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SEC Registration Number

G L O B A L F E R R O N I C K E L H O L D I N G S I N C

f o r m e r l y :

S O U T H E A S T A S I A C E M E N T H O L D I N G S

I N C

(Company's Full Name)

P E N T H O U S E P L A T I N U M T O W E R A S E A N

A V E N U E C O R F U E N T E S S T A S E A N A

P A R A Ñ A Q U E C I T Y

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

Atty. Noel Lazaro

(Contact Person)

(632) 85118229

(Company Telephone Number)

Month Day

(Fiscal Year)

1 7 - A

(Form Type)

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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 calendar year ended - **December 31, 2023**

2. SEC Identification Number - **ASO94-003992**

3. BIR Tax Identification No. - **003-871-592**

4. Exact name of issuer as specified in its charter

GLOBAL FERRONICKEL HOLDINGS, INC.

5. Province, Country or other jurisdiction of incorporation or organization

Metro Manila, Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of principal office

Postal Code

**Penthouse, Platinum Tower, Asean Avenue corner Fuentes St.,
Aseana, Parañaque City, Metro Manila, Philippines**

1701

8. Issuer's telephone number, including area code

(632) 8519 - 7888

9. Former name, former address, and former fiscal year, if changed since last report

Not Applicable

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
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Common Shares	6,072,357,151
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11. Are any or all of the registrant's securities listed on a Stock Exchange?

Yes [] 6,072,357,151 Common Shares No []

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

The Philippine Stock Exchange, Inc.

Common Shares

12. Check whether the issuer:

- (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 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 of the registrant

The aggregate market value of the voting stock held by non-affiliates of the registrant (i.e., excluding shareholders having at least 10% of the issued capital of the Company and officers, directors and affiliates of the Company), consisting of 2,326,043,276 shares as of December 31, 2023, is ₱5,838,368,623, computed by reference to the closing price on December 29, 2023 of ₱2.51 per share.



Global Ferronickel Holdings, Inc.

GLOBAL FERRONICKEL HOLDINGS, INC.
17-A ANNUAL REPORT 2023

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Corporate Information

Global Ferronickel Holdings, Inc. (the “Company”, “Parent Company”, the “Group”, “Corporation”, or “FNI”) was established on May 3, 1994 as a holding company.

The registered principal office address of the Company is at Penthouse, Platinum Tower, Asean Avenue corner Fuentes St., Aseana, Parañaque City.

As at June 30, 2014, IHoldings, Inc., Kwantlen Development Corp. and Januarius Resources Realty Corp. (collectively, the IHoldings Group) owned 74.80%, 10.17% and 4.85% of the Company, respectively.

On July 9, 2014, IHoldings Group entered into a Share Purchase Agreement with Huatai Investment Holdings Pty. Ltd., Regulus Best Nickel Holdings, Inc., Bellatrix Star, Inc., Alpha Centauri Fortune Group, Inc., Antares Nickel Capital, Inc., Blue Eagle Elite Ventures, Inc., Ultimate Horizon Capital, Inc., Sohoton Synergy, Inc., Great South Group Ventures, Inc., Red Lion Fortune Group, Inc., and three (3) individuals (collectively, the “Thirteen Stockholders”) pursuant to which IHoldings Group will sell to the Thirteen Stockholders 6,291,132,047 common shares of the Company (the “Subject Shares”) comprising the entirety of their respective shareholdings and representing 89.82% of the total issued and outstanding capital stock of the Company. This Share Purchase Agreement was amended on September 4, 2014.

On September 5, 2014, as a requirement under the Securities Regulation Code (SRC), the Thirteen Stockholders have launched a mandatory tender offer to acquire the shares of the minority stockholders holding 712,781,634 common shares of the Company and filed a Tender Offer Report with the Philippine Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE). The Tender Offer period lapsed October 10, 2014 where 204,264 common shares (the “Tendered Shares”) were tendered to the Thirteen Stockholders. After the lapse of the tender offer period, the Thirteen Stockholders completed the purchase of the Subject Shares in accordance with the Share Purchase Agreement. The Subject and Tendered Shares were crossed through the PSE on October 15, 2014.

On September 10, 2014 and October 22, 2014, the Board of Directors (BOD or Board) and the stockholders of the Company, respectively, approved the following amendments to the Articles of Incorporation (AOI) and By-laws:

- Change in the Company’s name from Southeast Asia Cement Holdings, Inc. to Global Ferronickel Holdings, Inc.;
- Change in the registered and principal address from Room 1104, Liberty Center Buildings, 104 H.V. dela Costa corner Leviste Streets, Salcedo Village, Makati City to 7th Floor, Corporate Business Centre, 151 Paseo De Roxas corner Arnaiz Street, Makati City;
- Increase in the number of directors from nine (9) to ten (10) members;
- Increase in the authorized capital stock of the Company from ₱2,555,000,000.00 divided into 7,300,000,000 common shares with a par value of ₱0.35 per share to ₱12,555,000,000.20 divided into 35,871,428,572 common shares with a par value of ₱0.35 per share; and
- Change of fiscal year from June 30 to December 31.

The BOD and the stockholders of the Company also approved the issuance of 10,463,093,371 new common shares of the Company resulting from the increase in the authorized capital stock to the Thirteen Shareholders who are also the stockholders of Platinum Group Metals Corporation (“PGMC”) in exchange for the sale and transfer to the Company of 99.85% of the outstanding capital stock of PGMC under a Deed of Exchange dated October 23, 2014; and the follow-on offering and listing of shares with the PSE which includes the 10,463,093,371 common shares issued to the stockholders of PGMC.

On October 23, 2014, the Company executed a Deed of Exchange for a share-for-share swap (Share Swap) with the Thirteen Stockholders of PGMC. The Company will issue 10,463,093,371 common shares to the Thirteen Stockholders in exchange for the 99.85% outstanding shares of PGMC and cancel the receivables of the Company assumed by the Thirteen Stockholders from the IHoldings Group pursuant to the Share Purchase Agreement dated July 9, 2014, as amended on September 4, 2014. The total par value of the 10,463,093,371 common shares to be issued by the Company to the Thirteen Stockholders amounted to ₱3,662.1 million.

On November 27, 2014, the Company entered into a Memorandum of Agreement with Giantlead Prestige, Inc., Alpha Centauri Fortune Group, Inc., Antares Nickel Capital, Inc., Huatai Investment Holding Pty. Ltd. and an individual for the purchase of 500,000 common shares and 6,250,000,000 preferred shares or one hundred percent (100%) interest of Southeast Palawan Nickel Ventures, Inc. (SPNVI) for United States Dollar (US\$)50.0 million or its Philippine peso equivalent.

On December 1, 2014, the Company filed with the SEC a Notice of Exempt Transaction under Section 10.1 (e) and (i) of the SRC, or pursuant to the sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock and pursuant to the subscription for shares of the capital stock of a corporation prior to the incorporation thereof or in pursuance of an increase in its authorized capital stock under the Philippine Corporation Code, when no expense is incurred, or no commission, compensation or remuneration is paid or given in connection with the sale or disposition of such securities, and only when the purpose for soliciting, giving or taking of such subscriptions is to comply with the requirements of such law as to the percentage of the capital stock of a corporation which should be subscribed before it can be registered and duly incorporated, or its authorized capital increased, for the issuance of the aforementioned 10,463,093,371 new common shares. An amended Notice of Exempt Transaction was filed on February 18, 2015.

On December 22, 2014, the Philippine SEC approved the Company's application to increase the authorized capital stock of the Company to ₱12,555,000,000.20 divided into 35,871,428,572 common shares with a par value of ₱0.35 per share, and the issuance of 10,463,093,371 to the stockholders of PGMC who transferred their shares in PGMC to the Company, as well as the amendment of its AOI and by-laws to reflect the change in the corporate name, principal address, number of directors and fiscal year.

On February 26, 2015, the Company's stockholders representing 71.64% of the total outstanding shares unanimously approved and ratified the planned acquisition of SPNVI.

On August 6, 2015, the BOD of the Company approved the following:

- The execution of the Contract to Sell for the purchase of 500,000 common shares and 6,250,000,000 preferred shares or one hundred percent (100%) interest of SPNVI for US\$50.0 million or its Philippine peso equivalent; and
- Subscription of the Company to the remaining unissued and unsubscribed shares of SPNVI consisting of Three Hundred Thousand (300,000) common shares with a par value of One Peso (₱1.00) per share, and Three Billion Seven Hundred Fifty Million (3,750,000,000) preferred shares with a par value of One Centavo (₱0.01) per share, for a total subscription price of Thirty Seven Million Eight Hundred Thousand Pesos (₱37,800,000.00).

The approval of the stockholders to authorize this transaction was secured during the Corporation's Special Stockholders' Meeting held on February 26, 2015.

On August 6, 2015, after the meeting, the parties through their authorized representatives signed the Contract to Sell.

On December 21, 2022, the Company and the shareholders of SPNVI entered into an agreement to terminate the Contract to Sell. The termination paves the way for the Company to concentrate its mining portfolio in its subsidiary, as PGMC instead will subscribe to the primary shares in SPNVI, making PGMC the majority shareholder of SPNVI.

On August 22, 2016 and October 3, 2016, the BOD and stockholders of the Parent Company, respectively, approved the following resolutions:

- Reverse stock split of the Parent Company’s common stock at a ratio 1-for-3;
- Amendment of the AOI to reflect an increase in the par value per share and a corresponding decrease in the total number of shares or a reverse stock split, whereby in effect, the authorized capital stock of the Parent Company is increased from ₱12,555,000,000.20 divided into 35,871,428,572 common shares with a par value of ₱0.35 per share to ₱12,555,020,001.30 divided into 11,957,161,906 common shares with a par value of ₱1.05 per share, or an increase of ₱20,001.10; and
- Amendment of the By-laws to include notice of regular or special meetings of the Board by electronic mail and attendance to board meetings by means of telephone, electronic, or other suitable electronic communication facilities, including telephone conference, video conference, or the internet or any combination of those methods.

On November 7, 2016, the SEC approved the Parent Company’s increase in the authorized capital stock and the amendments of the AOI and By-laws.

On July 20, 2018, the Parent Company completed its 250,000,000 common shares follow-on offering at an offer price of ₱2.07 with total proceeds of ₱517.5 million. On the same date, all the 6,072,357,151 issued shares of the Parent Company, including the common shares issued in accordance with the Share Swap transaction approved by the SEC on December 22, 2014, private placement and follow-on offer shares, are listed in the PSE. Pursuant to the use of proceeds from the follow-on offering, the Parent Company subscribed to PGMC’s common stock amounted to ₱480.6 million on August 2, 2018 and on August 3, 2018, PGMC used this amount to pay a portion of the Taiwan Cooperative Bank Manila Offshore Banking Branch (TCB) loan.

The Company, its Subsidiaries and Affiliates (collectively, the “Group”) have no record of any bankruptcy, receivership or similar proceedings during the past three (3) years. Neither has the Group made any material reclassification, merger, consolidation, or purchase nor sale of a significant amount of assets not in the ordinary course of business from 2021 to 2023, except as disclosed and mentioned herein, and in the Company and Subsidiaries audited financial statements.

Corporate Objective

In all businesses that Company engages in, its objective is to be a world class group of companies with a broad range of pioneering development options, enabling shared values and prosperity to all its stakeholders and contributing to sustainable national development. The Company’s mission is to be a world class mining company providing metals and minerals that are essential ingredients for greener, more sustainable products required in almost every aspect of everyday life. We carry out our activities in an environmentally, socially, & financially responsible manner for the benefit of the nation, the communities where we operate, our employees, customers, and other stakeholders.

Products

The Group produces two (2) types of nickel ore, namely saprolite and limonite. Nickel ore can be blended into six (6) product categories to meet the specifications stipulated in the Group’s supply contracts entered into with its customers. The shipping grades and tonnages may vary yearly depending on customer specifications and demand for different product types. However, based on historical shipment records, previous product specifications were generally classified in the categories presented in the table on the next page.

Historical Product Categories:

Nickel Ore Type	Product Categories	Grade Specifications
Limonite	Low Grade Nickel-High Iron Ore	<1.10% Ni and >=47% Fe
Limonite	Low Grade Nickel-Medium Iron Ore	>=1.10% Ni to <1.40% Ni and >=30% to <47% Fe
Saprolite	Low Grade Nickel Ore	>=1.10% Ni to <1.40% Ni and <30% Fe
Saprolite	Medium Grade Nickel-High Iron Ore	>=1.40% Ni to <1.70% Ni and >=30% Fe
Saprolite	Medium Grade Nickel-Low Iron Ore	>=1.40% Ni to <1.70% Ni and <30% Fe
Saprolite	High Grade Nickel Ore	>=1.70% Ni and regardless % Fe

Though there is a category for waste that falls outside of the saleable grade ranges, the Group stockpiles waste for future blending purposes or for future sale when they become marketable.

In general, low grade nickel high iron products have the greatest volumes sold, which represented approximately 60.7% by mass of total ore shipped followed by medium grade nickel products at approximately 35.9% and high grade products at approximately 3.4% for the years 2007 to 2023. A high proportion of low nickel grade materials have been sold as this material is closest to the surface; they are the easiest to be mined and most abundant at our operating mines.

