	Par value	Amount
<b>Class A</b>			
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)
<b>Balances at December 31, 2021, 2020 and 2019</b>	<b>12,200,000</b>	<b>₱0.50</b>	<b>₱6,100,000</b>
<b>Class B</b>			
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)
<b>Balances at December 31, 2021, 2020 and 2019</b>	<b>400,000</b>	<b>₱50.00</b>	<b>₱20,000,000</b>
<b>Total redeemable preferred shares</b>	<b>12,600,000</b>		<b>₱26,100,000</b>

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 at 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, 2021 and 2020 (see Note 10).

The dividends accruing on Class A preferred shares from November 1, 1994 to December 31, 2021 and 2020 that have not been declared amounted to ₱67.1 million and ₱65.9 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 in 2021, 2020 and 2019 (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 at December 31, 2021, and 2020, accrued interest on Class B preferred shares amounted to ₱213.1 and ₱209.2 million, respectively (see Note 10).

Interest expense amounted to ₱4.0 million in 2021, 2020 and 2019 (see Note 17).

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### **13. Retirement Benefit Obligation**

The Company has an unfunded defined benefits retirement plan covering substantially all of its employees. The benefit is based on certain percentage of the member’s final monthly salary and length of service with the Company.

Under the existing regulatory framework, Republic Act 7641, *Retirement Pay Law* 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 obligation recognized in the Company's statements of comprehensive income and statements of financial position, respectively.

The details of retirement benefit expense are as follows:

	2021	2020	2019
Current service cost	<b>₱78,318</b>	₱74,727	₱166,936
Interest cost	<b>38,439</b>	48,411	81,630
	<b>₱116,757</b>	₱123,138	₱248,566

The movements in present value of the retirement benefit obligation are as follows:

	2021	2020
Balances at beginning of year	<b>₱1,130,549</b>	₱987,981
Retirement benefit expense recognized in profit or loss:		
Current service cost	<b>78,318</b>	74,727
Interest cost	<b>38,439</b>	48,411
	<b>116,757</b>	123,138
Remeasurement loss (gain) in other comprehensive income:		
Experience adjustments	<b>119,003</b>	47,682
Change in financial assumptions	<b>(186,870)</b>	(28,252)
	<b>(67,867)</b>	19,430
Benefits paid by the Company	<b>(335,678)</b>	-
Balances at end of year	<b>₱843,761</b>	₱1,130,549

The Company does not have any plan assets as at December 31, 2021 and 2020. The cost of defined retirement benefits plan, as well as the present value of the retirement benefits obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining retirement benefit obligation for the defined retirement plan are shown below:

	2021	2020
Discount rate	<b>5.10%</b>	3.40%
Salary increase rate	<b>4.00%</b>	4.00%

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, 2021 and 2020, assuming all other assumptions were held constant:

	Increase (Decrease)	2021	2020
Discount rates	+1.00%	<b>(₱91,678)</b>	(₱114,257)
	-1.00%	<b>104,709</b>	131,028
Salary increase rate	+1.00%	<b>₱105,177</b>	₱129,851
	-1.00%	<b>(86,140)</b>	(94,850)





The Company paid benefits from operating funds amounting to ₱0.34 million 2022.

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:

	<b>2021</b>	<b>2020</b>
More than 1 year to 5 years	<b>₱-</b>	₱329,267
More than 5 years to 10 years	<b>494,673</b>	472,196
More than 10 years	<b>2,629,580</b>	2,476,355
	<b>₱3,124,253</b>	₱3,277,818

The average duration of the defined benefit obligation as at December 31, 2021 and 2020 are 13 years and 12.7 years, respectively.

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#### 14. Provision for Mine Rehabilitation and Decommissioning Costs

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 which were not yet approved until the Company received a notice of cancellation of the ECC for its Longos Mine Project on December 19, 2016. Cancellation was raised 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. The Company intends to renew the ECC for Longos Mine once the Company has declared and secured approval from MGB of its mining project feasibility for Longos Mine.



As at December 31, 2021, the Company is waiting for the approval of the MGB Regional Office on the filed DMPF prior to application to MPSA of the EP-016-2016-V, while the MPSA-V-0041 and AMA-V-0270 were converted into an exploration permit and was renumbered as EXPA-000233-V and EXPA-000234-V, respectively. Hence, there is no reasonable basis for estimating the provision for mine rehabilitation and decommissioning costs.

## 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
<b>Balances at December 31, 2021 and 2020</b>	<b>397,325,000,000</b>	<b>₱0.01</b>	<b>₱3,973,250,000</b>

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
	<b>Balance as at January 29, 1990</b>	<b>52,705,000,000</b>		<b>52,705,000,000</b>	<b>1,027,000,000</b>
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
	<b>Balance as at April 8, 1994</b>	<b>252,705,000,000</b>		<b>252,705,000,000</b>	<b>3,027,000,000</b>
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
	<b>Balance as at August 28, 1997</b>	<b>5,205,000,000</b>		<b>5,205,000,000</b>	<b>3,027,000,000</b>

(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 at November 26, 1999		1,863,900,000		1,863,900,000	1,903,500,000
<i>(Forward)</i>					
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 at December 31, 2021		397,338,900,000	₱0.01	397,338,900,000	₱4,000,000,000

For the years ended December 31, 2021 and 2020, there were no movements in the Company's registered securities. There are 1,185 and 1,186 shareholders who hold 261.3 billion shares as at December 31, 2021 and 2020, respectively.



The movements in issued common shares are as follows:

	Issued Shares		
	Shares	Par value	Amount
Balances at 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, 2021 and 2020	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 million 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
Accrued rental and utilities payable	5,123,782
Guarantee fee payable	144,104,494
Accrued interest on bonds payable	14,321,555
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. On February 14, 2012, the listing application for the underlying common shares of convertible preferred shares was filed with the Exchange. The related underlying common shares were subsequently approved for listing with the Exchange.

## 16. General and Administrative Expenses

	2021	2020	2019
Provision for inventory obsolescence (see Note 6)	₱17,213,317	₱–	₱–
Salaries and allowances	484,253	–	106,844
Professional fees	429,604	556,344	352,464
Representation and entertainment	376,177	–	36,396
Insurance	310,513	–	274,357
Rent	165,511	44,646	81,175
Outside services	150,663	148,732	303,403
Others	122,864	54,723	84,159
Retirement benefit expense (see Note 13)	116,757	123,138	248,566
Utilities	69,701	49,863	87,949
Supplies	21,098	15,410	92,158
Taxes and licenses	17,530	33,039	144,142
Transportation and travel	15,938	–	24,680
Provision for impairment losses on input VAT (see Note 7)	–	3,273,562	–
Repairs and maintenance	–	7,320	3,550
Depreciation (see Note 8)	–	–	170,457
SSS, HMDF and other contributions	–	–	15,765
Materials and supplies (see Note 6)	–	–	8,805
Land compensation damage	–	–	–
	₱19,493,926	₱4,306,777	₱2,034,870

Others mainly comprise of mailing and postage charges, and seminars and training fees.



**17. Interest Expenses**

	2021	2020	2019
Royalty payable (see Note 21)	₱61,305,472	₱54,226,139	₱43,372,211
Redeemable preferred Class B shares (see Note 12)	4,000,000	4,000,000	4,000,000
Redeemable preferred Class A shares (see Note 12)	1,220,000	1,220,000	1,220,000
	<b>₱66,525,472</b>	<b>₱59,446,139</b>	<b>₱48,592,211</b>

**18. Other Income**

	2021	2020	2019
Sale of scrap	₱394,384	₱-	₱-
Reversal of impairment losses on other current assets (see Note 7)	-	804,016	-
Gain on disposal of property and equipment	-	-	-
	<b>₱394,384</b>	<b>₱804,016</b>	<b>₱-</b>

**19. Income Taxes**

The Company has no provision for current income tax since it sustained a tax loss position in 2021, 2020 and 2019.