The Group's primary customers include trading companies as well as end users in China. One hundred percent (100.0%) of the Group's sales for the years ended December 31, 2021, 2022 and 2023 were sold to customers in China and the Group expects that China will continue to be a large contributor to its sale of nickel ore in the future. The Group's customers mainly use the ore it provides to produce intermediate products for the manufacture of stainless steel, nickel pig iron (NPI) and for the production of nickel cathodes. High grade nickel ores are purchased by the Group's customers for the production of higher grade stainless steel such as the 300 Series, and low grade nickel ore is used by the Group's customers for the production of lower grade stainless steel such as the 200 Series.

Subsidiaries

The Parent Company's ownership interests in its subsidiaries and associates are presented below:

<i>Subsidiaries and Associates</i>	Principal Place of Business	Principal Activities	Effective Ownership	
			2023	2022
PGMC	Philippines	Mining	99.98%	99.98%
Surigao Integrated Resources Corporation (SIRC) ⁽¹⁾	Philippines	Mining	99.98%	99.98%
PGMC-CNEP Shipping Services Corp. (PCSSC) ⁽¹⁾	Philippines	Services	99.98%	99.98%
PGMC International Limited (PIL) ⁽¹⁾	Hong Kong	Marketing, Trading and Services	99.98%	99.98%
Wealthy Huge Corporation Limited (WHCL) ⁽¹⁾	Hong Kong	Marketing, Trading and Services	99.98%	99.98%
FNI Steel Corporation (FSC)	Philippines	Manufacturing	100.00%	100.00%
FNI Steel Landholdings Corporation (FSLC)	Philippines	Landholdings	100.00%	100.00%
Mariveles Harbor Corporation (MHC), formerly Seasia Nectar Port Services Inc. ⁽²⁾	Philippines	Port Operations	88.01%	64.03%
SPNVI ⁽³⁾	Philippines	Holding/Mining	99.98%	59.37%
Ipilan Nickel Corporation (INC) ⁽⁴⁾	Philippines	Mining	99.96%	59.37%
Celestial Nickel Mining Exploration Corporation (CNMEC) ⁽⁴⁾	Philippines	Mining	83.98%	59.37%
Nickel Laterite Resources, Inc. (NLRI) ⁽⁴⁾	Philippines	Holding/Mining	93.58%	59.37%
Camarines Nickel Ore Mining Corporation (CNOMC) ⁽⁵⁾	Philippines	Mining	99.98%	–
Eastern Samar Nickel Mining Corporation (ESNMC) ⁽⁵⁾	Philippines	Mining	99.98%	–
Northern Luzon Nickel Edge Corporation (NLNEC) ⁽⁵⁾	Philippines	Mining	99.98%	–

<i>Subsidiaries and Associates</i>	Principal Place of Business	Principal Activities	Effective Ownership	
			2023	2022
<i>Associates</i>				
GHGC Holdings Ltd. (GHGC)	British Virgin Islands	Holding	22.22%	22.22%
Guangdong Century Tsingshan Nickel Industry Company Limited (GCTN)	China	Nickel Processing	20.00%	20.00%

(1) Indirect ownership through PGMC.
(2) On March 2, 2023, the Parent Company's equity interest in MHC increased from 64.03% to 88.01% as a result of the purchase of additional interest from Seasia Logistics Philippines, Inc., an existing stockholder.
(3) As of June 1, 2023, PGMC owned 100.00% of SPNVI through the sale of the remaining interests previously held by the Five Stockholders.
(4) Indirect ownership through SPNVI.
(5) These are newly incorporated subsidiaries.

The Subsidiaries

Platinum Group Metals Corporation

PGMC was registered with the Philippine SEC on February 10, 1983. PGMC is primarily engaged in the exploration, mining and exporting of nickel ore located in the municipality of Claver, Surigao del Norte. PGMC's principal office address is the same as that of the Parent Company.

PGMC has the exclusive privilege and right to operate for a period of twenty-five (25) years the lateritic nickel mine in Cagdianao, Claver, Surigao del Norte, Philippines, hereafter referred to as the "Cagdianao Mine" covered under Mineral Production Sharing Agreement (MPSA) No. 007-92-X by virtue of the Operating Agreement entered into on September 15, 2006 by PGMC and SIRC, a subsidiary. PGMC currently operates four (4) deposit sites known as CAGA 1, CAGA 2, CAGA 3, and CAGA 4 within the Cagdianao Mine. There are three (3) additional deposit sites at Cagdianao Mine that have yet to be developed and exploited.

Seasonality

The Cagdianao Mine produces and exports nickel ores from April to October of each year, typically the dry and minimal sea swell season at the mine site. During the rainy season, mining operations in the mine site are suspended and there is no loading of ore onto ships. This seasonality results in quarter-to-quarter volatility in the operating results with more revenue being earned and more expenses being incurred during the second and third quarters compared to the first and fourth quarters.

As of 2023, PGMC is the second largest nickel ore producer in the Philippines by total value of shipment and third by total volume of nickel ore shipped from 2014 to 2023, accounting for 12.34% and 9.29%, respectively, according to the data obtained from Mines and Geosciences Bureau's (MGB) website.

Surigao Integrated Resources Corporation

SIRC was organized in July 1999 and duly registered with the Philippine SEC on July 16, 1999. Its primary purposes are to engage in the exploration and processing of minerals, petroleum and other mineral oils, to enter into financial and technical assistance agreements for the large-scale exploration, development and utilization of mineral resources or otherwise engage in mining activities or enter into agreements as may be allowed by law. SIRC's principal office address is the same as that of the Parent Company.

SIRC is the holder of MPSA No. 007-92-X located in Cagdianao, Claver, Surigao del Norte covering an area of 4,376 hectares. The said MPSA was last renewed on June 21, 2016 for another twenty-five (25) years from its initial term ending in 2017, or until February 14, 2042.

On June 15, 2016, SIRC and Cagdianao Lateritic Nickel Mining, Inc. (CLNMI) executed a Deed of Assignment wherein CLNMI has agreed to assign all of its rights, titles and interests on its Exploration Permit (EP) and mineral property. The Deed of Assignment was approved by the MGB on June 27, 2016. CLNMI has an application for EP with Application No. EPA-000101-XIII filed with the MGB covering an area of about 927.9 hectares located at Cagdianao, Claver, Surigao del Norte. SIRC applied for the expansion of its mining tenement annexing the area covered by the application for EP with Application No. EPA-000101-XIII. On March 2, 2020, MGB approved the area expansion of SIRC's MPSA from 4,376 hectares to 5,219.56 hectares by annexing the area covered by the application for exploration permit EXPA-000101-XIII. MGB redenominated SIRC's MPSA from MPSA No. 07-92-X-SMR to MPSA No. 07-92-X-SMR (Amended I).

PGMC-CNEP Shipping Services Corp.

On June 4, 2013, PGMC incorporated PCSSC. PCSSC was registered with the Philippine SEC, primarily to conduct and carry on the business of inter-island shipping, including chartering, hiring, leasing, or otherwise acquiring tug and barge, self-propelled barges or landing craft tank (LCT) or other ships or vessels, together with equipment, appurtenances and furniture therefor; and to employ the same in the conveyance and carriage of ores, minerals, goods, wares and merchandise of every kind and description. PCSSC's principal office address is the same as that of the Parent Company.

In April 2014 and June 2014, PCSSC's LCT 3 and 4, and LCT 1, 2 and 5, respectively, were registered with the Maritime Industry Authority (MARINA), under the Department of Transportation, the former being the agency responsible for integrating the development, promotion and regulation of maritime industry in the Philippines. These shipping equipment are classified as cargo ships and are engaged primarily in coastwise trading with licenses that are valid until 2024.

PGMC International Limited

On July 22, 2015, PIL was incorporated under the Companies Ordinance of Hong Kong, and is a limited company. It was established to conduct marketing, trading, sales and to facilitate relations with Chinese customers, to avail of offshore banking services such as loans, credit/discounting lines and other financing arrangements, and to do other services for PGMC. PIL's principal office address is at Unit 4101-02, 41/F, Office Tower, Convention Plaza, 1 Harbour Road Wanchai, Hong Kong.

Wealthy Huge Corporation Limited

On March 1, 2021, WHCL was incorporated under the Companies Ordinance of Hong Kong, and is a limited company. It was established to facilitate relations with offshore customers, collection of accounts, availment of offshore banking services, and such other services as will aid PGMC's strategic growth in the ASEAN region. WHCL's principal office address is at Room 804, 8/F, LAP FAI Building, 6-8 Pottinger Street, Central Hong Kong. WHCL has not started its operations as at December 31, 2023.

FNI Steel Corporation

FSC was registered with the Philippine SEC on August 5, 2019. Its primary purpose is to engage in the business of buying, selling, dealing, at wholesale and retail, importing and manufacturing iron, steel and other ferrous or non-ferrous metal products, to be processed either by melting, rolling, casting, or forging to produce it in the form of ingots, billets, sections, bars, plates, strips, rods, tubes, pipes and other such form in demand in the market or industry; to import materials, machinery and equipment needed to manufacture such finished products; and to lease real properties such as land and buildings as needed. FSC's principal office address is at 9L 3/F AFAB Administration Bldg. Freeport Area of Bataan Alas-asin Mariveles, Bataan, Region III, Philippines.

On October 21, 2019, FSC entered into a Registration Agreement with the Authority of the Freeport Area of Bataan (AFAB) which entitles FSC to conduct and operate its business at the Freeport Area of Bataan (FAB).

In March 2020, FSC has already started with its land development. As of December 31, 2023, FSC has not yet started its commercial operations.

FNI Steel Landholdings Corporation

FSLC was registered with the Philippine SEC on May 31, 2019. Its primary purpose is to engage in the business of managing real estate or interest therein, alone or in joint ventures with others and for this purpose acquire land by purchase, lease, donation, or otherwise, and to own, use, improve, subdivide, hold, administer, sell, convey, exchange, lease, mortgage, dispose of, work, develop, or otherwise deal in real property of any kind and interest or right therein and to construct, improve, manage, or otherwise dispose of buildings and other structures of whatever kind, together with their appurtenances whether for dwelling, commercial or industrial purposes. FSLC was incorporated to hold real properties of FSC. FSLC's principal office address is the same as that of the Parent Company.

On January 21, 2020, FSLC entered into a 25-year agreement with FSC to lease the 100,000 square meters land located at Barangay Alas-asin, Mariveles, Bataan, Philippines, for a consideration amounting to ₱5.00 per square meter or ₱500,000 every month. Lease payments will commence upon the commercial operations of FSC.

Mariveles Harbor Corporation

MHC was registered with the SEC on July 11, 2014 primarily to carry on the business of providing and rendering general services incidental to and necessarily connected with the operation and management of port terminals in the Philippines, which will involve the handling of containers, bulk liquid and dry cargoes, refrigerated warehousing facilities, warehousing and stevedoring, lightering, towing, and/or storing of cargo handled by MHC to and from port terminals in the delivery from abroad and/or for shipment abroad as may be necessary or incidental thereto. MHC's principal office address is at Mariveles Multi-Purpose Terminal, Mariveles Diversion Road, Freeport Area of Bataan, Brgy. Sisiman, Mariveles, Bataan.

MHC operates the first purpose-built Dry Bulk Terminal located within the FAB in Mariveles and handles shipments of coal, clinker, silica sand and cement raw materials, as well as steel, fertilizer and other dry bulk cargoes. It was formed as a result of a joint venture between Nectar Group Limited, Seasia Logistics Philippines, Inc., both with 40% ownership interest, and Webcast Technologies, Inc. with 20% ownership interest.

On December 19, 2019, as part of the diversification plans of the Company, it acquired 40.05% interest in MHC, and increased its ownership interest to 64.03% on December 29, 2021.

On January 4, 2022, MHC was registered with the FAB as a Domestic Market Enterprise which entitled MHC to Special Corporate Income Tax (SCIT) incentive applicable for ten (10) years for the registered project or activity effective on January 1, 2022 to December 31, 2032. MHC has also been granted an incentive of duty exemption, value-added tax (VAT) exemption on importation.

On March 2, 2023, the Parent Company acquired an additional 23.98% interest (equivalent to 1,000,000 common shares) in MHC from Seasia Logistics Philippines, Inc., an existing stockholder, for ₱192.0 million cash, resulting in 88.01% ownership in MHC. The increased shareholding in MHC gives FNI significant control over the operation of the Mariveles port.

Southeast Palawan Nickel Ventures, Inc.

SPNVI was registered with the SEC on July 11, 2014. It is primarily engaged to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for nickel, chromite, copper, manganese, magnesite, silver, gold, and other precious and non-precious metals; to acquire and dispose of mining claims and rights, and to conduct and carry on the business of preparing, milling, concentrating, smelting, treating or preparing for market, and to market, sell at wholesale, exchange or otherwise deal in nickel, chromite, copper, manganese, magnesite, silver, gold and other mineral products. SPNVI's principal office address is the same as that of the Parent Company.

On June 1, 2023, PGMC entered into a Deed of Assignment with Giantlead Prestige, Inc., Alpha Centauri Fortune Group, Inc., Antares Nickel Capital, Inc., Huatai Investments Holding Pty. Ltd. and Wei Ting (collectively referred to as "Five Stockholders"), where the Five Stockholders sold, in a manner absolute, all their rights, interests, and title to the shares of SPNVI, including all the interests accruing therefrom, in favor of PGMC, and PGMC accepts the same. As a result of this transaction, FNI now owns 99.98% of SPNVI.

Ipilan Nickel Corporation

SPNVI wholly owns INC, a company registered with the SEC on July 22, 2005, for the primary purpose to explore, develop, mine, operate, produce, utilize, process and dispose of all the minerals and the products or by-products that may be produced, extracted, gathered, recovered, unearthed or found within the area of Sitio Ipilan, Mambalot, Municipality of Brooke's Point, Province of Palawan, consisting of 2,835 hectares and covered by MPSA No. 017-93-IV-as Amended-2000, by the Government of the Republic of the Philippines through the Secretary of the Department of Environment and Natural Resources (DENR). INC's principal office address is the same as that of the Parent Company.

Celestial Nickel Mining Exploration Corporation

SPNVI directly owns 73.57% of CNMEC, a company registered with the SEC on December 17, 1979, for the primary purpose to search for, prospect, explore, develop ores and mineral, to locate mining claims within the Philippines and record the same according to mining laws, and to purchase, take on lease, exchange or otherwise acquire mines, workings, mineral lands, mining claims, mineral, water and timer rights, foreshore leases, licenses concessions and grants, and other effects whatsoever which CNMEC may from time to time deem proper to be

acquired for any of its purposes. CNMEC's principal office address is the same as that of the Parent Company.

The Philippine Government through the DENR has granted MPSA No. 017-93-IV to CNMEC on August 5, 1993, which was later approved by the President of the Republic of the Philippines on September 18, 1993, covering an area of 2,835.0600 hectares in the Municipality of Brooke's Point, Province of Palawan. The MPSA No. 017-93-IV was amended on April 10, 2000, to conform to the provisions of Republic Act No. 7942 and was redominated as MPSA No. 017-93-IV-as Amended-2000. The DENR, in an Order dated December 21, 2020, clarified that the effective date of MPSA No. 017-93-IV-as Amended-2000 shall be reckoned on April 10, 2020, and shall expire on April 10, 2025. INC is the Operator of CNMEC by virtue of the January 19, 2005, Operating Agreement that was approved by the MGB through an Order dated April 20, 2015. Also, per the approved Survey Plan dated December 13, 2016, the contract area of MPSA No. 017-93-IV-as Amended-2000 is 2,917.2743 hectares.

Nickel Laterite Resources, Inc.

SPNVI directly owns 60% of NLRI, a company registered with SEC on July 22, 2005, for the primary purpose to subscribe for, purchase or otherwise acquire, obtain interests in, own, hold, pledge, hypothecate, assign, sell, exchange or otherwise dispose of and generally deal in and with personal properties and securities of every kind and description of any government, municipality or other political subdivision or agency, corporation, association or entity; to exercise any and all interest in respect of any such securities; and to promote, manage, participate in and act as agent for any purchasing or selling syndicate or group of investors and otherwise to take part in and assist, in any legal matter for the purchase and sale of any securities as may be allowed by law, without acting as or engaging in the business of an investment house, mutual fund or broker or dealer in securities. NLRI's principal office address is the same as that of the Parent Company.

Camarines Nickel Ore Mining Corporation

CNOMC is a newly incorporated mining company. It is a wholly-owned subsidiary of the Parent Company through PGMC and was registered with the Philippine SEC on July 18, 2023. Its primary purpose is to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for chromite, copper, manganese, magnesite, silver, gold, nickel, and other precious and non-precious minerals; to acquire and dispose of mining claims and rights, and to conduct and carry on the business of preparing, milling, concentrating, smelting, treating or preparing for market, sell, exchange or otherwise deal in chromite, copper, manganese, silver, gold, nickel and other mineral products. CNOMC's principal office address is the same as that of the Parent Company.

Eastern Samar Nickel Mining Corporation

ESNMC is a newly incorporated mining company. It is a wholly-owned subsidiary of the Parent Company through PGMC and was registered with the Philippine SEC on July 18, 2023. Its primary purpose is to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for chromite, copper, manganese, magnesite, silver, gold, nickel, and other precious and non-precious minerals; to acquire and dispose of mining claims and rights, and to conduct and carry on the business of preparing, milling, concentrating, smelting, treating or preparing for market, sell, exchange or otherwise deal in chromite, copper, manganese, silver, gold, nickel and other mineral products. ESNMC's principal office address is the same as that of the Parent Company.

Northern Luzon Nickel Edge Corporation

NLNEC is a newly incorporated mining company. It is a wholly-owned subsidiary of the Parent Company through PGMC and was registered with the Philippine SEC on July 10, 2023. Its primary purpose is to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for chromite, copper, manganese, magnesite, silver, gold, nickel, and other precious and non-precious minerals; to acquire and dispose of mining claims and rights, and to conduct and carry on the business of preparing, milling, concentrating, smelting, treating or preparing for market, sell, exchange or otherwise deal in chromite, copper, manganese, silver, gold, nickel and other mineral products. NLNEC's principal office address is the same as that of the Parent Company.

The Associates

GHGC and GCTN

GHGC is 22.22% owned by the Parent Company and was incorporated in the British Virgin Islands on April 14, 2011 whose principal activity is investment holding. The registered office of GHGC is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. It engages in trading nickel ore and other related mineral products.

GHGC owns 90% shareholding in GCTN. GCTN is a nickel alloy enterprise in China that is processing laterite nickel ore and is selling nickel pig iron. It operates a 33-hectare area. GCTN is one of the most competitive smelters with Rotary kiln-electric furnace (RKEF) technology. The rotary kiln can feed up to four (4) furnaces and is estimated to produce about 28,000 tons of pure nickel at its optimum. GCTN's wholly owned subsidiary is Yangjiang Zhicheng Terminal Logistics Co. Limited, located near Yangjiang Harbour, Hailing Cove area.

Key Strengths

The Group believes that its key strengths include the following:

- Leading nickel producer with significant resources and reserves with high exploration potential

As of 2023, PGMCO is the second largest nickel ore producer in the Philippines by total value of shipment and third by total volume of nickel ore shipped from 2014 to 2023, accounting for 12.34% and 9.29%, respectively, according to the data obtained from MGB's website. As of October 15, 2022, the Group's Cagdianao Mine has Philippine Mineral Reporting Code (PMRC)-compliant measured and indicated mineral resources of 72.007 million dry metric tons (DMT) with an average grade of 1.1% nickel and 30.3% iron and additional inferred mineral resources of 24.864 million DMT. As of October 15, 2022, the Group's proven and probable ore reserves are at 57.25 million wet metric tons (WMT) with an average grade of 1.14% nickel and 29.49% iron, as estimated in accordance with the PMRC Report dated May 31, 2023. The current resources and reserves are contained in Ni-laterite deposits CAGA 1 to 7. The Group believes that these deposits have an additional resource potential that can be delineated through infill/production and peripheral extension drilling. The Group on June 9, 2018 started exploration drilling in CAGA 6 and 7 new areas, which have some similarities to the identified CAGA 3 and 5 deposits. Last drilling for CAGA 7 was 2022 and for CAGA 6 was 2023. The initial results of which up to the October 15, 2022 estimation period have identified substantial laterite which were then upgraded into mineral resources. An update on mineral resource estimates for CAGA 6 and 7 incorporating all completed drill holes will be generated upon availability of complete survey data. This will increase the overall mineral resource and reserve inventory at Cagdianao Mine and significantly extend the life of mine.

- Flexible ore supply to optimize profitability while serving customer base

The Group believes that its ore supply is highly flexible in terms of the quality and nickel content it can mine, giving it a natural competitive advantage compared to other mining companies with more uniform ore resources. The Group is able to mine a range of low grade ore (with high iron and low nickel content), which accounted for a majority of its sales by volume in the past three (3) years. At the same time, the Group produces a significant supply of high and medium grade ore, which accounted for 28.0% of the Group's ore sales volume in the last three (3) years. In addition, the start of commercial operations of our Palawan Mine will enable us to carry out production all year-round and generate improved financial growth as we scale the business. The flexibility in the ore that the Group can supply is important for our core customers in China, many of whom require a range of nickel grades and iron contents in their specific products. Sales of high and medium grade ore provide the Group with higher margins, and the Group aims to optimize its production schedule over time in light of relative market prices and relative demand from its customers.

- Cost efficient operations with relatively low operational risk

The Group benefits from favorable geologic conditions at its operating mines. The Group's lateritic nickel deposits are near-surface, blanket-like layered deposits with minimal overburden and generally five (5.0) to thirty (30.0) meters thick. This allows the Group to conduct simple surface mining using trucks and excavators without blasting, the use of chemicals or complex waste handling. Since 2014, the Group's Cagdianao mine has had a waste to ore ratio of 0.1666:1, which means that about 85.72% of what the Group mine is ore. The nickel deposits at the Group's Cagdianao Mine and Palawan Mine are located within four (4) to eleven (11) kilometers and nine (9) to eleven (11) kilometers, respectively, from the applicable tidewater loading area, enabling easy hauling and transportation by barges and landing craft tanks (LCTs) to its customers' ships. The short hauling distance from the Group's mining operations to its loading facilities substantially contributes to its favorable cost position. Because the Group's lateritic nickel deposits are relatively shallow, the Group also expects the progressive rehabilitation of its mining areas to be relatively low cost.

The Group has appointed a total of ten (10) different service contractors in 2023 to do different facets of the mining operations in the Cagdianao and Palawan Mine. The Group continually reviews the performance of its service contractors to ensure that its operations will continue to be cost-efficient. The service contractors are evaluated annually based on the following factors: (a) minimum production per day; (b) stockpile inventory; (c) volume of ore shipped; (d) equipment efficiency; (e) environment policies; (f) safety and health policies; and (g) compliance with labor standards.

- Experienced management and technical team

The Group's management and technical teams have many years of relevant experience. On average, the Group's senior management team has approximately more than 16 years of experience in the mining industry, which it believes is a key asset for its operations, marketing and strategic development. The management is led by our Chairman, Mr. Joseph C. Sy, who is a Filipino-Chinese entrepreneur with long-standing experience in nickel and commodity trading, and who has developed trusted relationships with key nickel customers in China.

The Group's technical team comprises experienced engineers and geologists with significant experience in their respective fields, including leading technical positions at international mining companies. Given the long history of mining in the Philippines, the Group has steadily hired individuals into its team who possess relevant skills and have been exposed to other types of mining operations that the Group believes enhances its operations framework.

- Established partnerships with service contractors to optimize capital investment

The Group has entered into arrangements with numerous Philippine service contractors. In 2023, the Group has an independent mining service agreement with four contractors assigned for operations at its CAGA 1 deposit, four contractors assigned for operations at its CAGA 2 deposit, four contractors assigned for operations at its CAGA 3 deposit, six contractors assigned for operations at its CAGA 4 deposit, and three contractors assigned for operations at its Palawan deposit. Each of these contractors is well-established in the Philippines and brings experience, manpower and expertise to conduct the Group's operations in an efficient manner. These contractors have further added value through proactively participating in the continuing refinement of the Group's operations, as well as providing expertise in ancillary aspects of the business. The Group believes that by utilizing these contractors rather than operating all aspects of the mines by itself, the Group has more flexibility in its operations and reduces its overall capital outlay and operational risk. The Group believes that this flexibility has led to cost savings and reductions in asset intensity, increased mining efficiency and an increase in overall production.

Key Strategies

The Company's strategy is designed to optimize the profitability of its existing base of operations while driving growth through continued exploration and development of its Operating mines, expansion of its customer base, ongoing monitoring of value-added opportunities, particularly in downstream processing, and opportunistic acquisition of other suitable properties and/or businesses.

The key elements of the Company's strategy are:

- Maintain compliance with all applicable environmental laws

As far as the Company is concerned, the Company is compliant with all laws, rules and regulations applicable to its mining operations, including environmental laws.

On August 3-11, 2016, a multi-sectoral team formed by the DENR conducted a mine audit for PGMC's Nickel Project under its MPSA No. 007-92-X covering 4,376 hectares located in Brgy. Cagdianao, Claver, Surigao del Norte, which covers CAGA 1 to 5. On October 28, 2016, PGMC received the "DENR Mine Audit Team 10 Report for PGMC," that contains a "final" recommendation stating that the "PGMC should continue to operate" because: "(a) PGMC is ISO 14001 certified; (b) PGMC is compliant with the policies, environmental laws, rules and regulations of the Philippine Mining Act and on the issued Environmental Compliance Certificate (ECC) particularly on the establishment of adequate environmental protection and enhancement measures including safety and housekeeping, and implementation of progressive rehabilitation of mined-out areas; and (c) Social acceptability of the mine operation is high with several social development projects in place, which are all well implemented. In addition, PGMC was awarded on July 13, 2016 with an ISO 14001 certification showing that its operations are environmentally compliant even based on international standards. In October 2022, PGMC received ISO certification for its Integrated Management System (IMS) in relation to its Quality Management System (QMS; ISO 9001:2015), Occupational Health and Safety (OH&S) Management System (ISO 45001:2018) and Environmental Management System (EMS; ISO 14001:2015). The certification is applicable to all activities in the mining operations of nickeliferous laterite ore and other associated minerals from planning to ore production, hauling, loading and port operations. An IMS integrates all of an organization's systems and processes into one complete framework, enabling an organization to work as a single unit with unified objectives. PGMC is cited to possess an unwavering commitment to implement and improve its QMS, OH&S Management System and EMS, proper documentation of information, greenery development, especially its tree-planting efforts covering more than 100 hectares of land outside the mine site, and its water and sediment control.