The reconciliation between the benefit from income tax computed at the statutory income tax rate and the provision for income tax as shown in the statement of comprehensive income as follows:

	2021	2020	2019
Income tax benefit at statutory income tax rate of 25% and 30%	(₱22,739,272)	(₱17,364,842)	(₱14,056,254)
Adjustments to income tax resulting from:			
Nondeductible expenses	16,725,412	17,835,342	14,588,582
Change in unrecognized deferred taxes	6,018,283	(470,015)	(531,822)
Interest already subjected to final tax	(479)	(485)	(506)
	<b>₱3,944</b>	<b>₱-</b>	<b>₱-</b>

As at December 31, 2021 and 2020, the Company recognized deferred income tax asset on allowance for inventory obsolescence and NOLCO to the extent of its deferred tax liability arising for unrealized foreign exchange gain as follows:

	2021	2020
Deferred income tax assets on:		
Allowance for inventory obsolescence	₱1,333,497	₱1,519,343
Deferred income tax liability on unrealized foreign exchange gain	(1,333,497)	(1,519,343)
	<b>₱-</b>	<b>₱-</b>



The Company has the following deductible temporary differences 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:

	2021	2020
Allowances for impairment losses on:		
Property, plant and equipment (see Note 8)	<b>₱141,702,959</b>	₱141,702,959
Deferred exploration costs (see Note 9)	<b>8,843,918</b>	8,843,918
Receivable from employees and others (see Note 7)	<b>1,664,976</b>	1,664,976
Input VAT (see Note 7)	<b>3,273,562</b>	3,273,562
NOLCO	<b>9,737,608</b>	14,703,809
Allowance for inventory obsolescence (see Note 6)	<b>28,316,264</b>	11,102,947
Retirement benefit obligation (see Note 13)	<b>843,761</b>	1,130,549
MCIT	<b>3,944</b>	4

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan 2 which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Company has NOLCO in taxable year 2020 which can be claimed as deduction against the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan 2.

As of December 31, 2021 and 2020, the Company has accumulated NOLCO and excess MCIT over RCIT that can be carried forward and applied against the future taxable income and income tax due, respectively, as follows:

NOLCO

2021

Year Incurred	Availment Period	As at January 1, 2021	Additions	Expired	Applied	As at December 31, 2021
2021	2022-2026	₱-	₱1,393,291	₱-	₱-	₱1,393,291
2020	2021-2025	905,077	-	-	-	905,077
2019	2020-2022	7,439,240	-	-	-	7,439,240
2018	2019-2021	6,359,492	-	(6,359,492)	-	-
		<b>₱14,703,809</b>	<b>₱1,393,291</b>	<b>(₱6,359,492)</b>	<b>₱-</b>	<b>₱9,737,608</b>

2020

Year Incurred	Availment Period	As at January 1, 2020	Additions	Expired	Applied	As at December 31, 2020
2020	2021-2025	₱-	₱905,077	₱-	₱-	₱905,077
2019	2020-2022	7,439,240	-	-	-	7,439,240
2018	2019-2021	6,359,492	-	-	-	6,359,492
2017	2018-2020	8,953,210	-	(8,953,210)	-	-
		<b>₱22,751,942</b>	<b>₱905,077</b>	<b>(₱8,953,210)</b>	<b>₱-</b>	<b>₱14,703,809</b>



**MCIT**

**2021**

Year Incurred	Availment Period	As at January 1, 2021	Additions	Expired	Applied	As at December 31, 2021
2021	2022-2024	₱-	₱3,944	₱-	₱-	₱3,944
2018	2019-2021	₱4	-	(4)	-	-
		₱4	₱3,944	(₱4)	₱-	₱3,944

**2019**

Year Incurred	Availment Period	As at January 1, 2020	Additions	Expired	Applied	As at December 31, 2020
2018	2019-2021	₱4	₱-	₱-	₱-	₱4
2017	2018-2020	14,245	-	(14,245)	-	-
		₱14,249	₱-	(₱14,425)	₱-	₱4

**Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act**

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

Applying the provisions of the CREATE Act, and based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by BIR, the RCIT rate of the Company for CY 2020 is 27.5%, there was no impact on the current income tax for the year ended December 31, 2020 since the Company is on a net taxable loss position.

**20. Basic and Diluted Loss Per Shares**

Basic and diluted loss per share is computed as follows:

	2021	2020	2019
Net loss for the year	₱90,961,031	₱57,882,805	₱46,854,180
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	₱0.0003	₱0.0002	₱0.0002





The resulting per share amounts are the same for both basic and diluted earnings per share in 2021, 2020 and 2019, since the Company does not have any debt or equity securities that will potentially cause a loss per share dilution.

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## 21. Commitments and Contingencies

### Option and Operating Agreement with CMI

The Company entered into Option and Operating Agreement 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 decides 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 which amounted to ₱35.8 million as at December 31, 2021 and 2020.

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 ₱61.3 million, ₱54.2 million and ₱43.4 million in 2021, 2020 and 2019, respectively (see Note 17). The total accrued interest payable included in the principal amounted to ₱290.5 million and ₱380.2 million as at December 31, 2021 and 2020, respectively. Accrued interest payable to CMI amounted to ₱169.6 million and ₱24.4 million as at December 31, 2021 and 2020, respectively (see Note 10).

As at December 31, 2021 and 2020, royalty payable to CMI amounted to ₱326.4 million and ₱416.0 million, respectively (see Note 10).

### Assignment of Mine Rights from VIMC

On December 29, 2018, the Company and VIMC executed a Deed of Assignment (the “Deed”) whereby VIMC assigns its rights and interests in Negros Copper Projects to the Company. As included in the Deed, the Company is also expected to assume various liabilities of VIMC amounting to ₱13.3 million including actual and contingent liabilities arising from or will arise related to the Negros Copper Projects.

On November 27, 2020, the MGB issued a memorandum to DENR recommending the approval of the assignment which the latter approved on December 22, 2020. Consequently, the related MPSAs to the projects were recorded in the name of the Company. As at December 31, 2021, the Company has not determined probable liabilities relating to these projects.

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## 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 customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash.

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

As at December 31, 2021 and 2020, the Company used general approach in the assessment of cash credit quality. The ECL relating to Company's cash is minimal as these are deposited in reputable banks which have good bank standing and is considered to have low credit risk.

#### 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, 2021 and 2020, 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:

**2021**

	On demand	Within 6 Months	6 to 12 Months	Over 1 year	Total
<b>Financial Asset:</b>					
Cash	₱888,091	₱-	₱-	₱-	₱888,091
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities*	994,068,995	-	-	-	994,068,995
Due to related parties	301,872,251	-	-	-	301,872,251
Redeemable preferred shares	26,100,000	-	-	-	26,100,000
<b>Total Financial Liabilities</b>	<b>1,322,041,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,322,041,246</b>
<b>Net Financial Liabilities</b>	<b>(₱1,321,153,155)</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>(1,321,153,155)</b>

\*excluding statutory payables amounting to ₱166,632

**2020**

	On demand	Within 6 Months	6 to 12 Months	Over 1 year	Total
<b>Financial Asset:</b>					
Cash	₱206,278	₱-	₱-	₱-	₱206,278
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities*	926,868,852	-	-	-	926,868,852
Due to related parties	283,143,000	-	-	-	283,143,000
Redeemable preferred shares	26,100,000	-	-	-	26,100,000
<b>Total Financial Liabilities</b>	<b>1,236,111,852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,236,111,852</b>
<b>Net Financial Liabilities</b>	<b>(₱1,235,905,574)</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>(₱1,235,905,574)</b>

\*excluding statutory payables amounting to ₱77,158

**Foreign Exchange Risk**

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company uses its functional currency and is therefore exposed to foreign exchange movements, primarily on the US Dollar (US\$). 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:

	2021		2020	
	US\$	₱	US\$	₱
Accrued interest on bonds payable	1,913,050	97,563,652	1,921,528	92,277,539
Other current liabilities	17,322	883,419	17,399	835,552

As at December 31, 2021 and 2020, the exchange rate of ₱ to the US\$ is ₱50.99 and ₱48.02, 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 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		
2021	<b>(₱4,922,354)</b>	<b>₱4,922,354</b>
2020	(₱4,655,655)	₱4,655,655
2019	(₱4,908,878)	₱4,908,878

#### Fair Values of Financial Instruments

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

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

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

During the years ended December 31, 2021, 2020 and 2019, 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 in 2021, 2020 and 2019.

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 at December 31:

	2021	2020
Capital stock	<b>₱2,613,147,971</b>	₱2,613,147,971
Additional paid-in capital	<b>19,449,376</b>	19,449,376
Deficit	<b>(2,826,577,684)</b>	(2,735,616,653)
	<b>(₱193,980,237)</b>	(₱103,019,306)

The Company is not exposed to externally imposed capital requirements.



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### 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.

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### 24. Other Matters

On March 11, 2020, the World Health Organization declared the coronavirus ("COVID-19") outbreak a "pandemic".

This outbreak of COVID-19 has resulted in a widespread health crisis that has increased the level of volatility and uncertainty globally and has created significant economic disruption. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict its magnitude and outcome.

The Company is actively monitoring the pandemic and managing its business to respond to the impact of COVID-19.

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

In compliance with the requirements set forth by Revenue Regulations 15-2021, the Company reported and paid the following types of taxes for the year ended December 31, 2021:

#### VAT

The Company is a VAT-registered company with no declared sale subject to output VAT.