Furthermore, the Philippine Mine Safety and Environment Association (PMSEA) again conferred to PGMC the Platinum Achievement Award in the Surface Mining Operation Category in the 2020 Presidential Mineral Industry Environmental Award (PMIEA), citing the Company's continued commitment to "the pursuit of excellence in environmental protection, safety and health management, and social and community development".

Moreover, for two consecutive years (2021 and 2022), the PMSEA conferred to PGMC the PMIEA (Surface Mining Operation Category) in recognition of its overall excellence in environmental, safety and health management and community development in the conduct of its mining operation. The PMIEA is the highest honor bestowed upon responsible mining companies by the DENR.

In addition, INC has gone through ISO 14001:2015 EMS Recertification, combined with a Scope Extension, in March 2023. The scope covers "Mining Operations including Development, Extraction Hauling, Stockyard and Port Operations of Nickel Laterite Ore and other Associated Minerals".

The Company will continue to maintain its compliance with all laws, including environmental laws, so that its operations in the Cagdianao and Palawan Mines will not be canceled or suspended by any valid order from the Government after observance of the required due process.

- Develop and upgrade existing resources and reserves within the Cagdianao and Palawan Mine sites

The existing mine sites in Cagdianao and Palawan have several additional areas with mine deposits, from which the Company believes it can efficiently extract a steady supply of low, medium and high grade ore. Although each of these additional areas is in varying stages of development, the Company intends to commence production of these deposits, subject to market conditions. In addition, the Company explored an additional prospect area covering an 843-hectare parcel of land (adjacent to its existing mine) that is now part of its MPSA area. With the integration of this area and the delineation and estimation of substantial nickel ore resources from this area, the Cagdianao nickel ore resources were increased without requiring significant expenditures for mine infrastructure development in the future. Aside from nickel ore, the Company continues to study and explore areas within the mine sites for other mineral deposits such as limestones.

- Strengthen customer base in China, including direct sales to smelters in China

The Company intends to further develop the existing relationship in its key market of China, and also explore new opportunities in other countries. The Company believes that there is currently a favorable economic and business climate for mining companies, and it aims to take full advantage of its flexible and large nickel ore supply, as well as its proximity to key markets to progressively expand its customer base. The Company also intends to increase its proportion of direct sales to end users, most notably smelters in China, as it believes that this will generate consistent demand for its products while minimizing its overall credit risk.

- Evaluate and selectively pursue value-added opportunities

The Company currently evaluates, and will continue to evaluate, opportunities for value-added processes, including but not limited to acquiring or entering into further mining agreements and/or joint ventures, as well as downstream processing / vertical integration opportunities. The longer term objective is to increase the scale and scope of the Company's operations and to potentially further expand the variety of its ore.

With regard to upstream operations, the Company may seek to acquire additional mining assets that are located in regions other than its existing mine. The Company will also consider potential downstream acquisitions, including smelters, which would allow it to vertically integrate its operations and potentially increase margins. The Company may use debt, cash, equity, or a combination of all three, in order to finance any mining or downstream acquisitions.

- Diversify into other minerals

The Company believes that there are opportunities to acquire additional mines in the Philippines containing other minerals, such as chromite and other platinum group metals, which it is continuing to examine as part of its future expansion strategy. However, the commercial viability of the other potential acquisition targets is uncertain and the Company would be required to invest time and resources to determine which particular mineral mine is feasible for acquisition. The Company intends to continue to evaluate any potential acquisition and diversify into other mineral varieties if suitable opportunities arise. The Company believes that it has and its contractors the technological know-how to exploit the additional mineral resources in other mines in the future.

Competition

The Company competes with foreign nickel ore suppliers (primarily from New Caledonia, Indonesia and Australia) in world nickel ore markets, as well as other Philippine players. The most notable domestic competitors are Nickel Asia Corporation, Marcventures Mining and Development Corporation, CTP Construction and Mining Corporation, Carrascal Nickel Corporation and Oriental Peninsula Resources Group, Inc. The Company competes with other nickel ore suppliers primarily on the basis of ore quality, price, transportation cost and reliability of supply. The Company believes that it can effectively compete with other nickel ore suppliers due to efficient systems put in place in the operations of the CAGA Mine and Palawan Mine.

Source of Supplies

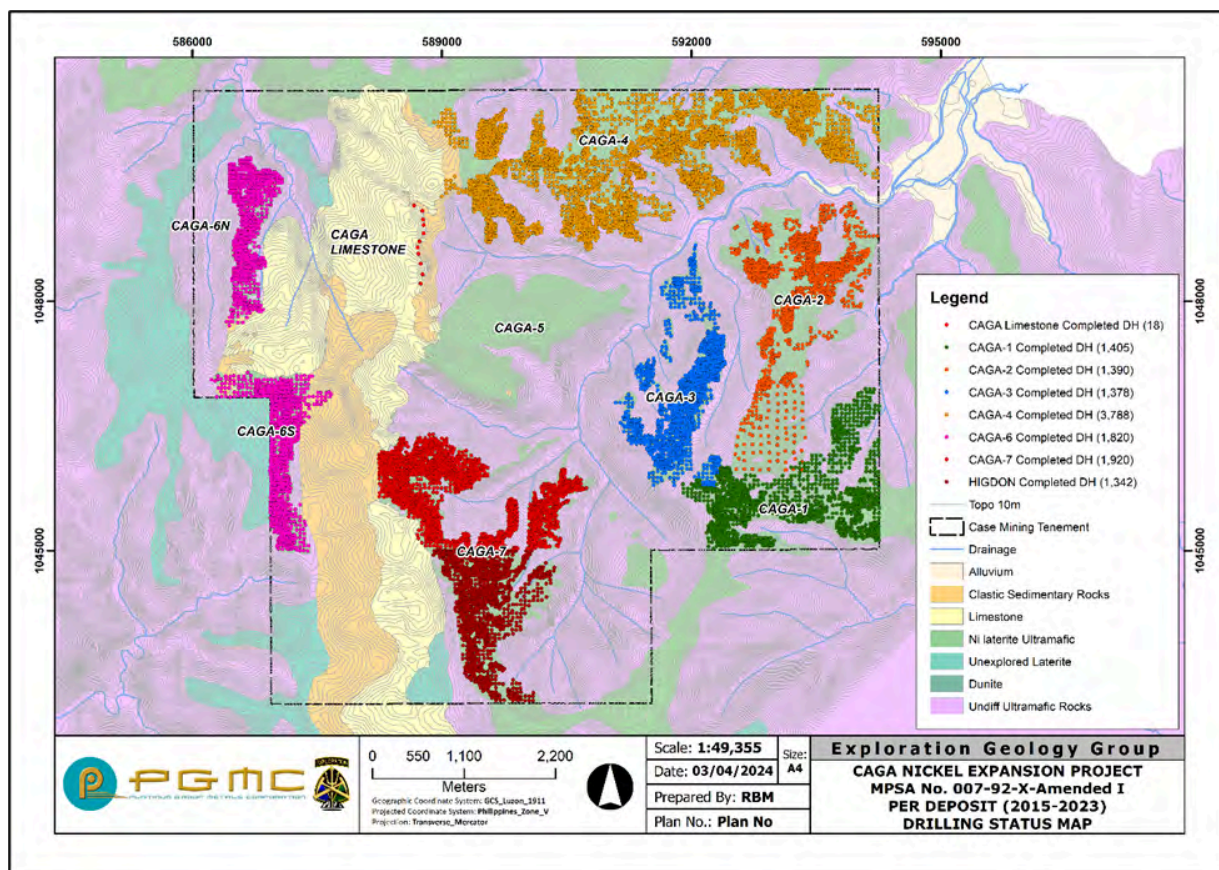
The main supplies that the Group and its service contractors require to operate its business include diesel fuel, tires, and spare parts for its mining equipment. The Group buys diesel fuel from Petron Corporation and Phoenix Petroleum Philippines, Inc. and heavy mining equipment such as bulldozers, road graders, excavators, and dump trucks from three (3) manufacturers, Komatsu, Caterpillar and Volvo, through their Philippine distributors Maxima Machineries, Inc., Monark Equipment Corporation, Topspot Heavy Equipment Inc., TMSQ Trading Marketing Inc., and NZH International Vehicle & Machinery Inc. In addition, the Group has its own fleet of barges. The Group's contractors provide their own mining equipment, supplies, and manpower necessary for the mining operations. The Group believes that there are a number of alternative suppliers for all of its requirements.

Exploration and Development

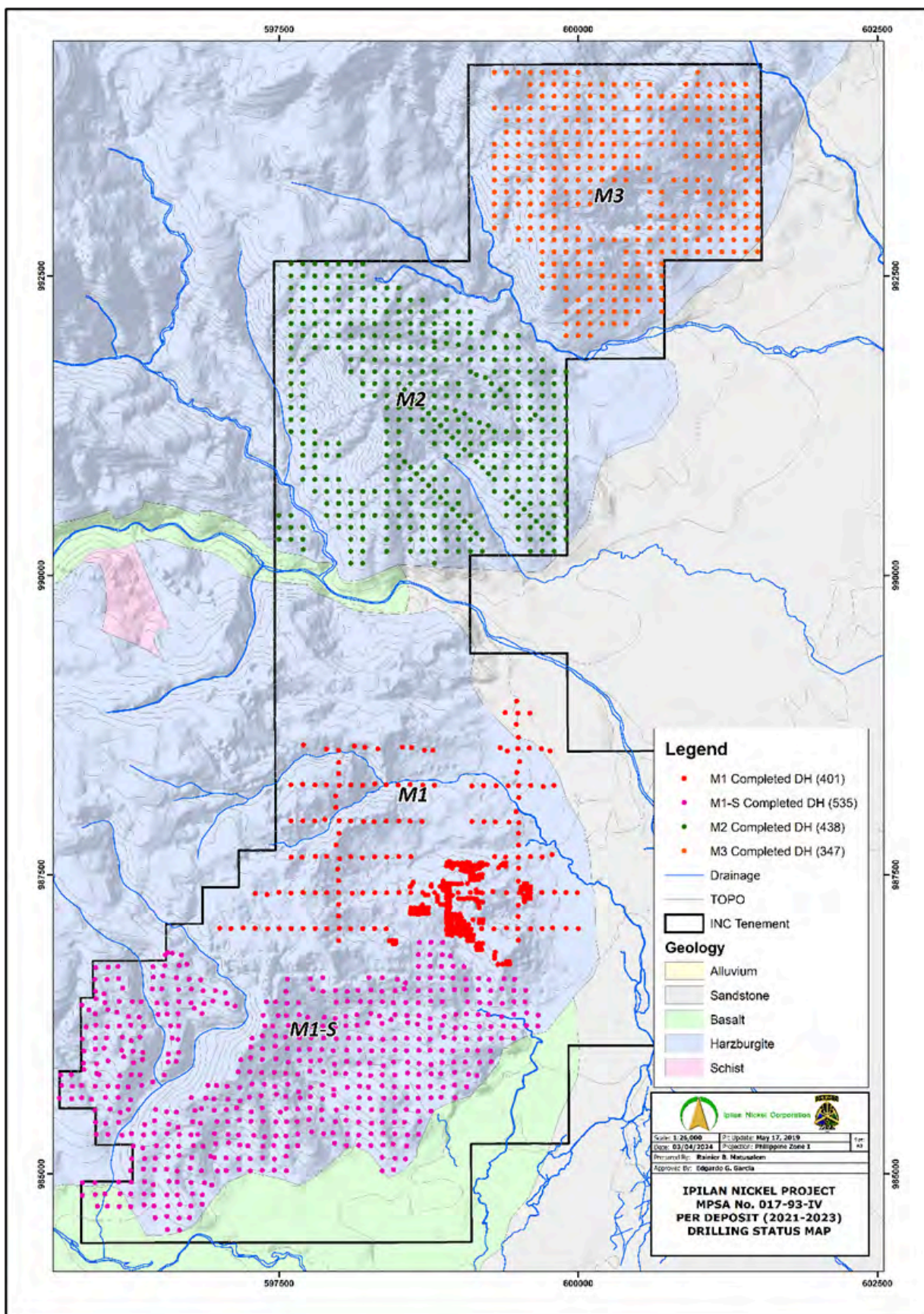
Nickel Resources

The Group has an extensive portfolio of exploration areas and programs including both brownfield exploration, which consists of activities at its existing mine operations and identified deposits to extend resource boundaries and to upgrade mineral resources to ore reserves; and a greenfield exploration, which involves exploring and delineating additional nickel laterite deposits in its existing properties. The Group has sixteen (16) available drill rigs designed specifically for drilling near surface lateritic deposits in a quick, efficient and economical manner for use in its exploration drilling. The Group also has an experienced pool of geologists and a laboratory at its respective mine sites to conduct assaying of samples as required.

The figure below depicts the extent of the Group's exploration program from 2015 to 2023, covering the mineral deposit areas at the existing mine as well as the expansion areas. Additionally, the figures also showcase the drill holes completed in 2023 at CAGA-1, CAGA-2, CAGA-3, CAGA-4, and CAGA-6. Unfortunately, the COVID-19 pandemic in 2020 and the security risk encountered in the CAGA-7 area in 2021 caused significant delays in the exploration efforts. Consequently, the overall exploration drilling program will now conclude by 2025. Thereafter, only recurring confirmatory and production drilling will be undertaken.