Input VAT declared in the Company's VAT returns filed in 2021 follows:

Balance at January 1, 2021	₱3,661,944
Current year's domestic payments for:	
Domestic purchase of goods other than capital goods	5,544
Domestic purchases of services	209,572
<u>Balance at December 31, 2021</u>	<u>₱3,877,060</u>

#### Withholding Taxes

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

Withholding taxes on compensation and benefits	₱168,960
<u>Expanded withholding taxes</u>	<u>83,050</u>
	<u>₱252,010</u>

#### Other Taxes and Licenses

Taxes and licenses, local and national, include real property taxes, licenses and permit fees as follows:

<u>Permits and licenses</u>	<u>₱41,989</u>
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Tax Assessments and Cases

The Company has not received any final assessment notice from the BIR and has no pending tax cases under preliminary investigation, litigation, and/or prosecution in courts or bodies outside of the BIR as at December 31, 2021.

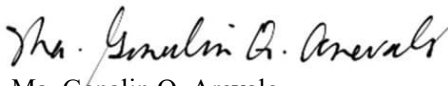


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
United Paragon Mining Corporation  
6th 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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated May 13, 2022. 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 Revised Securities Regulation Code Rule 68, 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.



Ma. Genalin Q. Arevalo

Partner

CPA Certificate No. 108517

Tax Identification No. 224-024-926

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 1613-AR-1 (Group A)

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-123-2019, November 27, 2019, valid until November 26, 2022

PTR No. 8853466, January 3, 2022, Makati City

May 13, 2022



**UNITED PARAGON MINING CORPORATION**  
**INDEX TO THE FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**SEC FORM 17-A**  
**DECEMBER 31, 2021**

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Report of Independent Auditors

Consolidated Statements of Financial Position as at December 31, 2021 and 2020

Statements of Comprehensive Income for the Years Ended  
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Statements of Changes in Equity for the Years Ended  
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Statements of Cash Flows for the Years Ended  
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SCHEDULE II Map of the Relationships of the Companies within the Group

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Principal Stockholders (other than Related Parties)

SCHEDULE C. Amounts Receivable from Related Parties which are Eliminated during the  
Consolidation of Financial Statements

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SCHEDULE E. Long-Term Debt

SCHEDULE F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

SCHEDULE G. Guarantees of Securities of Other Issuers

SCHEDULE H. Capital Stock



**SCHEDULE I**  
**UNITED PARAGON MINING CORPORATION**  
**FINANCIAL RATIOS PURSUANT TO REVISED SRC RULE 68**  
**DECEMBER 31, 2021**

	2021	2020
<b><u>Profitability Ratios:</u></b>		
Return on assets	-8.05%	-5.10%
Return on equity	-47.19%	-56.82%
Gross profit margin	-	-
Net profit margin	-	-
<b><u>Liquidity and Solvency Ratios:</u></b>		
Current ratio	0.0010:1	0.0142:1
Quick ratio	0.0007:1	0.0002:1
Solvency ratio	-0.0687:1	-0.0467:1
<b><u>Financial Leverage Ratios:</u></b>		
Asset to equity ratio	-5.86:1	-11.15:1
Debt ratio	1.17:1	1.09:1
Debt to equity ratio	-6.86:1	-12.15:1
Interest coverage ratio	-0.37:1	-0.03:1

**SCHEDULE II**  
**UNITED PARAGON MINING CORPORATION**  
**MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP**  
**PURSUANT TO REVISED SRC RULE 68**  
**DECEMBER 31, 2021**

<b>United Paragon Mining Corporation</b> (The Company; Reporting Company)
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*Note: The Company does not have any subsidiary or associate as at December 31, 2021.*

**SCHEDULE III**  
**UNITED PARAGON MINING CORPORATION**  
**RECONCILIATION OF RETAINED EARNINGS**  
**AVAILABLE FOR DIVIDEND DECLARATION**  
**PURSUANT TO REVISED SRC RULE 68 AND**  
**SEC MEMORANDUM CIRCULAR NO. 11**  
**As at December 31, 2021**

<b>Unappropriated Retained Earnings, beginning</b>		(P2,735,616,653)
Adjustments:		—
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>		<u>(2,735,616,653)</u>
<b>Add: Net loss actually earned/realized during the period</b>	(90,893,164)	
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		<u>—</u>
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		<u>—</u>
<b>Net loss actually earned during the period</b>		<u>(90,893,164)</u>
Add (Less):		
Dividend declarations during the period	—	
Appropriations of retained earnings	—	
Reversals of appropriations	—	
Effects of prior period adjustments	—	
Treasury shares	—	
Subtotal		<u>—</u>
<b>Unappropriated Retained Earnings, as adjusted, ending†</b>		<u><u>(P—)</u></u>

†Amount is zero since the reconciliation results to a deficit

**SCHEDULE A**

**UNITED PARAGON MINING CORPORATION  
FINANCIAL ASSETS IN EQUITY SECURITIES  
DECEMBER 31, 2021**

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
<b>NOT APPLICABLE</b>			

**SCHEDULE B**

**UNITED PARAGON MINING CORPORATION  
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS  
(OTHER THAN RELATED PARTIES)  
DECEMBER 31, 2021**

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, 2021**

<b>Name and Designation of Debtor</b>	<b>Balance at Beginning period</b>	<b>Additions</b>	<b>Amounts Collected /Settlements</b>	<b>Amounts Written-off</b>	<b>Current</b>	<b>Not Current</b>	<b>Balance at end period</b>
<div style="border: 1px solid black; padding: 5px; display: inline-block;">NOT APPLICABLE</div>							



**SCHEDULE E**

**UNITED PARAGON MINING CORPORATION**  
**LONG-TERM DEBT**  
**DECEMBER 31, 2021**  
**(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
<b>NOT APPLICABLE</b>			



**SCHEDULE F**

**UNITED PARAGON MINING CORPORATION  
INDEBTEDNESS TO RELATED PARTIES  
(LONG-TERM LOANS FROM RELATED COMPANIES)  
DECEMBER 31, 2021**

Name of Related Party	Balance at beginning of period	Balance at end of period
	<b>NOT APPLICABLE</b>	

**SCHEDULE G**

**UNITED PARAGON MINING CORPORATION  
GUARANTEES OF SECURITIES OF OTHER ISSUERS  
DECEMBER 31, 2021**

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
<b>NOT APPLICABLE</b>				

**SCHEDULE H**

**UNITED PARAGON MINING CORPORATION  
CAPITAL STOCK  
DECEMBER 31, 2021**

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, 2021, total shares issued and outstanding is 261,314,797,080 held by 1,185 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	—	739,914,318	205,328,291,218	—	—	55,246,591,544

## Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

### Contextual Information

Company Details	
Name of Organization	UNITED PARAGON MINING CORPORATION
Location of Headquarters	Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City
Location of Operations	Longos, Paracale, Camarines Norte
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report covers the sustainability performance of United Paragon Mining Corporation (UPM) principal mining operation in Longos Mine at Paracale, Camarines Norte.
Business Model, including Primary Activities, Brands, Products, and Services	Prior to the suspension of the mining and milling operations, the Company produced dore bullions, containing gold and silver, which were either refined by the Bangko Sentral ng Pilipinas Mint and Gold Refinery or sent by airfreight and refined by Johnson Matthey PLC. of England. The principal product, gold accounted for over 99% while the by-product, silver contributed only less than 1%. Since the suspension of the mining and milling operations, the Company has had no new product.
Reporting Period	January to December 2021
Highest Ranking Person responsible for this report	Gerard Anton S. Ramos - President

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

### Materiality Process

**Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>1</sup>**

The company has had no operations since the late 1990s due to the pendency of the renewal of its mining permit. However, the company is in the exploration stages but due to the pandemic, only briefly conducted drilling in the Longos mine in October 2020. Meanwhile, it has not begun operations in the Negros mine sites that were assigned to it from an affiliate company, which assignment was approved only in 2020. Thus, this report will focus on its care and maintenance during this period of non-operations.

<sup>1</sup> See [GRI 102-46](#) (2016) for more guidance.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	394,384	PhP
Direct economic value distributed:		
a. Operating costs	3,660,031	PhP
b. Employee wages and benefits	1,482,000	PhP
c. Payments to suppliers, other operating costs	85,290,668	Php
d. Dividends given to stockholders and interest payments to loan providers	0	PhP
e. Taxes given to government	244,828	PhP
f. Investments to community (e.g. donations, CSR)	279,560	PhP
<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Since the mine site has no operation, no income, company expenses are for care and maintenance of the mine site and salaries of the skeletal workforce. For this, the company heavily relies on the advances from affiliates.</i>	<i>Stockholders  Communities</i>	<i>Management is committed to obtaining the necessary mining permit needed to operate.</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Given that the company's income depends on mining and production of gold, the company has had no income for many years due to non-operation.</i>	<i>Employees  Stockholders</i>	<i>The company relies on advances from affiliates and continues to exert all efforts to obtain the mining permit to operate.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>In 2018, the company obtained an Exploration Permit and has been working on possible exploration programs. However, it is expected that the COVID 19 crisis would significantly delay their implementation.</i>	<i>Employees  Stockholders  Government</i>	<i>The company will continue to look for solutions to enable it to weather any future economic downturn.</i>

Climate-related risks and opportunities<sup>2</sup>

Governance	Strategy	Risk Management	Metrics and Targets
<i>Given the nature of its business as mining, UPM is inherently exposed to climate-related and environmental risks.</i>	<i>Since the company has had no operations for almost 20 years, the actual and potential impacts of climate-related risks and opportunities, in the organizations, business strategy, and financial planning are considered immaterial. However the company complies with the relevant mining laws as to corporate social responsibility, such as tree planting activities.</i>	<i>The company has no material climate-related risks but during its operational period the company complied with the maintenance of environmental trust fund as required by the DENR.</i>	<i>The company currently has no operation. Nevertheless, it maintains a nursery for propagating tree/plant seedlings at mine site.</i>

**Procurement Practices - I**

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Not material	0%
<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Since the company has no operation, it has neither direct utilization of raw materials nor does it procure much supplies.</i>	<i>The effect on stakeholders is not material.</i>	<i>Management applies conventional business measures in monitoring and controlling procurement of supplies.</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Since the company has no operation, it has neither direct utilization of raw materials nor does it procure much supplies.</i>	<i>The effect on stakeholders is not material.</i>	<i>Close monitoring and control of procurement of practices.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Reduction of procurement costs</i>	<i>Employees Stockholders</i>	<i>Close monitoring and control of procurement of practices.</i>

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

## Anti-corruption

Training on Anti-corruption Policies and Procedures - this is not applicable because the company has no head office employees and minesite is under care taker maintenance.

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	N/A	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	N/A	%
Percentage of directors and management that have received anti-corruption training	11	91%
Percentage of employees that have received anti-corruption training	N/A	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>The company has no employees due to no operation.</i>	<i>Employees Government</i>	<i>The company has a code of business conduct &amp; ethics that the employees are expected to comply with.</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>The company has no employees due to no operation.</i>	<i>Employees Government</i>	<i>The company has a code of business conduct &amp; ethics that the employees are expected to comply with.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>The company has no employees due to no operation.</i>	<i>Employees Government</i>	<i>The company has a code of business conduct &amp; ethics that the employees are expected to comply with.</i>

## Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>The company will commence disciplinary actions on erring employees. It will not tolerate corrupt acts.</i>	Employees Stockholders Government	<i>The company has a code of business conduct &amp; ethics that the employees are expected to comply with.</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>The company has no employees due to non-operation, hence the risk is insignificant.</i>	Employees Stockholders Government	<i>The company has a code of business conduct &amp; ethics that the employees are expected to comply with.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>The company has no employees due to non-operation, hence no identifiable opportunities.</i>	Employees Stockholders Government	<i>The company has a code of business conduct &amp; ethics that the employees are expected to comply with.</i>

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	258	L
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	1,223.0	L
Energy consumption (electricity)	6,050	kWh

#### Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	0	kWh
Energy reduction (gasoline)	0	GJ



<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Energy was sourced from Camarines Norte Electric Cooperative ("CANORECO") under a long-term contract for the supply of electricity from 1988 to 2000. Likewise, the Company has four (4) megawatt power plant, which has the ability to provide sufficient power for operation during any power failure. Since these equipment have been idle for a period of time, further rehabilitation is required.</i>	<i>Canoreco Employees Government</i>	<i>In November 2000, the Company switched its power supply from CANORECO to an in-house generating set to provide its limited power requirement of 10 KVA. Beginning early 2012, site power supply is now provided by CANORECO. However, the Company is also looking for alternative option for other possible power provider and/or participates in an open market to source its future power requirement.</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Since there is no operation, the risk is minimal for energy consumption.</i>	<i>CANORECO Employees</i>	<i>Management will continuously find ways to minimize energy usage.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Finding ways to save on energy costs will result to reduced company's expenses.</i>	<i>CANORECO Employees</i>	<i>Management will continuously find ways to minimize energy usage.</i>

Water consumption within the organization

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Water withdrawal		Cubic meters
Water consumption	7,854	Cubic meters
Water recycled and reused		Cubic meters

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>The Company utilizes rainwater from its tailings pond.</i>	<i>Community</i>	<i>Pump is used to distribute water from the tailings pond. Water flows thru pipes to mine-camp by means of gravity since the (pond is on higher elevation. The pond is lucked and plunged by chlorine every month and tested for CL and Ph analysis.</i>

<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Water availability, quality and accessibility depend on the amount of rainfall within the year. There is also the risk that minesite employees may not cooperate with water-saving measures.</i>	<i>Community</i>	<i>Management continuously finds ways to minimize water consumption.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Potential to reduce water impact through alternative water sources.</i>	<i>Employees Community</i>	<i>Management continuously finds ways to minimize water consumption.</i>

Materials used by the organization

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Materials used by weight or volume	N/A	
<ul style="list-style-type: none"> <li>renewable</li> <li>non-renewable</li> </ul>		kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>UPM is a mining company that has no operation, and therefore, does not use any raw materials.</i>	<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	0	
Habitats protected or restored	0	ha
IUCN <sup>3</sup> Red List species and national conservation list species with habitats in areas affected by operations	0	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>	<i>Not applicable</i>

**Environmental impact management**

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>UPM has no operation hence there is no impact on air emission.</i>	<i>Not Applicable</i>	<i>Not Applicable</i>

<sup>3</sup> International Union for Conservation of Nature

<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>

Air pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>		kg
SO <sub>x</sub>		kg
Persistent organic pollutants (POPs)		kg
Volatile organic compounds (VOCs)		kg
Hazardous air pollutants (HAPs)		kg
Particulate matter (PM)		kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>UPM has no operation hence there is no impact on air emission.</i>	<i>Not Applicable</i>	<i>Not Applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>

**Solid and Hazardous Wastes**

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	0	kg
Reusable	0	kg
Recyclable	0	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>UPM has no operation hence there is no impact on solid waste.</i>	<i>Not Applicable</i>	<i>W Not Applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>UPM has no operation hence there is no impact on hazardous waste.</i>	<i>Not Applicable</i>	<i>Not Applicable?</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	0	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>UPM has no operation, hence there is no impact relating to effluents.</i>	<i>Not Applicable</i>	<i>Not Applicable</i>

<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>

### Environmental compliance

#### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	N/A	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	#
No. of cases resolved through dispute resolution mechanism	N/A	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>The Company has not violated any environmental laws and regulations that directly impact the environment.</i>	<i>Community Employees Government</i>	<i>UPM strives to ensure that the environmental impact of its business operations is mitigated and/or minimized and strictly abides by the regulatory standards and policies.</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Possible violation of any environmental laws and regulations</i>	<i>Community Employees Government</i>	<i>UPM is implementing responsible and proper procedures and practices to make sure that it does not violate such laws and regulations.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<i>Given that there is a global consciousness on environmental preservation, the company will continue to plant more trees and find more ways to protect the environment through its CSR efforts.</i>	<i>Community Employees Government</i>	<i>UPM will create and find more ways to protect the environment through its CSR efforts.</i>

**SOCIAL**

**Employee Management**

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees <sup>4</sup>		
a. Number of female employees	3	#
b. Number of male employees	5	#
Attrition rate <sup>5</sup>	0	rate
Ratio of lowest paid employee against minimum wage	0	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y		
PhilHealth	Y		
Pag-ibig	Y		
Parental leaves	Y		
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))		N/A	N/A
Housing assistance (aside from Pag-ibig)		N/A	N/A
Retirement fund (aside from SSS)	N		1
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	Y		
Flexible-working Hours	Y		
(Others)			

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Employee benefits directly impact employee performance and morale.</i>	<i>The company abides by the directives of the SSS, Philhealth and Pag-ibig with regard to mandatory monthly company contributions as well as collects and remits each employee share.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>The company has no operations but complies with mandatory benefits required by law. Hence, there is no significant risk.</i>	<i>Not applicable</i>

<sup>4</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>5</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What are the Opportunity/ies Identified?	Management Approach
<i>The company has no operations but complies with mandatory benefits required by law. Hence, there is no identifiable opportunities.</i>	<i>Not applicable</i>

#### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees		hours
b. Male employees	none	hours
Average training hours provided to employees		
a. Female employees		hours/employee
b. Male employees	none	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>UPM has no operation, hence there is no significant impact.</i>	<i>Not applicable</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable</i>	<i>Not applicable</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable</i>	<i>Not applicable</i>

#### Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	n/a	%
Number of consultations conducted with employees concerning employee-related policies	n/a	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>UPM has no operation, hence there is no significant impact.</i>	<i>Not applicable</i>
What are the Risk/s Identified?	Management Approach
<i>Not applicable</i>	<i>Not applicable</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Not applicable</i>	



Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	37.5	%
% of male workers in the workforce	62.5	%
Number of employees from indigenous communities and/or vulnerable sector*		#

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>UPM has no operation, and under care and maintenance mode only. Hence there is no significant impact.</i>	<i>Criteria for employment and promotion focus mainly on the employee's ability to do his/her assigned work.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	9,080	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	1	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>UPM has no operation, and under care and maintenance mode only. Hence there is no significant impact.</i>	<i>The company complies with mining and regulatory rules and regulations regarding occupational health and safety including the appointment of a Safety Officer at site.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>UPM has no operation, and under care and maintenance mode only. Hence there is no significant impact.</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>UPM has no operation, and under care and maintenance mode only. Hence there is no identifiable opportunity.</i>	<i>Not applicable</i>

### Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	NA	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>UPM has no operation, and is under care and maintenance mode only. Hence, there is no significant impact.</i>	<i>Although there is no specific written company policy, management adheres to the relevant child labor and human rights laws.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>UPM has no operation, and is under care and maintenance mode only. Hence, there is no significant impact.</i>	<i>Although there is no specific written company policy, management adheres to the relevant child labor and human rights laws.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Being compliant with labor laws will make company attractive to potential employees. It will also foster loyalty within the organization.</i>	<i>Although there is no specific written company policy, management will always adhere to the relevant child labor and human rights laws.</i>

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Given that the company is a mining company that does not have operation, and under care and maintenance mode, it is only primarily purchasing office supplies which does not necessitate an accreditation.

Do you consider the following sustainability topics when accrediting suppliers? N/A

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance		
Forced labor		
Child labor		
Human rights		
Bribery and corruption		

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>

**Relationship with Community**

Significant Impacts on Local Communities

<b>Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)</b>	<b>Location</b>	<b>Vulnerable groups (if applicable)*</b>	<b>Does the particular operation have impacts on indigenous people (Y/N)?</b>	<b>Collective or individual rights that have been identified that or particular concern for the community</b>	<b>Mitigating measures (if negative) or enhancement measures (if positive)</b>
While the company has no operations, it obtained an exploration permit in August 2018. In compliance with relevant mining laws, the company had conducted consultations and courtesy calls with the concerned barangays that are covered by the permit, regarding the approval of its exploration permit. The company will conduct consultations again, as required, when exploration activities actually commence.	Paracale	N/A	N	N/A	N/A

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: \_\_\_\_\_

<b>Certificates</b>	<b>Quantity</b>	<b>Units</b>
FPIC process is still undergoing		#
CP secured		#

<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>

### Customer Management

#### Customer Satisfaction

<b>Disclosure</b>	<b>Score</b>	<b>Did a third party conduct the customer satisfaction study (Y/N)?</b>
<i>Not applicable</i>		<i>Not applicable</i>

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>

#### Health and Safety

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>

Marketing and labelling

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>

Customer privacy

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>

Data Security

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of data breaches, including leaks, thefts and losses of data	0	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Not applicable</i>	<i>Not applicable</i>

**UN SUSTAINABLE DEVELOPMENT GOALS**

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

<b>Key Products and Services</b>	<b>Societal Value / Contribution to UN SDGs</b>	<b>Potential Negative Impact of Contribution</b>	<b>Management Approach to Negative Impact</b>
Since the company has no operations, it has not produced gold and silver for a long time.	In the event that the company is granted a mining permit in order to extract and sell gold and silver, the company would be able to hire miners from the local communities and give livelihood to the people.	Until the company begins mining operations, it cannot make any significant contributions to help alleviate poverty in the country.	The company will continue to find ways to help the poor and the marginalized in the covered barangay communities even during this period of non-operation.

*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*



40938

\_\_\_\_\_  
S.E.C. Registration No.

**UNITED PARAGON MINING CORPORATION**

(Company's Full Name)

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

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

**(632) 8631-5139**

(Company's Telephone Numbers)

**March 31, 2022**

(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: March 31, 2022
2. Commission ID No. 40938
3. BIR Tax Identification No. 000-169-117-000-V

**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) 8631-5139**

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
<b><u>Common Stock</u></b>	<b><u>261,314,797,080 shares</u></b>

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

Yes [] No []

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

**Philippine Stock Exchange, Inc.**

**Common Stock**

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

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## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements

1. The unaudited Financial Statements of the Company (Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows) for the interim period ended March 31, 2022 and December 31, 2021 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 March 31, 2022 and March 31, 2021 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 March 31, 2022) as compared with the most recent annual financial statements (December 31, 2021) 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 March 31, 2022) is reflected in the interim financial statements.
6. Unusual items during the interim period (January to March 31, 2022), 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, 2021 and 2020), which had a material effect in the current interim period (January to March 31, 2022).
8. There were NO long-term contracts entered into by the Company during the interim period January to March 31, 2022).
9. There were NO capitalization of liabilities, new borrowings and any modification of existing financing arrangements during the interim periods under review (January to March 31, 2022 and December 31, 2021) 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 March 31, 2022) 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 March 31, 2022) 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 March 31, 2022) that have not been reflected in the financial statements for the interim period.

14. There were NO changes in the composition of the Company during the interim period (January to March 31, 2022), 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, 2021).
16. There were NO additional material contingencies and any other events or transactions that are material to the understanding of the current interim period that are not disclosed in this report.

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

Comparative financial highlights for the first quarter ending March 31, 2022 and March 31, 2021 and for the year ended December 31, 2021 are presented below:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>
Revenues	-	-	-
Net Income (Loss)	(22,315,374)	(46,854,180)	(19,431,651)
Total Assets	1,131,802,719	1,130,307,232	1,136,633,714
Total Liabilities	1,346,866,444	1,323,055,583	1,258,319,820
Net Worth	(215,063,725)	(192,748,351)	(121,686,106)
Issued & Subscribed Capital	261,314,797,080	261,314,797,080	261,314,797,080

### **Results of Operations (March 31, 2022 vs. March 31, 2021)**

The Company has no operating income earned for the period end March 31, 2022 and March 31, 2021 and sustained a net loss of P22.3 million and P19.4 million, respectively. The higher net loss was due to increase in accrued interest expense on outstanding loans, unrealized foreign currency loss due to further depreciation of peso against US dollar and mine site and head office administrative expenses

General and administrative expenses of P2.6 million and P3.1 million were incurred for the period ending March 31, 2022 and March 31, 2021, respectively.

The finance expenses for the period ending March 31, 2022 was up by P1.8 million compared to the same period in 2021 of P15.6 million due to compounded interest calculation on Camarines Minerals Inc., past due obligation.

Restatement of foreign currency denominated liabilities for the period ending March 31, 2022 resulted into a foreign exchange loss of P2.3 million due to peso depreciation from P50.774 (12.31.21) to P51.96 (03.31.22).

### **Financial Condition (March 31, 2022 vs. December 31, 2021)**

The Company has total assets of P1,131.8 million and P1,130.2 million as of March 31, 2022 and December 31, 2021, respectively. The increase was due to cash advances from related party offset by payment of current operating expenses.

Total current liabilities of P1,346.0 million and P1,322.2 million for the period ending March 31, 2022 and December 31, 2021, exceeded its current assets by P1,343.3 million and P1,320.9 million, respectively. The increase was mainly due to interest accrual and other payables and related party transaction.

The Company has a capital deficiency of P205.1 million and P192.7 million resulting from cumulative losses of P2,848.9 million and P2,826.6 for the period March 31, 2022 and December 31, 2021, respectively.

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

Due to the suspension of mining and milling operations and limited sources of funds, the Company failed to meet payments within the stated terms to majority of its suppliers, contractors and creditors. However, the Company has been continuously paying the accounts that relates to its current working capital requirement, and the old accounts due to its suppliers, contractors and creditors remain unchanged. The internal and external sources of funds and the courses of action that the Company plans to undertake to address the liquidity problem are discussed under "Plan of operations for the year 2022".

The gold price as of March 31, 2022 significantly increased by six percent (6%) from December 31, 2021 and fourteen percentage (14%) year-on-year ending March 31, 2021. The gold (Au) was traded in the London Metal Exchange ("LME") with a closing price of US\$1,924.10/oz; US\$1,820.10/oz and US\$1,685.35/oz for period ending March 31, 2022, December 31, 2021 and March 31, 2021 respectively. For the quarter ending 31 March 2022 gold price reached an all-time high of US\$2,017.15 on March 9, 2022.