The figure below showcases the comprehensive exploration program of the Group in Palawan from 2022 to 2023. It includes the expansion areas as well as the mineral deposit area of the current mine. The initial findings of M1-S indicate a significant connection and distinct correlation with M1. As a result, it will be integrated into the M1 deposit as its southern extension, while awaiting results from geological interpretation and analysis of M2 and M3.



Cagdianao - Deposit Areas

The Cagdianao Mine has a total area of 5,229.7128 hectares and the Company is currently operating the deposits in CAGA 1, 2, 3 and 4. The Company's rights to the property are governed by the MPSA and the ECC allows PGMC to produce 5.0 million DMT or 7.7 million WMT of ore each year. As of October 15, 2023, the Group's Cagdianao Mine had measured and indicated mineral resources of 68.635 million DMT with an average grade of 1.1% nickel and 30.5% iron (table below).

Material Type	Deposit	PMRC Classification	Volume	Quantity (Tonnes)	%Ni	%Fe	Dry Bulk Density
Combined HG, MG, LG	Combined CAGA-1 to 7	Measured	32,560,556	38,199,000	1.2	29.0	1.2
		Indicated	25,744,615	30,436,000	1.0	32.4	1.2
		Total	58,305,171	68,635,000	1.1	30.5	1.2

Inferred mineral resources are estimated at 29.008 million DMT at an average grade of 1.1% nickel and 24.2% iron as estimated by the PMRC Competent Person (CP) and these are programmed for infill drilling to upgrade to indicated or measured categories. The CAGA mine has an estimated remaining mine life of about ten (10) years which may be extended after completion of the proposed exploration program by 2025.

Exploration plans through core drilling are focused on the upgrading of inferred resources up to measured resources, on the CAGAs 1 to 4 and new CAGAs 6 and 7 deposit areas.

Additional Exploration

Possible potential areas were previously interpreted at the peripheral extensions of the identified deposits (CAGA-1 to CAGA-5), at the Western Area which include CAGA-6 and CAGA-7. These are areas of moderate, isolated laterite profiles which may become feasible to mine in conjunction with the existing CAGA deposits and were included in the overall drilling program which has been on-going since 2015 and is scheduled for completion by 2025.

With the objective of increasing the resource inventory, the Group, has started implementing an exploration drilling program to delineate and assess these other potential areas beginning with PGMC's CAGA-1, CAGA-2, CAGA-3, CAGA-4, CAGA-6N, CAGA-6S, and CAGA-7 way back at the last quarter of 2015 until its pre-completion by December 2023 (under various drilling campaigns).

For 2024-2025, this drilling program will continue with the production drilling in CAGA-1, CAGA-2, CAGA-3, and CAGA-4 (recurring activity at active mining areas) and exploration drilling in CAGA-5, CAGA-6 and CAGA-7 (unmined areas).

The Proposed Drilling Programs and Exploration Costs (2024-2025) are given below.

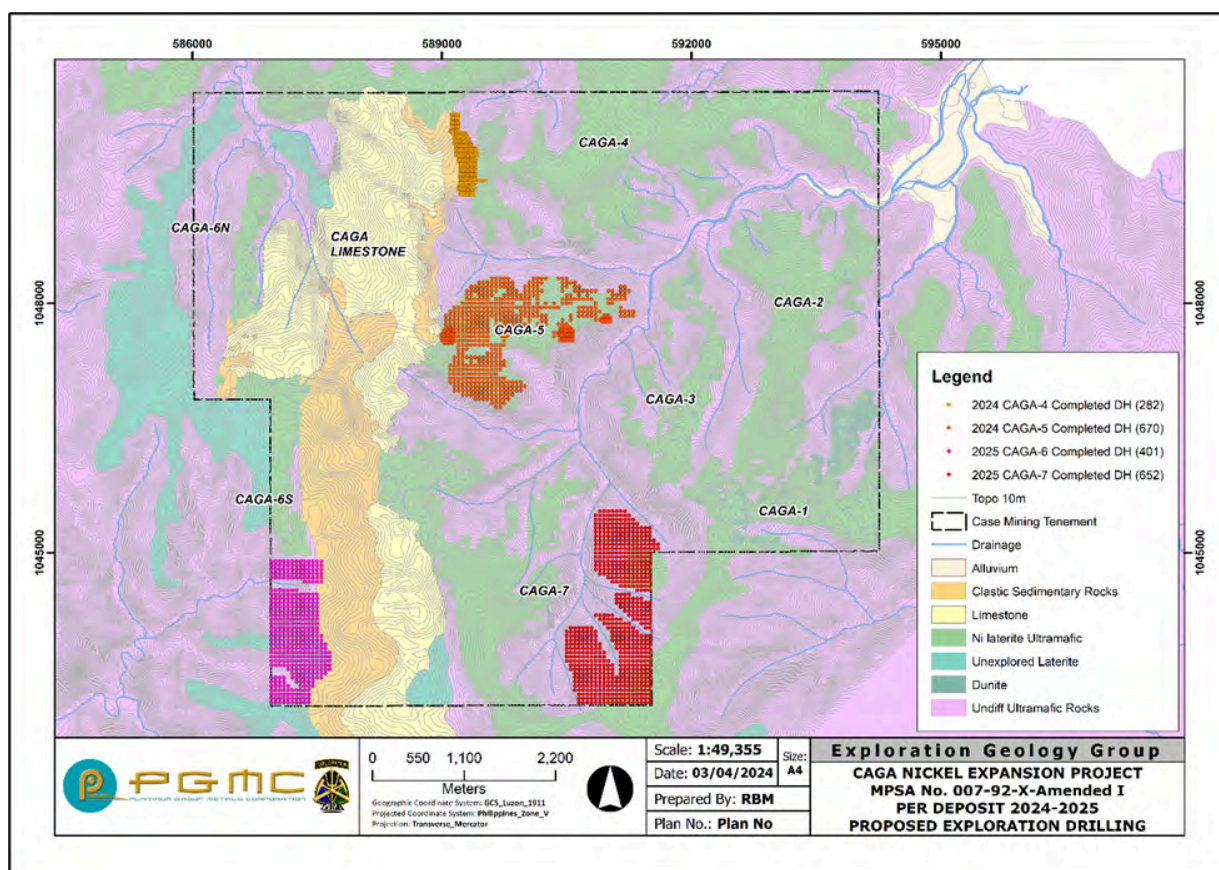
<i>Campaign / Year</i>	<i>Deposit</i>	<i>PDH</i>	<i>Projected Meterage</i>	<i>Area (has)</i>	<i>Target Tonnage Potential 70%</i>	<i>Target Remarks</i>	<i>Estimated Drilling Program Cost</i>
2024	CAGA-4	282	2,896.14	20	~1.0 Million	Upgrade to Measured Classification Barubangkaw Area	~₱9,000,000.00
2024	CAGA-5	741	8,640.06	173	~9.0 Million	Upgrade to Measured + Indicated Classification and expansion	~₱25,500,000.00
2025	CAGA-6	401	4,838.79	100	~4.0 Million	Unexplored Southern Extension of CAGA-6S	~₱14,000,000.00
2025	CAGA-7	652	7,824.00	140	~6.0 Million	Unexplored Eastern Extension of CAGA-7	~₱23,000,000.00
	Total	2,076	24,198.99 m	433 has	~20.0 Million DMT		~₱71,500,000.00

PGMC conducted extensive exploration drilling at its MPSA starting in 2015 covering CAGAs 1-4, 6-7 and extending further south into a new area (Higdon) which eventually was evaluated in June 2021 as the overall PGMC-CNEP. The various yearly drilling campaigns are used as the basis for updates on mineral resource estimates starting in 2016 and every year thereafter to date. The latest Accredited Competent Person (ACP) Resource Update was conducted on 15 October 2023 with the completion of some 355 production drill holes with 3,273.50 meters from CAGA-1 to 4 and exploration drill holes from CAGA-6 with additional 574 drill holes at 5,886.40 meters. Although new data from the recent exploration drilling at CAGA-6N and CAGA-7 have been obtained, the mineral resource estimates from 15 October 2021 for CAGA-6 and CAGA-7 were used due to a lack of additional drill hole collar survey data. An update will be made once complete survey data is available.

The updated proposed exploration plan and budget for the CAGA mine and expansion area consider priority drilling based on deposit/prospect potential as presented in the Proposed PGMC-CNEP Exploration/Drilling Program 2024-2025. Drilling on each priority area includes drilling schemes as applicable:

- Scheme 1: Infill drilling at resource blocks to upgrade inferred resources to measured resources
- Scheme 2: Target and delineate new mineralized areas as additional mineral resources.
- Scheme 3: Confirmatory/production drilling at mining blocks

The proposed drill holes are shown in the figure below.



As reviewed by the PMRC ACP, the Company’s proposed exploration programs are sufficient to adequately increase the Mineral Resource and Ore Reserve inventories, upgrade confidence levels of resource classifications and eventually extend the mine life of PGMCO-CNEP.

Palawan – Deposit Areas

The Ipilan Mine covers a total area of 2,196 hectares, and the Group is currently operating the M1 deposit. The Group’s rights to the property are subject to the MPSA, and the ECC allows them to produce either 1.0 million DMT or 1.5 million WMT of ore annually. As of December 31, 2022, the Ipilan Mine had measured and indicated mineral resources of 42.762 million DMT, with an average grade of 1.2% nickel and 24.2% iron (table below).

Material Type	Deposit	PMRC Classification	Volume	Quantity (Tonnes)	%Ni	%Fe	Dry Bulk Density
Combined HG, MG, LG	M1	Measured	31,971,065	36,009,000	1.3	23.9	1.1
		Indicated	6,019,014	6,753,000	1.2	25.3	1.1
		Total	37,990,079	42,762,000	1.2	24.2	1.1

The PMRC Accredited Competent Person has estimated that there are approximately 6.047 million DMT of inferred mineral resources at the INC mine, with an average grade of 1.1% nickel and 18.9% iron. These resources are planned to undergo infill drilling in order to improve their category to indicated or measured. The INC mine is expected to have a life of mine (LoM) of 10-12 years, which could be extended once the proposed exploration program is completed.

The current exploration strategy involves ore definition drilling to upgrade the inferred resources to measured resources in the M1 deposit area, as well as exploration drilling in the recently identified M1-S, M2, and M3 prospect areas.

The Company launched an extensive exploration campaign at the M1 Deposit within the Palawan mineral deposit areas to extend the mine’s lifespan and boost its resource and reserve inventory last January 2022. This was done in line with recommendations contained in a technical report from 2014. Additionally, M1 concluded its deposit confirmation and initial production drilling program in the same year, comprising a total of 401 drill holes at a depth of 4,819.95 meters. This program consisted of 151 confirmatory drill holes at 1,723.75 meters and 250 production drill holes at 3,096.20 meters.

Additional Exploration

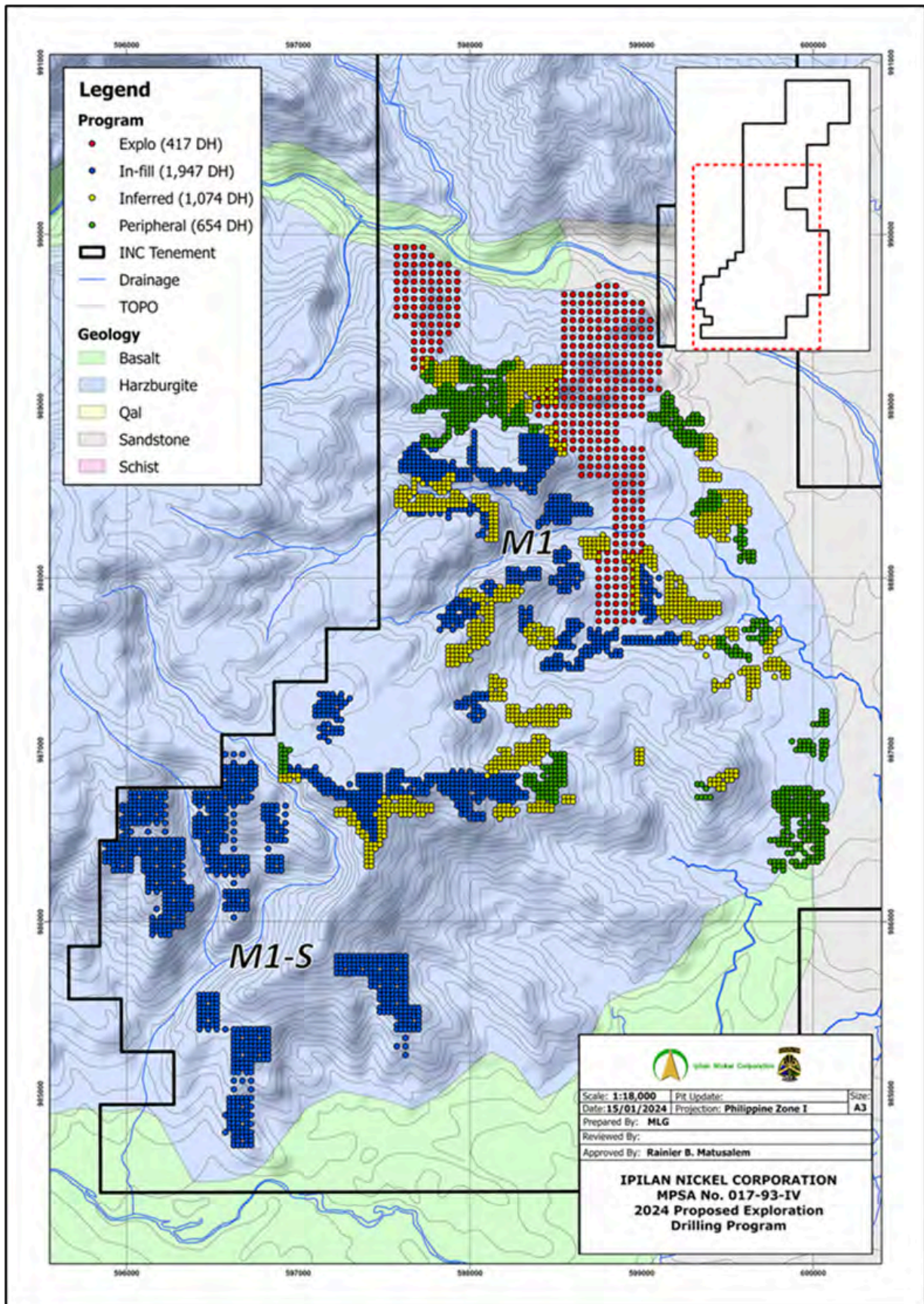
Based on the initial 200 x 200m target drilling at M1-S, a 47-hectare prospective mineralized zone has been identified and programmed to be upgraded into measured/indicated classification by additional infill drilling at 50 x 50 to 25 x 25 drill grid pattern. This drilling program aims to delineate, define and connect mineralization corridors with the M1 deposit. For the central M1 deposit, the proposed exploration drilling program is located at the north central and northwestern areas of the deposit which together cover an area of about 80 hectares and aims to focus on nickel mineralization in M1 areas that have not been tested with test pitting and core drilling historically.