Inasmuch as the Company's mining and milling operations are still suspended, the key performance indicators of the Company as of March 31, 2022 as compared to March 31, 2021 are as follows:

Ratios	Formula	March 31 2022	March 31 2021
Current Ratio		<b>0.0020</b>	<b>0.0149</b>
	Current Assets/ Current Liabilities	₱ 2,737,017 ₱ 1,346,022,683	₱ 18,760,206 ₱ 1,257,189,271
Quick Ratio		<b>0.0017</b>	<b>0.0010</b>
	Current Asset-Inventory-Prepaid/ Current Liabilities	₱ 2,235,573 ₱ 1,346,022,683	₱ 1,219,220 ₱ 1,257,189,271
Solvency Ratio		<b>0.8403</b>	<b>0.9033</b>
	Total Assets/ Total Liabilities	₱ 1,131,802,719 ₱ 1,346,866,444	₱ 1,136,633,714 ₱ 1,258,319,820
Debt Ratio		<b>1.19</b>	<b>1.11</b>
	Total Liabilities/ Total Assets	₱ 1,346,866,444 ₱ 1,131,802,719	₱ 1,258,319,820 ₱ 1,136,633,714
Debt to equity ratio		<b>(6.26)</b>	<b>(10.34)</b>
	Total liabilities/ Stockholders' equity	₱ 1,346,866,444 ₱ (215,063,725)	₱ 1,258,319,820 ₱ (121,686,106)
Equity to debt ratio		<b>(0.16)</b>	<b>(0.10)</b>
	Stockholders' equity/ Total liabilities	₱ (215,063,725) ₱ 1,346,866,444	₱ (121,686,106) ₱ 1,258,319,820
Asset to equity ratio		<b>(5.26)</b>	<b>(9.34)</b>
	Total Assets Stockholders' equity/	₱ 1,131,802,719 ₱ (215,063,725)	₱ 1,136,633,714 ₱ (121,686,106)
Interest coverage ratios		<b>(0.28)</b>	<b>(0.24)</b>
	Earnings (loss) before interest & taxes Interest Expense	₱ (4,849,466) ₱ 17,465,908	₱ (3,786,698) ₱ 15,644,953
Book value per share		<b>(0.00082)</b>	<b>(0.00047)</b>
	Stockholders' equity/ Total # of shares	₱ (215,063,725) 261,314,797,080	₱ (121,686,106) 261,314,797,080
Loss per share		<b>0.00009</b>	<b>0.00007</b>
	Net loss/ Total # of shares	₱ 22,315,374 261,314,797,080	₱ 19,431,651 261,314,797,080

The change in key indicators as of March 31, 2022 as compared to March 31, 2021 are as follows;

Decrease in Current and Solvency Ratio year-on-year ending March 31, 2022 due to a reclassification of accounts receivables from current asset to non-current asset, an increase in cash and cash equivalents and related party transaction liability due to related party cash advances; Decrease in Debt-to-Equity, Equity-to-Debt, Asset-to-Equity and Interest Coverage Ratio due to increase in total liabilities and increase in net capital deficiencies.

The key performance indicators of the Company as of March 31, 2022 as compared to December 31, 2021 are as follows:

Ratios	Formula	March 31 2022	December 31 2021
Current Ratio		<b>0.0020</b>	<b>0.001</b>
	Current Assets/	P 2,737,017	P 888,091
	Current Liabilities	P 1,346,022,683	P 1,322,211,822
Quick Ratio		<b>0.0017</b>	<b>0.0007</b>
	Current Asset-Inventory-Prepaid/	P 2,235,573	P 888,092
	Current Liabilities	P 1,346,022,683	P 1,322,211,822
Solvency Ratio		<b>0.8403</b>	<b>0.8543</b>
	Total Assets/	P 1,131,802,719	P 1,130,307,232
	Total Liabilities	P 1,346,866,444	P 1,323,055,583
Debt Ratio		<b>1.19</b>	<b>1.17</b>
	Total Liabilities/	P 1,346,866,444	P 1,323,055,583
	Total Assets	P 1,131,802,719	P 1,130,307,232
Debt to equity ratio		<b>(6.26)</b>	<b>(6.86)</b>
	Total liabilities/	P 1,346,866,444	P 1,323,055,583
	Stockholders' equity	P (215,063,725)	P (192,748,351)
Equity to debt ratio		<b>(0.16)</b>	<b>(0.15)</b>
	Stockholders' equity/	P (215,063,725)	P (192,748,351)
	Total liabilities	P 1,346,866,444	P 1,323,055,583
Asset to equity ratio		<b>(5.26)</b>	<b>(5.86)</b>
	Total Assets	P 1,131,802,719	P 1,130,307,232
	Stockholders' equity/	P (215,063,725)	P (192,748,351)
Interest coverage ratios		<b>(0.28)</b>	<b>(0.37)</b>
	Earnings (loss) before interest & taxes	P (4,849,466)	P (24,435,559)
	Interest Expense	P 17,465,908	P 66,525,472
Book value per share		<b>(0.00082)</b>	<b>(0.00074)</b>
	Stockholders' equity/	P (215,063,725)	P (192,748,351)
	Total # of shares	261,314,797,080	261,314,797,080
Loss per share		<b>0.00009</b>	<b>0.00035</b>
	Net loss/	P 22,315,374	P 90,961,031
	Total # of shares	261,314,797,080	261,314,797,080

The change in key indicators as of March 31, 2022 as compared to December 31, 2021 are as follows;

An increase in current and quick ratio for the quarter ending March 31, 2022 compared to December 31, 2021 due to increase in cash and cash equivalent in the current asset because of related party cash advances and seen a decrease in all other areas due to an increase in current liabilities brought about by accrual of



interest on CMI payables and cash advances from related party transaction and increase in capital deficiencies due to net operating loss for the period ended March 31, 2022.

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 March 31, 2022 reflect foreign exchange loss on the Company's dollar denominated accounts.

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

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

2. There are NO events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
3. There are NO material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
4. There are NO material commitments for capital expenditures.
5. There are NO known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
6. There are NO significant elements of income or loss that did not arise from the Company's continuing operations.
7. There were NO seasonal or cyclical aspects that have or had a material effect on the financial condition or results of operations of the Company.

#### **Plan of Operations**

- A. The plan of operations for the year 2022 covers the following activities:

- a. In October 2020, the company completed the exploration work program by drilling 3 holes, totaling 604.9 meters east-southeast of the Bula-ay small scale mining area. These holes were to check the

up-dip continuity of Baluarte Vein and San Antonio Vein (between level 200 and level 400) above the ultramafic granodiorite contact. On February 4, 2021, the Company filed a Declaration of Mining Project Feasibility (DMPF) prior to the expiration of exploration permit on Feb 19, 2021 to Mines and Geosciences Bureau Regional Office No. 5 (MGB 5). The application underwent the normal evaluation process and the same was endorsed to the MGB Central Office in April 2022 for evaluation. The Company will work closely with the MGB in order to comply with all the mandatory requirements.

- b. The Company will work on getting the financing requirement needed to comply all the mandatory requirement for DMPF and later the Mineral Processing Sharing Agreement application either by external sources or internal sources.
  - c. The Company intends to address and mitigate the impact of net loss to equity in the financial statements by renegotiating current loan obligations.
- 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, former 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.

In October 2020, the Company completed the exploration work program by drilling of 3 holes, totalling 604.9 meters east south-east of Bula-ay mining area under EP-016-2016. These holes were to check the up-dip continuity of Baluate Vein and San Antonio Vein (between level 200 and level 400) above ultramafic-granodiorite contact. On February 4, 2021, the Company file a Declaration of Mining Project Feasibility Study (DMPF) prior to exploration permit expiration on February 19, 2021.

On April 14, 2021, President Rodrigo Roa Duterte signed Executive Order No. 130 S. 2021 Amending Section 4 of Executive Order No. 79 s. 2012 entitled "Institutionalizing and Implementing Reforms in the Philippine Mining Sector, Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mining Resources." This Executive Order lifted the moratorium on mineral agreements, and we are hopeful that the same would pave the way for the immediate approval of the Company's application which is presently under evaluation at the MGB Central Office.

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

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

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

C. Any significant changes in the number of employees.

Manpower as of March 31, 2022 consists of eight (8) regular personnel. The Company expects no significant change in the number of employees for the ensuing year unless the necessary permits have been awarded to the company and the needed funding requirements for exploration and further rehabilitation and development of the Longos Mine becomes available, in which case, a significant number of employees will be hired.

**Item 3. Management's Assessment and Evaluation of Financial Risk Exposures**

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

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

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

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

Credit Risk

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

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

As at March 31, 2022 the Company used general approach in the assessment of cash credit quality. The ECL relating to Company's cash is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.

	March 31, 2022					Total
	Neither Past Due Nor Impaired		Past Due But		Total	
	High Grade	Standard Grade	Not Impaired	Impaired		
Cash in bank*	2,235,573	0	0	0	2,235,573	
<b>Total credit risk exposure</b>	<b>2,235,573</b>	-	-	-	<b>2,235,573</b>	

	December 31, 2021					Total
	Neither Past Due Nor Impaired		Past Due But		Total	
	High Grade	Standard Grade	Not Impaired	Impaired		
Cash and cash equivalents*	888,092	0	0	0	888,092	
<b>Total credit risk exposure</b>	<b>888,092</b>	-	-	-	<b>888,092</b>	

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

#### Liquidity Risk

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

The following table summarizes the maturity profile of the Company's financial liabilities and financial assets as at March 31, 2022 and December 31, 2021, 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:

**March 31, 2022**

	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 year	Total
<b>Financial Asset:</b>					
Cash	2,235,573	0	0	0	2,235,573
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities	1,010,673,517	0	0	0	1,010,673,517
Due to related parties	309,245,222	0	0	0	309,245,222
Redeemable preferred shares	26,100,000	0	0	0	26,100,000
<b>Net Financial Liabilities</b>	<b>(1,346,018,739)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(1,346,018,739)</b>

**December 31, 2021**

	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 year	Total
<b>Financial Asset:</b>					
Cash	888,092	0	0	0	888,092
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities	994,235,627	0	0	0	994,235,627
Due to related parties	301,872,251	0	0	0	301,872,251
Redeemable preferred shares	26,100,000	0	0	0	26,100,000
<b>Net Financial Liabilities</b>	<b>(1,322,207,878)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(1,322,207,878)</b>

**Foreign Exchange Risk**

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

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

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

As at March 31, 2022 and December 31, 2021, the exchange rate of ₱ to the \$ is ₱51.96 and ₱50.774, respectively.

	March 31, 2022		December 31, 2021	
	USD	PHP	USD	PHP
Accrued interest and other current liabilities	1,921,528	99,842,595	1,921,528	97,563,663
Other current liabilities	17,399	904,052	17,399	883,417

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

	Change in exchange rate	
	\$ strengthens by 5%	\$ weakens by 5%
Increase (decrease) in income before income tax and equity		
<b>March 31, 2022</b>	<b>(4,992,130)</b>	<b>4,992,130</b>
December 31, 2021	(4,878,183)	4,878,183

#### Fair Values of Financial Instruments

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

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

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

During the years ended March 31, 2022 and December 31, 2021 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 March 31, 2022 and year ended December 31, 2021.

Management's plans on how to address the Company's deficit in explained under Plan of Operations for 2022

The following table summarizes what the Company considers as its total capital as of March 31, 2022 and December 31, 2021.

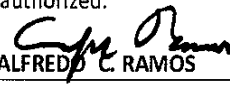
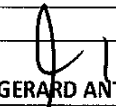
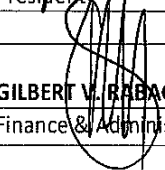
Capital stock	₱2,613,147,971
Share premium	19,449,376
	<u>₱2,632,597,347</u>

**PART II - OTHER INFORMATION**

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

**SIGNATURES**

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

Issuer	 <b>ALFREDO C. RAMOS</b>
Signature & Title	Chairman of the Board
Date	
Issuer	 <b>GERARD ANTON S. RAMOS</b>
Signature & Title	President
Date	
Issuer	 <b>GILBERT V. RABBAGO</b>
Signature & Title	Finance & Administrative Manager
Date	

**UNITED PARAGON MINING CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**

	March 31, 2022	DEC 31, 2021
<b>CURRENT ASSETS</b>		
Cash and cash Equivalents	2,235,573	888,092
Materials and supplies - at net realizable value	188,955	100,568
Other current assets	312,489	315,681
<b>TOTAL CURRENT ASSETS</b>	<b>2,737,017</b>	<b>1,304,341</b>
<b>NONCURRENT ASSETS</b>		
Property, plant and equipment	994,100,883	994,138,072
Deferred exploration costs	123,165,923	123,165,923
Other noncurrent assets	11,798,896	11,698,896
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,129,065,702</b>	<b>1,129,002,891</b>
<b>TOTAL ASSETS</b>	<b>1,131,802,719</b>	<b>1,130,307,232</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and other current liabilities	1,010,673,517	994,235,627
Due to related parties	309,245,222	301,872,251
Redeemable preferred shares	26,100,000	26,100,000
Income tax payable	3,944	3,944
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,346,022,683</b>	<b>1,322,211,822</b>
<b>NONCURRENT LIABILITIES</b>		
Pension liability	843,761	843,761
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>843,761</b>	<b>843,761</b>
<b>TOTAL LIABILITIES</b>	<b>1,346,866,444</b>	<b>1,323,055,583</b>
<b>EQUITY</b>		
Capital stock - P.01 par value		
Authorized - 397,325,000,000 shres		
Issued - 261,314,797,080 shares	2,613,147,971	2,613,147,971
Additional paid-in capital	19,449,376	19,449,376
Actuarial gains on retirement benefits obligation	1,231,986	1,231,986
Deficit	(2,848,893,058)	(2,826,577,684)
<b>TOTAL EQUITY</b>	<b>(215,063,725)</b>	<b>(192,748,351)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,131,802,719</b>	<b>1,130,307,232</b>



UNITED PARAGON MINING CORPORATION  
**STATEMENTS OF COMPREHENSIVE INCOME**  
For the Three Months Ended March 31, 2022  
(Unaudited)

	Three Months ended March 31		Quarter – Jan - March	
	2022	2021	2022	2021
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	2,550,204	3,128,395	2,550,204	3,128,395
<b>OTHER (INCOME) EXPENSES</b>				
Finance expenses	17,465,908	15,644,953	17,465,908	15,644,953
Foreign exchange (gain) loss	2,299,567	858,946	2,299,567	858,946
Interest income	(305)	(643)	(305)	(643)
Other (income) expenses	-	(200,000)	-	(200,000)
	19,765,170	16,303,256	19,765,170	16,303,256
<b>NET LOSS FOR THE PERIOD</b>	22,315,374	19,431,651	22,315,374	19,431,651
<b>LOSS PER COMMON SHARE COMPUTED AS FOLLOWS:</b>				
In Philippine Pesos				
	2022	2021	2022	2021
Net loss	22,315,374	19,431,651	22,315,374	19,431,651
Weighted average no. of shares	261,314,797,080	261,314,797,080	261,314,797,080	261,314,797,080
<b>LOSS PER COMMON SHARE</b>				
Basic and diluted	0.00009	0.00007	0.00009	0.00007

**UNITED PARAGON MINING CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
For the Three Months Ended March 31, 2022  
(Unaudited)

	2022	2021
<b>SHARE CAPITAL</b>		
<b>Authorized</b>		
Common – 397,325,000,000 shares @ ₱0.01 par value per share	3,973,250,000	3,973,250,000
Preferred Class “A” – 13,500,000 shares @ ₱0.50 par value per share <sup>(1)</sup>	6,750,000	6,750,000
Preferred Class “B” – 400,000 shares @ ₱50.00 par value per share <sup>(1)</sup>	20,000,000	20,000,000
<b>Total Authorized Capital Stock</b>	<b>4,000,000,000</b>	<b>4,000,000,000</b>
<b>Issued and outstanding</b>		
Common shares-261,314,797,080 shares @ ₱0.01 par value per share		
Balance at beginning of year	2,613,147,971	2,613,147,971
Issuance for the period	0	0
<b>Balance at end of 1st quarter</b>	<b>2,613,147,971</b>	<b>2,613,147,971</b>
<b>SHARE PREMIUM</b>		
Balance at beginning of year	19,449,376	19,449,376
Movement for the period	0	0
<b>Balance at end of 1st quarter</b>	<b>19,449,376.00</b>	<b>19,449,376.00</b>
<b>ACTUARIAL GAINS ON RETIREMENT BENEFIT OBLIGATION</b>		
Balance at beginning of year	1,231,986	1,231,986
Movement for the period	0	0
<b>Balance at end of 1st quarter</b>	<b>1,231,986</b>	<b>1,231,986</b>
<b>EQUITY</b>		
Balance at beginning of year, as previously reported	(2,826,577,684)	(2,735,616,651)
Net loss for the period	(22,315,374)	(90,957,085)
<b>Balance at end of 1st quarter</b>	<b>(2,848,893,058)</b>	<b>(2,826,573,736)</b>
	<b>(215,063,725)</b>	<b>(192,744,403)</b>