The Proposed Drilling Programs and Exploration Costs (2024- 2025) are given below.

<i>Campaign / Year</i>	<i>Deposit</i>	<i>PDH</i>	<i>Projected Meterage</i>	<i>Area (has)</i>	<i>Target Tonnage Potential 70%</i>	<i>Target Remarks</i>	<i>Estimated Drilling Program Cost</i>
2024	M1	417	4,587.00	80	~1.3 Million	Unexplored North Central and Northwestern areas of M1	~₱11,008,800.00
2024	M1-S	972	10,692.00	47	~1.2 Million	Upgrade to Measured + Indicated Classification and expansion	~₱25,500,000.00
2025	M1	1,074	11,814.00	38	~1.0 Million	Upgrade to Measured + Indicated Classification	~₱28,353,600.00
2025	M1	654	7,194.00	23	~0.5 Million		~₱17,265,600.00
2025	M1	975	10,725.00	36	~1.0 Million		~₱25,740,000.00
	<i>Total</i>	<i>4,092</i>	<i>45,012 m</i>	<i>224 has</i>	<i>~5.0 Million DMT</i>		<i>~₱107,866,000</i>

The PMRC ACP has reviewed the Company’s proposed exploration programs and deemed them sufficient to effectively increase the Mineral Resource and Ore Reserve inventories, enhance the confidence levels of resource classifications, and ultimately extend the mine life of Ipilán Nickel Project.

The proposed drill holes are shown in the figure on the next page.



Environment and Rehabilitation

The Group adheres to the principles and practices of sustainable development. In addition, the Group's mining operations are subject to stringent and extensive environmental regulations. As such, the Group is deeply committed to implementing best practices in managing the environmental impact of its operations, from exploration to rehabilitation. Upon cessation of the Group's mining operations, it plans to restore its mining properties to their pre-mining conditions or to develop alternative productive land uses for the benefit of the affected communities.

The Implementing Rules and Regulations of the Philippine Mining Act require the Group to contribute 3.0% to 5.0% of its direct mining costs for the implementation of the annual Environmental Protection and Enhancement Program (EPEP). Activities undertaken under its annual EPEP include among others: rehabilitation of mine disturbed areas, reforestation, construction and/or maintenance of environmental facilities, land resources management, solid and hazardous waste management, air quality management, water resources quality and management, noise abatement and conservation values. In 2021, 2022 and 2023, the Group spent approximately ₱99.2 million, ₱144.7 million, and ₱200.8 million, respectively, on its EPEP.

The Group's compliance with ECC conditions and performance of its commitments under its annual EPEP are subject to monitoring and evaluation of the Multipartite Monitoring Team (MMT). The MMT is a multi-sector group headed by a representative from the MGB and representatives of local government units, other government agencies, non-government organizations, people's organizations, the church sector and the Group. Funds for mine rehabilitation and other environmental guarantee funds are established and deposited in trust funds, as required by the Philippine Mining Act. As at December 31, 2023, total rehabilitation and monitoring trust funds amounted to ₱11.3 million. This amount complies with the minimum requirement under the law.

The operating mine of SIRC is representative of mature surface mining operations, with disturbed areas that require on-going restoration and rehabilitation to re-establish the natural vegetation, as well as to reduce the significant visual impact of the mining operations. The mine has an approved EPEP and secured the required operating permits to construct and operate siltation control facilities. Consistent with the EPEP, in early 2014, the Cagdianao mine received an environmental award under its "Adopt a River Program" for its protection of the Kinalablan river, which is within the area of operations in the Cagdianao Mine.

The necessity to segregate each material classification and to partially reduce moisture content through solar drying involves a fairly wide open area exposed to soil erosion that will cause sediment loadings and deposition in natural drainages feeding to the ocean. To mitigate such sediment loadings from reaching the ocean, all operations constructed siltation ponds, most of them in series, to catch and contain as much run-off as possible.

The mining method, considering the geographic, geological, climatic and other relevant attributes, is not expected to lead to significant or irreversible adverse impacts to the environment provided that environmental monitoring, mitigation and rehabilitation measures are properly developed and implemented. The environmental management personnel of our mine are well-qualified and have many years of relevant experience.

Compliance with the ECC and implementation of EPEP of all sites are audited quarterly by the MMT.

The DENR requires all operating mines to submit their Final Mine Rehabilitation and Decommissioning Plan (FMRDP) for evaluation and approval. The FMRDP outlines the Group's plan to restore its mining properties and includes activities such as dismantling and demolition of infrastructures, removal of residual materials and remediation of disturbed areas. The Group periodically book an accretion expense and corresponding provision for mine rehabilitation and decommissioning. The basis for this expense/liability is the Group's latest FMRDP. As of December 31, 2022 and 2023, the Group recognized a provision for mine rehabilitation and decommissioning of ₱261.0 million and ₱296.8 million, respectively. In addition, the mine is required to deposit annually a portion of the total FMRDP cost. The FMRDP shall be deposited as a trust fund in a Government depository bank and shall be used solely for the implementation of the approved FMRDP. Annual cash provisions shall be made by the mining companies to a FMRDP fund based on the formula provided in DENR Administrative Order No. 2005-07. As of December 31, 2023, the Company has trust fund deposits with Development Bank of the Philippines in the total amount of ₱421.8 million to comply with such requirements under the FMRDP. The Group is in compliance with such requirements in all material respects.

The DENR also requires all mining companies to secure ISO 14001 certification - EMS. This system ensures sufficient environmental funds are available to cover full mine rehabilitation even in the event of a premature closure. Through the years, the Group has embedded the ISO 14001 into the core system of its mining operations. The activities conducted in its operations must comply with the EMS procedures and the activity-specific work guidelines geared towards sound environmental management. The Group's adherence to the global environmental standards is evident by the sustained certification to the EMS standard by the ISO certifying company, Intertek.

Occupational Health and Safety

The Group is committed to providing safe and healthy working conditions to protect its employees from injuries and to prevent damage to its properties and equipment.

Health and safety are integral parts of the Group's personnel policies. Its comprehensive safety program is designed to minimize health risks arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to its operations.

The Group provides and strictly requires the utilization of a comprehensive suite of protective equipment and safety devices for employees and visitors. First aid and emergency equipment are installed strategically in its work areas. Safety in-house inspections are regularly conducted to identify hazards and unsafe conditions or practices. Managers and supervisors regularly conduct safety briefings and meetings. Safety orientation training is also conducted for new employees and emergency preparedness training and drills are conducted periodically.

The Group has a rigorous system of investigating accidents and near-misses to understand causes and implement corrective measures. The Group records and monitors lost time injuries, medically treated injuries, minor injuries, and non-injury incidents that include serious incidents, and property damage and their frequency rates.

Since the onset of the COVID-19 pandemic, the Group has been working to ensure that its workforce is safe and healthy and that mining stays solid and viable. To prevent the COVID-19 virus from spreading, the Group has eliminated needless travels and replaced in-person meetings with virtual meetings. The Group has also been implementing basic measures such as social distancing, shutting down common areas, donning face masks, and conducting RT-PCR tests on all returning and newly hired employees as applicable. The Group has its own buildings, medical equipment, and a team of qualified corporate doctors, nurses, and first-aid responders.

While we recognize that vaccination is not required, we believe it would be beneficial as we all strive for a safe and healthy "new normal". In fact, the Group was the one who started the vaccination program and purchased 400 doses of COVID-19 vaccines for its regular employees to ensure worker protection against COVID-19. This program was made possible by our strong collaboration with the Fil-Chinese Chamber of Commerce, the Rotary Club of Surigao City, and the Surigao Medical Center.

Effective communication and robust health and safety-oriented culture, which are inherent in the mining sector, have aided the Group's mining operations in overcoming the pandemic with little production disruption and job loss. The Group's response has been fast and coordinated, with two (2) main goals in mind: protecting employees' and local communities' health and safety and establishing the basis for longer-term economic recovery.

In addition, the Group's Cagdianao Mine has an OH&S Management System, ISO 45001:2018 certified, which enables the organization to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance. The Group prioritizes the well-being of their employees and recognizes that effective management of Occupational Health, Safety & Environment is essential not only for employee welfare but also for environmental protection and conservation.

Social Development and Management Program (SDMP) and Corporate Social Responsibility (CSR)

General

We believe that we have a CSR to protect and care for the people and the environment affected by our operations and attempt to improve the welfare and quality of life in the communities in which we operate. We believe that we contribute to the sustainable economic development of these communities and, more broadly, the nation.

The Philippine Mining Act contains specific provisions with respect to SDMPs. The provisions require all mining companies to assist in: (a) the development of local communities to promote the general welfare of the local inhabitants; and (b) the development of mining technology and geosciences as well as manpower training and development. The DENR Department Order (DAO) No. 2010-21 which served as the Implementing Rules and Regulations of the Philippine Mining Act, mandates all mining companies to allocate annually a minimum of 1.5% of the total operating costs, as defined in the DAO, for such purposes. 75.0% of the 1.5% total operating costs shall be apportioned for the development of the Host and Neighboring Communities program, 15.0% of the 1.5% total operating costs shall be apportioned for the Promotion of Public Awareness and Education on Mining Technology and Geosciences program and the remaining 10.0% of the 1.5% total operating costs shall be used to assist in the Development of Mining Technology and Geosciences program as well as research and studies, scholarship programs for mining and environmental courses, manpower training and development.

Furthermore, the SDMP of the Group aims to address, if not all, the seventeen (17) Sustainable Development Goals (SDGs) of the United Nations (UN). Guided with the statutory responsibilities of the mining industry stipulated in DAO 2010-21, the SDMP shall respond to the community's dire needs, particularly the marginalized and the poorest sectors of society. Since its implementation, the Group's Cagdianao Mine has already spent ₱457.1 million for the development of its host and neighboring communities. The Group's community change agents underwent consultations to ensure that about 200 programs being implemented annually are aligned with the UN's roadmap towards eradicating environmental challenges and social ills. INC has a total of ₱20.9 million spending budget used to assist in the development and needs of the community. Continuous and strengthened Information, Education, and Communication (IEC) campaigns, promotions and initiatives are being implemented to debunk misinformations and propagate facts about mining.

Community development relations and community organizers assist us in building and establishing partnerships within the communities in which we operate, formulating programs that address the needs of such communities and also enable us to immediately address local issues and concerns. Projects for education, health, livelihood, infrastructure assistance and other social services are all designed and implemented in close coordination with relevant national-lined agencies and local government units and communities. The Representative of Host and Neighboring Communities (RHNC), which is composed of representatives from local government units, government agencies, non-governmental organizations, peoples organizations, religious sectors (Catholic and Non-Catholic), and us, regularly monitors our performance in implementing our SDMP.

Education

We believe that quality education is the best tool to fight poverty. We award scholarships and other forms of aid to deserving students, including students who are members of indigenous groups, so as to improve their education, job opportunities and their ability to support their families. These scholarships and other forms of aid include payment of tuition, stipend allowances and provision of school supplies, learning materials and uniforms. Education projects also involve the improvement of school facilities, provision of educational materials to schools, teachers' training programs and payment of school guards and teachers' honoraria. At our Cagdianao Mine, we have constructed fourteen (14) classroom school buildings for Hayanggabon Elementary School. The school provides free education and school materials to about 549 students from barangay Hayanggabon. In addition, there is an ongoing construction of 2 storey 4 classrooms building for the upcoming senior high students of Cagdianao National High School. Furthermore, we provided Barangay Cagdianao a brand new school bus to fetch and ferry students from residence to school. We also provide salaries for nine (9) teachers, three (3) from our neighboring barangay and six (6) from our host barangay, who work with public schools in the communities

where our Cagdianao Mine is located. About 358 deserving youth availed in the College Scholarship Program coming from the 14 barangays in the town of Claver. We have also initiated a school to school campaign promoting knowledge in mining and sponsorship for inter-school educational competitions and supporting the Department of Education’s annual Brigada Eskwela. In 2023, we constructed a dental trough and other peripherals (Canopy, Comfort Room, Ceiling, Drainage canal) in Hayanggabon Elementary School.

At our Ipilan Mine, we have aided the education of 85 students who are among the less fortunate families from the Host and Neighboring Communities (HNC) - Bgy. Calasaguen, Maasin, Mambalot and Bgy. Ipilan. Students from the IP Community are also receiving educational assistance. The Ipilan Mine also extends additional incentives to our para teachers and religious teachers.

Notably, a mining community adopted and supported schools have experienced an increased number of enrollees compared to the past years.

Health

Affordable and quality health care is provided to local community members, in addition to our employees and their dependents. We conduct medical missions designed to address the basic medical needs of local community members, including indigenous people and the indigent, where free medicine, basic dental services and ambulance service facilities are provided. Our health care projects involve the construction and improvement of Barangay health centers, provision of sanitation latrines for households, and provision of salary to local health workers, an ambulance driver, midwives, nurses and a community doctor, garbage truck driver, ambulance driver and garbage collector. Outpatients are being treated by the medical team and medicine and multivitamins are provided for free. In 2022, a brand new service ambulance was provided in barangay Hayanggabon where constituents can avail freely during emergency situations. At our Cagdianao Mine, we support maternity clinics, where pregnant women as well as other members of the immediate community are being served with free medicines and services.

Medical missions in mining areas are vital for addressing healthcare needs in communities where access to healthcare services may be limited. In 2023, in partnership with UP College of medicine Class 98 typically involved healthcare professional volunteering their time and expertise to provide eye surgery for cataract and pterygium, pap smear and transvaginal sonography (TVS) and other medical care not only to its host and neighboring community but also twelve (12) non impact barangay of Claver and nearby municipality.

Medical, optical and dental missions were also conducted to serve the health concerns of the community. Also, INC and the community values the efforts of our Community Volunteer Health Workers (CVHW), thus additional incentives for them had been handed in. Our host and neighboring communities are enjoying the benefit of the free medical consultation being served by our Community Doctor, free medicines are also given to the patients. To assist in the malnutrition issues in our HNC, we conducted feeding programs. Our community ambulance is serving the emergency call of the community.

The conduct of free medical, optical and dental consultations and services is the key element in the Group’s social commitment that aims to improve the health condition of the communities and raise awareness on healthy living and prevention from diseases.

Livelihood and Training

We organize cooperatives and people’s organization (PO) from our impact and non-impact communities and provide them with social enterprise projects such as egg-laying & poultry projects, seedling production and nursery, agri-farming, woodcraft making, chips making, handicraft/weaving production, moringa “malunggay” powder/tea production and tshirt-tarpaulin printing. We regularly provide local community organizations with technical and financial assistance in the form of seminars, study tours, financial literacy classes, leadership and management training programs, capital funding, raw materials and equipment for production, and farm inputs for crop production.

For the year 2023, the Group through its Cagdianao mine allocates its fund to establish handicraft facilities that

can be beneficial for the trained weavers. These facilities can be an alternate source of income for residents. Moreover, handicraft facility and its production can help preserve cultural heritage and tradition within the community while also diversifying the local economy and reducing dependency on the mining sector.

The partnership with the Department of Trade and Industry (DTI) for the collaboration in their national program, OTOP PH (One Town, One Product) is still on-going, thereby addressing the marketing aspect for all processed output of SDMP, in which this year has added livelihood beneficiaries from the youth sector through candle-making and the soon-to be realized mushroom production

Valuing the partnership with the Technical Education and Skills Development Authority (“TESDA”) in providing technical education and skills development to residents of neighboring communities, Barangay Hayanggabon, for an NC-II in driving. This would mean bigger opportunities for them in terms of proficiency and safety as they serve the riding public.

What was initially started to address food security and sustainability during the time of COVID-19 health pandemic continues to be one of the sources of income for several families not only in Claver but in nearby city and municipalities. In fact, three (3) more egg machine projects were added for host barangay, Cagdianao under SDMP; and additional poultry inputs in non-impact barangay under CSR.

In the pursuit of sustainability and resilient growth of the community, our Ipilan Mine provided livelihood programs to farmers and fisherfolk in promoting food security and agri-farm products. We responded to the needs of the people’s organization by providing farming equipment such as rice harvester, tractor, and fishing boat and even for food processing. Whilst non-food livelihood related programs were handicraft production, tailoring and dress-making as a demand for the basic necessities.

We believe that motivating our people’s organization or individual workforce in the society and giving them the tools and training that they need to sharpen their skills will prepare them for next challenges not just in the realm but to improve their own lives and their family.

Infrastructure Assistance

We undertake infrastructure projects in local communities, including production and display areas of social enterprise products, water system projects, construction of new school building and improvement of buildings (such as barangay halls, daycare centers, churches and schools), road improvements and electrification projects as part of our SDMP. These projects are implemented with the involvement of community members so as to foster cooperation and teamwork and impart a sense of ownership among them. Notably, electrification projects started for the 141 households of Purok 6 & 7, one of the farthest areas in Cagdianao, through erection of steel poles and transformers work is still underway to continue with submetering to light each household. To support the religious sector, we constructed a perimeter fence for the security and privacy of Catholic church-goers in Barangay Hayanggabon.

As we aim to be the partner for community development, INC supplemented some of the infrastructural needs of our HNC such as solar lights, road gravelling, construction of public comfort rooms and repair of Solar dryer.

At our Cagdianao Mine, we funded various infrastructure projects such as the construction of housing for indigent members of the community, through the Gawad Kalinga program, construction of sea walls to protect the neighboring communities from the effects of sea erosion, construction of a multi-purpose community hall in Barangay Cagdianao, construction of some barangay road and churches, procurement of materials for the electrification of individual households, construction of water processing stations and construction of the Cagdianao public markets. Another Knowledge Center Building was also established for the community’s access to learning and promoting mining operations.

Moreover, PGMC also provided and constructed shallow water pumps, a weir dam and an office building at the local water processing stations to support the local water supply system in the nearby communities.

Other Social Services

We actively participate in, and provide financial and non-financial assistance to, local cultural celebrations, sports competitions and other socio-cultural activities. We also assist with soliciting support from various institutions like the academe, the religious sector, local groups and government agencies.

Working Beyond Compliance

It has always been the Group's core belief that success lies in the continuous improvement of all the aspects of its operations. On top of its SDMP, the Group has been very active in extending the much-needed support to all people who were severely affected by the pandemic. Over ₱39.0 million was spent on the Group's COVID-19 response efforts. The Group continues to work closely with various local government units in helping communities combat the spread of the virus and providing relief during this crisis by donating personal protective equipment (PPE) supplies, test kits, disinfectants, vitamins, medical equipment, rice, and other essential goods, as well as conducting medical services and participating in building a molecular laboratory in Surigao and a COVID-19 test center in Palawan. In addition, the Group spent over ₱14.0 million in its relief efforts for those severely affected by the super typhoon Odette.

Another noteworthy project of the Group is the Food Security Project with an allocated budget over ₱9 million, a major program occurring during the height of Covid-19 pandemic that aims to provide its beneficiaries food on the table and extra income. This program has been running successfully and recorded notable outcomes for taking a holistic approach in supporting communities, including giving them tools and the know-how in starting egg machines, aquaculture, and communal gardening enterprises.

Moreover, the Group received commendations from the local government units and community recognizing its exemplary dedication in upholding its commitment to the community and environmental stewardship. PGMC has been a perennial PMIEA awardee for its exemplary performance on environment, community development initiatives and the sustained safety and health culture. This proves the readiness of the Group's best practices in surface mining operations. All these hard-earned achievements have pole-vaulted from the rank and file employees to top management by working hand-in-hand from Platinum Awardee to Presidential Awardee.

INC spent ₱3.9 million worth of rice assistance to aid the community from the impairment of COVID-19. During the flooding incidents in the Municipality of Brooke's Point, Palawan last December 2022 and January 2023, INC rendered assistance in the rescue operations, road and river clearing and gave relief assistance to the local government unit and to our HNC.

Employees

As of December 31, 2023, the Group has 514 employees. Out of which, 78 are employed at the Group's head office, while the remaining 170 are employed in its mining operations in its existing mine in Cagdianao, 243 are employed in its existing mine in Ipilan Palawan, and 23 in its port operations in Bataan. Of these, 73 are involved in mining operations, engineering, and mine planning, 42 are employed in grade and quality control, 9 are handling port operations, 86 are taking care of the environment, community relations, health, and safety concerns of the Group, and 304 are performing administrative, human resource, accounting & finance, maintenance and mechanic functions, mine security, audit, and the office of the vice president. The Group has employed the best all-Filipino professional and technical personnel. Further, there are five (5) technical personnel who are members of the Group's senior and junior management.

As of December 31, 2023, the Group's service contractors had deployed an aggregate workforce of 1,076 employees at its Cagdianao site and 851 for Ipilan Palawan site. In addition, the Group has chartered thirteen(13) LCTs utilized for shipside loading operations in Surigao and five (5) LCTs utilized for shipside loading operations in Palawan and has about 226 personnel.

Although historically the Group has not experienced any work stoppages, strikes or industrial actions, there can be no assurance that work stoppages or other labor-related disputes, demands for increased wages or other terms or other developments will not occur in the future. As the Group’s business grows, it will require additional key financial, administrative and mining personnel as well as additional operations staff.

There are no labor unions within the Company and its subsidiaries.

As of December 31, 2023, the following is the breakdown of the Group’s employees:

POSITION LEVEL	HEAD OFFICE (PGMC H.O, GFNI H.O, Ipilan H.O, PCSSC H.O and MHC H.O)			TOTAL FOR HEAD OFFICE	IPILAN MINE SITE (Ipilan Palawan)				TOTAL FOR PALAWAN MINE SITE	CAGDIANAO MINE SITE (PGMC Surigao and PCSSC Surigao)			TOTAL FOR CAGDIANAO	BATAAN SITE (MHC Bataan)			TOTAL FOR BATAAN	GRAND TOTAL
	R	P	S		R	P	S	PB		R	P	S		R	P	S		
Executives	6	0	0	6	1	0	0	0	1	1	0	0	1	0	0	0	0	8
Managerial	16	1	0	17	8	0	0	0	8	11	0	0	11	0	1	0	1	37
Supervisory	17	1	0	18	32	16	0	0	48	76	2	0	78	6	1	0	7	151
Technical	5	0	0	5	10	0	86	2	98	51	2	9	62	0	0	0	0	165
Rank and File	29	3	0	32	1	0	69	18	88	5	0	13	18	15	0	0	15	153
TOTAL	73	5	0	78	52	16	155	20	243	144	4	22	170	21	2	0	23	514

Figure was based on manpower complement of PGMC Head Office, GFNI Head Office, PCSSC Head Office, Ipilan Head Office, MHC Head Office, Ipilan Palawan, PCSSC Palawan, PGMC Surigao and PCSSC Surigao

Legend:

- R - Regular
- P - Probationary
- S - Seasonal
- PB - Project-Based

For the mining season ended 2023, the Group had an average of 1,927 employees and its service contractors had deployed an average aggregate workforce of 1,076 employees at its Cagdianao site and 243 employees at its Ipilan Palawan site. The Group does not currently anticipate any significant increase or decrease in the number or allocation of its employees at its Cagdianao Mine for the 2024 mining season.

Transactions with Related Parties

Please refer to Note 30 of the audited consolidated financial statements as of December 31, 2023.

Risks Related to Our Business and Industry

Our business is sensitive to the volatility of nickel prices, which can result in volatility in our earnings.

Our sale of nickel ore is dependent on the world market price of nickel in general, and the market price of nickel in China in particular. The sales price of saprolite ore and limonite ore is correlated with the world market price of nickel. The nickel ore price is subject to volatile price movements over time and is affected by numerous factors that are beyond our control. These factors include global supply and demand; regulatory policies of other nickel ore producing countries; expectations for the future rate of inflation; the level of interest rates; the strength of, and confidence in, the US\$; market speculative activities; and global or regional political and economic events, including changes in the global economy.

A growing world nickel market and increased demand for nickel worldwide have attracted new entrants to the nickel industry, spurred the development of new mines and expansion of existing mine in various regions, including Canada, Russia, Australia, South Africa, South America and New Caledonia, and resulted in added production capacity throughout the industry worldwide. A generally increasing trend in nickel prices since early 2003 has encouraged new or existing international nickel ore producers to expand their production capacity. An increased rate of expansion and an oversupply of nickel in world nickel markets in the future could reduce future nickel prices and the prices we receive under our nickel ore supply agreements.

If the sales price of our nickel ore falls below our production costs, we will sustain losses and, if those losses continue, we may curtail or suspend some or all of our mining and exploration activities. We would also have to assess the economic impact of any sustained lower nickel prices on recoverability and, therefore, the cut-off grade and level of our nickel reserves and resources.

Nickel mining is subject to a number of inherent risks such as natural catastrophes that are beyond our control.