**UNITED PARAGON MINING CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
For the Three Months Ended March 31, 2022  
(Unaudited)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss) before income tax	(22,315,374)	(19,431,651)
Adjustments for:		
Finance expenses	17,465,908	15,644,953
Depreciation Expense	37,189	41,531
Foreign Exchange (gain) loss	2,299,567	858,946
Interest & Other Income	(305)	(200,643)
Operating loss before changes in working capital	(2,513,015)	(3,086,864)
Changes in:		
Receivables		-
Materials and supplies	(88,387)	-
Prepaid expenses and other current assets	3,192	(201,708)
Accrued interest and other current liabilities	(3,327,280)	(1,897,859)
Cash used in operations	(5,925,490)	(5,186,431)
Interest received	0	643
Income taxes paid (MCIT)	-	-
Net cash used in operating activities	(5,925,490)	(5,185,788)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Additions (deductio) to property, plan, and equipment	0	200,643
Deferred exploration costs - evaluation expenditures	(0)	(350,000)
Increase in other assets	(100,000)	(51,913)
Net Cash used in investing activities	(100,000)	(201,270)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from related parties	7,372,971	6,400,000
Loan Payable		
Net cash provided by financing activities	7,372,971	6,400,000
<b>EFFECTS OF EXCHANGE RATE CHANGES IN CASH</b>		
	-	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>1,347,481</b>	<b>1,012,942</b>
<b>CASH</b>		
January 1	888,092	206,278
<b>March 31</b>	<b>2,235,573</b>	<b>1,219,220</b>

SCHEDULE A

UNITED PARAGON MINING CORPORATION  
FINANCIAL ASSETS IN EQUITY SECURITIES

March 31, 2022

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
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NOT APPLICABLE

**SCHEDULE B**

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

March 31, 2022

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

SCHEDULE C

UNITED PARAGON MINING CORPORATION  
AMOUNTS RECEIVABLE FROM RELATED PARTIES  
WHICH ARE ELIMINATED DURING THE  
CONSOLIDATION OF FINANCIAL STATEMENTS  
March 31, 2022

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

SCHEDULE D

UNITED PARAGON MINING CORPORATION  
INTANGIBLE ASSETS - OTHER ASSETS

March 31, 2022

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

SCHEDULE E

UNITED PARAGON MINING CORPORATION  
LONG-TERM DEBT  
March 31, 2022  
(Amounts in Thousands)

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



SCHEDULE F

UNITED PARAGON MINING CORPORATION  
INDEBTEDNESS TO RELATED PARTIES  
(LONG-TERM LOANS FROM RELATED COMPANIES)  
March 31, 2022

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

UNITED PARAGON MINING CORPORATION  
GUARANTEES OF SECURITIES OF OTHER ISSUERS  
March 31, 2022

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

**UNITED PARAGON MINING CORPORATION**  
**CAPITAL STOCK**  
 March 31, 2022

The Company's authorized share capital is ₱4.0 billion divided into 397.3 billion shares at ₱0.01 par value. As at March 31, 2022, total shares issued and outstanding is 261,314,797,080 held by 1,181 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 Bahl held by Government s	Others
Common Stock	397,338,900,000	261,314,797,080	-	739,914,318	205,328,291,218	-	55,246,591,544

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

	<b>March 31, 2022</b>	<b>March 31, 2021</b>	<b>December 31, 2021</b>
<b><u>PROFITABILITY RATIOS:</u></b>			
Return on Assets	-1.973%	-1.710%	-8.050%
Return on Equity	0.000%	0.000%	-47.190%
Gross profit Margin	0%	0%	
Net Profit Margin	0%	0%	
<b><u>LIQUIDITY AND SOLVENCY RATIOS:</u></b>			
Current Ratio	0.0077 : 1	0.0149 : 1	0.0010 : 1
Quick Ratio	0.0017 : 1	0.001 : 1	0.0007 : 1
Solvency Ratio	0.8403 : 1	0.9033 : 1	0.8543 : 1
<b><u>FINANCIAL LEVERAGE RATIOS:</u></b>			
Asset to Equity ratio	-5.26 : 1	-0.934 : 1	-5.86 : 1
Debt ratio	1.19 : 1	1.1 : 1	1.17 : 1
Debt to equity ratio	-6.26 : 1	-10.34 : 1	-6.86 : 1
Interest Coverage ratio	-0.28 : 1	-0.27 : 1	-0.37 : 1

**UNITED PARAGON MINING CORPORATION**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
March 31, 2022

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**1. Corporate Information**

Corporate Information

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

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

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

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

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**2. Summary of Significant Accounting Policies**

Basis of Preparation

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

Statement of Compliance

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

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new pronouncements effective in 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new pronouncements did not have an impact on the Company's financial statements:

- Amendment to PFRS 16, *Leases, COVID-19-related Rent Concessions beyond 30 June 2021*

The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual periods beginning on or after April 1, 2021. Early adoption is permitted.

The Company adopted the amendments beginning April 1, 2021.

- Amendments to PFRS 9, *Financial Instruments*, Philippine Accounting Standard (PAS) 39, *Financial Instruments: Recognition and Measurement*, PFRS 7, *Financial Instruments: Disclosures*, PFRS 4, *Insurance Contracts*, and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of the IBOR reform,
- Relief from discontinuing hedging relationships; and,
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The Company adopted the amendments beginning January 1, 2021.

Pronouncements Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective.

*Effective beginning on or after January 1, 2022*

- Amendments to PFRS 3, *Business Combinations, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

The Company is currently assessing the impact of adopting the amendments.

- Amendments to PAS 16, *Property, Plant and Equipment, Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The adoption of the amendments is not expected to have a significant impact on the Company.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods

or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Company is currently assessing the impact of adopting the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - *Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a First-time Adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

The adoption of the amendments is not expected to have a significant impact on the Company.

- *Amendments to PFRS 9, Fees in the '10 per cent' test for Derecognition of Financial Liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.



The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The Company is currently assessing the impact of adopting the amendments.

▪ *Amendments to PAS 41, Agriculture, Taxation in Fair Value Measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company's financial statements.

*Effective beginning on or after January 1, 2023*

• *Amendments to PAS 12, Income Taxes, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

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

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

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Company is currently assessing the impact of adopting the amendments.

• *Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

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

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The Company is currently assessing the impact of the amendments.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgements, Disclosure of Accounting Policies*

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

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

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

The Company is currently assessing the impact the amendments will have on current practice.

*Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

The amendments clarify paragraphs 69 to 76 of PAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Company is currently assessing the impact of the amendments will have on current practice and whether existing loan agreements may require renegotiation.

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

*Deferred effectivity*

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

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. 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 IASB 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.

#### Current versus Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

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

#### Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

## Financial Instruments

### *Date of Recognition*

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

### *Initial Recognition*

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

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

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

- Financial assets measured at amortized cost;
- Financial assets measured at FVPL;
- Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

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

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

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

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

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

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

As at March 31, 2022 and December 31, 2021, the Company has financial assets at amortized cost consisting of cash.

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

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

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

As at March 31, 2022 and December 31, 2021, the Company has no equity instruments at FVPL.

- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or

reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

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

Dividends are recognized in profit or loss only when:

- the Company's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Company; and,
- the amount of the dividend can be measured reliably.

As at March 31, 2022 and December 31, 2021, the Company has no financial assets at FVOCI.

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

- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and,
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

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

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

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



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

#### *Impairment of Financial Assets*

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

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

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and,
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

- *Stage 1: 12-month ECL.* For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.
- *Stage 2: Lifetime ECL - not credit-impaired.* For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.
- *Stage 3: Lifetime ECL - credit-impaired.* Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

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

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

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

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

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

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

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

#### Offsetting Financial Instruments

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

#### Derecognition of Financial Instruments

##### *Financial Assets*

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

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

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained

substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In such case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### *Financial Liabilities*

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

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

#### Cash

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

#### Materials and Supplies

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

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

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

#### Other Noncurrent Assets

##### *Input VAT*

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

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

*Tax Credit Certificates (TCCs)*

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

Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

When assets are disposed of, or are permanently withdrawn from use and no future economic benefits are expected from their disposals, the cost and accumulated depreciation, amortization, depletion and impairment losses, if any, are removed from the

accounts and any resulting gain or loss arising from the retirement or disposal is recognized in the statement of comprehensive income.

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

#### Deferred Exploration Costs and Deferred Development Costs

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

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

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

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

#### Impairment of Nonfinancial Assets

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

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

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

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#### Deferred Exploration Costs

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

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

#### Redeemable Preferred Shares

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

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

The Company classified its redeemable preferred shares as a liability.

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

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

#### Deficit

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

#### Revenue Recognition

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

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

#### *Interest Income*

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

#### *Other Income*

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

#### Cost and Expense Recognition

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

#### Provisions

##### *General*

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

##### *Provision for Mine Rehabilitation and Decommissioning*

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

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



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

#### Retirement Benefits

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

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

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

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

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

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

#### Income Taxes

##### *Current Income Tax*

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

##### *Deferred Income Tax*

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

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

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

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

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

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

#### *Uncertain Tax Position*

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

#### Leases – Company as a Lessee

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

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

#### Segment Reporting

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

#### Basic Loss Per Share

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

#### Diluted Loss Per Share

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

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

#### Foreign Currency Transactions

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

#### Contingencies

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

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

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