Our mining operations in the CAGA Mine are usually conducted during the period from April to October of each year where the weather is fair in the said area, which is different from the rainfall cycle in Luzon. A disruption of the weather cycle will affect our mining operations in the CAGA Mine.

Our mining operations are influenced by changing conditions that can affect production levels and costs for varying periods, materially disrupt our operations, and as a result, diminish our revenues and profitability. Prolonged disruption of production at our mine or transportation of our nickel ore to customers would result in an increase in our costs and a decrease in our revenues and profitability, which could have a material adverse effect on our business, results of operations and financial condition. The inability to obtain equipment necessary to conduct our operations, increases in replacement or repair costs, prices for fuel and other supplies and unexpected geological conditions could have a significant impact on the productivity of our mine, the resulting number of days we are able to mine and our operating results.

Other factors affecting the production and sale of our nickel ore that could result in increases in our costs and decreases in our revenues and profitability include:

- Inclement weather conditions, including a prolonged monsoon season;
- Equipment failures and unexpected maintenance problems;
- Interruption of critical supplies, including spare parts and fuel;
- Earthquakes or landslides;
- Environmental hazards;
- Industrial accidents;
- Increased or unexpected rehabilitation costs;
- Work stoppages or other labor difficulties; and
- Changes in laws or regulations, including permitting requirements, the imposition of additional taxes and fees and changes in the manner of enforcement of existing laws and regulations.

Between January 2017 and March 2022, the province of Surigao del Norte was shaken by four (4) quakes of magnitude 6.0 or above, 44 quakes between 5.0 and 6.0, 268 quakes between 4.0 and 5.0, 1,429 quakes between 3.0 and 4.0, and 5,383 quakes between 2.0 and 3.0. There were also 1,227 quakes below magnitude 2.0. The strongest earthquake recorded was on February 10, 2017 with an estimated magnitude of 6.5 recorded at Philippine Sea 4.6 km North of Surigao City. In addition, on December 16, 2021, the province of Surigao del Norte was hit by super typhoon Odette. After a thorough inspection, the CAGA Mine was not significantly affected by these natural catastrophes. All safety systems and protocols were observed. There were no reported injuries among employees and the mining facilities of the Group and infrastructure surrounding the area sustained no major damage.

Also, the loading/unloading dock facilities in our CAGA Mine are built on reclaimed land. Earthquakes, tidal waves and other natural calamities may disturb the ground conditions where said dock facilities are located.

In addition, our Palawan Mine experienced many events of extreme rainfall brought by the northeast monsoon which caused flooding in most low-lying areas of Southern Palawan on December 26, 2022, including the areas where the secondary stockyards are located. Owing to the established flood control measures of the Group, the mine and mining facilities were not significantly affected by this flooding.

The realization of any of these risks could result in damage to our mining properties, nickel ore production or transportation facilities, personal injury or death, environmental damage to our properties, the properties of others or the land or marine environments, delays in mining ore or in the transportation of ore, monetary losses and potential legal liability. Surface mining and related activities present risks of injury to personnel and damage to equipment.

Failure to obtain, sustain or renew our mineral agreements, operating agreements, currently outstanding approvals and permits and other regulatory approvals, permits and licenses necessary for our business could have an adverse effect on our business, results of operations, and financial condition.

We rely on regulatory approvals, permits, licenses (including MPSAs), operating agreements with third-party claim owners and land access agreements to conduct our mining operations.

There is currently no centralized exchange for trading nickel ore and as a result, our failure to source purchasers of our nickel ore would materially and adversely affect our business, results of operations and financial condition.

Our business involves the production and sale of nickel ore. Nickel ore is not a finished metal product and there is no established spot market where our product can be sold. We must sell our nickel ore through negotiated contractual arrangements with third parties. We may not be able to find purchasers who will buy our nickel at terms acceptable to us, or at all. Accordingly, our failure to find purchasers for our nickel ore would have a material adverse effect on our business, results of operations and financial condition.

We encounter risks in the peace and order and security of our Operating Mines.

In order to mitigate the risks in the peace and order of our Cagdianao and Palawan Mines, we engage a third-party contractor to provide security services at our mine site. In addition, all of the service contractors also engage their own security force. All armory and equipment are provided for by the contractor itself, and comprehensive training is also provided to the security guards stationed at our mines by the security services contractor. Also, starting May 2019 up to now, we have engaged Renjamel Security Agency to provide security services at our mine sites. The contract is automatically renewed every year, until a notice of termination is served to the other party.

In addition to our security force and that of our mining contractors, a Special Civilian Armed Auxiliary (SCAA) force of approximately 120 para-military trained personnel managed by the Philippine Army, are tasked with securing the perimeter of our mining operations. Under the Memorandum of Agreement of the Group with the Philippine Army, PGMC has the obligation to provide allowances, uniform and equipment, any claims arising from personal damages caused by or to any of the SCAA when the related injury or damage is incurred in the course of lawful performance of the SCAA's duty.

Each of the neighboring mining companies in the area of our mines also cooperates and shares information pertaining to the security situation in the vicinity.

We rely to a significant degree on third-party contractors and failure of any such contractor to comply with its contractual obligations or the loss of any such contractor's services could increase our costs or disrupt our operations and we may be held liable for costs or delays caused by them.

We depend upon independent third-party contractors to perform our mining operations including earthmoving, loading, transportation and certain other services at our Operating Mines for us. The performance of the independent third-party contractors may be constrained by labor disputes or actions, or damage to or failure of equipment and machinery or financial difficulties. In addition, failure by our contractors to comply with applicable laws could adversely affect our reputation.

In addition, there can be no assurance that our monitoring of the work and performance of our independent third-party contractors will be sufficient to control the quality of their work or their adherence to safety or environmental standards. In the event that our independent third-party contractors fail to meet the quality, safety, environmental, and other operating standards that are required by the relevant laws and regulations, our operations may suffer and we may be liable to third parties. In particular, given the dangers inherent with operating heavy machinery and mining activities, we cannot guarantee our current safety measures and monitoring activities could successfully prevent any accidents or casualties caused by the operation of our independent third-party contractors.

Furthermore, any contractual disputes with our contractors, the inability of any of our contractors to comply with their contractual obligations to us, including shipment volume guarantees, or our inability to maintain a

cooperative relationship with any of our independent third-party contractors or obtain alternative providers on comparable or more favorable terms in a timely manner, or at all, may delay our production schedule and we may breach our supply contracts with our customers, any or all of which may substantially increase our costs and may have a material adverse effect on our business, results of operations, and financial condition.

Our reserve and resource estimates may not accurately reflect our nickel deposits, and inaccuracies or future reductions in our reserve or resource estimates could have an adverse impact on our business, results of operations, and financial condition.

Reserve and resource figures are estimates and no assurances can be given that the indicated levels of nickel ore will be produced or that we will receive the price assumed in determining our reserves. These estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While we believe that the reserve and resource estimates included in this report are well established, by their nature reserve and resource estimates depend, to a certain extent, upon statistical inferences which may ultimately prove inaccurate and require adjustment.

Furthermore, fluctuations in the market price of nickel, increased capital or production costs or reduced recovery rates, change to life of mine plans and changes in applicable laws and regulations, including environmental laws and regulations, may render ore reserves uneconomic and may ultimately result in a reduction of reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the determination of their profitable recovery, which determination may change over time based on economic and technological factors. Accordingly, no assurances can be given that any reserve estimates will not be reduced in the future or that any resource estimates will ultimately be reclassified as proven or probable reserves.

Our future exploration and development activities may not be successful, and, even if we make economic discoveries of nickel ore deposits, unexpected problems during the start-up phase of any new operations could have an adverse impact on our business, results of operations, and financial condition.

We can provide no assurance that our current exploration and development programs will result in profitable commercial mining operations or will replace production at our existing mining operations. Also, we may incur expenses on exploration projects that are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically. In addition, we may compete with other mining companies to acquire rights to exploit attractive mining properties.

The economic feasibility of development projects is based upon many factors, including the accuracy of reserve estimates; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental protection; and nickel prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proved and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. We also conduct feasibility studies that derive estimates of capital and operating costs based upon many factors, including anticipated tonnage and grades of nickel ore to be mined, the configuration of the mine, ground and mining conditions and anticipated environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of current and new mining operations may differ materially from our best estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated.

Fluctuations in transportation costs and disruptions in transportation could adversely affect the demand for our nickel ore.

Transportation costs may vary for a number of reasons, including changes in global demand for commodities, the size of the global shipping fleet and fuel costs. Under the terms of certain of our ore supply agreements, the customer is responsible for paying transportation costs including shipping and related insurance costs. Any future

increases in freight costs could result in a significant decrease in the volume of nickel ore that customers outside the Philippines purchase from us.

We depend upon ships to deliver nickel ore to our international customers. While these customers typically arrange and pay for transportation of nickel ore from transshipment areas to the point of use, disruptions to these transportation services because of weather-related problems, distribution problems, labor disputes or other events could temporarily restrict the ability to supply nickel ore to customers or could result in demurrage claims by ship-owners for loading delays.

Continued compliance with safety, health and environmental laws and regulations may adversely affect our business, results of operations, and financial condition.

We expend significant financial and managerial resources to comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, collectively referred to as “laws”) drawn from a number of different jurisdictions. We anticipate that we will be required to continue to do so in the future as the recent trend towards stricter environmental laws is likely to continue. The possibility of more stringent laws or more rigorous enforcement or new judicial interpretation of existing laws exists in the areas of worker health and safety, the disposition of waste, the decommissioning and rehabilitation of mining sites and other environmental matters, each of which could have a material adverse effect on our exploration, operations or the cost or the viability of a particular project.

Our facilities operate under various operating and environmental permits, licenses and approvals that contain conditions that must be met and our right to continue operating our facilities is, in a number of instances, dependent upon compliance with these conditions. Failure to meet certain of these conditions could result in the interruption or closure of exploration, development or mining operations or material fines or penalties, all of which could have an adverse impact on our business, results of operations, and financial condition. An unequal application and implementation of the laws and without due process will have an adverse effect on the Company.

Changes in, or more aggressive enforcement of laws and regulations could adversely impact our business.

Mining operations and exploration activities are subject to extensive laws and regulations. These relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and rehabilitation, mine safety, toxic substances, transportation safety and emergency response and other matters.

Further, there is a risk that mining laws and regulations could change and adversely impact our business. Compliance with these laws and regulations involve substantial costs. It is possible that the costs, delays and other effects associated with these laws and regulations may impact our decision as to whether to continue to operate an existing mine, refining and other facilities or whether to proceed with exploration or development of properties. Since legal requirements change from time to time, are subject to interpretation and may be enforced to varying degrees in practice, we are unable to predict the ultimate cost of compliance with these requirements or their effect on operations should any of these increases or be modified in any material respect.

We are exposed to exchange rate fluctuations. In particular, fluctuations in the exchange rate between the Philippine Peso and the US\$ could have an adverse effect on our results of operations and financial condition.

Our nickel ore sales are denominated in US\$ while some of our costs are incurred in Pesos. The appreciation of the Peso against the US\$ reduces our revenue in Peso terms. Accordingly, fluctuations in exchange rates can have an impact on our financial results. While our current policy is not to hedge our exposure to foreign currency exchange risk or invest in derivative instruments, the Company closely monitors the exchange rate fluctuations to determine if there is a need to hedge our exposure to foreign currency exchange risk or invest in derivative instruments.

Economic, political and other conditions in China, as well as government policies, could adversely affect our business and prospects.

Our business depends on the general economic conditions in China, as well as its political and social conditions. For the years ended December 31, 2021, 2022 and 2023, all our revenues were derived from sales of nickel ore to China.

During the year, the Chinese nickel ore market saw significant changes in import grades and market dynamics, which bring further challenges in 2024. More information on this can be found on Recent Trends and Outlook.

Since 2009, China has become the single largest market of nickel in the world. In 2020, the country accounted for 59% of the global primary nickel usage according to the International Nickel Study Group (INSG). By end-use, the stainless steel industry remained the most important nickel first-use market, accounting for more than 70% of nickel consumption. However, due to the impact of the COVID-19 pandemic, the proportion of demand accounted for by this industry has decreased since 2020. The rising nickel demand for electric vehicle (EV) batteries, on the other hand, has prompted this new industry to achieve an 11% market share of nickel consumption in 2021. According to the International Stainless Steel Forum (ISSF), stainless steel melt shop production rose 5.8% year on year to 58.3 million metric tons in 2022, after declining by 2.5% in 2020. Preliminary forecast numbers for global stainless steel consumption (subject to change) show an increase of 3% to 4% increase in 2023, demonstrating that stainless steel demand growth was solid in 2022, but is projected to be more modest in 2023. Meanwhile, global EV sales have remained high. In 2022, a total of 10.5 million new BEVs and PHEVs were delivered, representing a 55% increase over 2021. However, the regional growth pattern is changing. Following two years of rapid sales growth in Europe, EVs achieved just 15% growth in 2021 as a result of a weak overall vehicle market and ongoing component shortages, which has been worsened by the war in Ukraine. EV sales in the United States and Canada climbed 48% year on year, despite a sluggish overall light vehicle market that fell by 8% in 2022. When compared to the second half of 2021, the same period in 2022 experienced a moderate recovery of auto markets. China's nickel ore consumption in 2022 was 49.04 million tons, a 2.06% decrease year over year. The consumption of medium and high grade nickel ore was 34.25 million tons, a 3.81% decrease year on year, while, consumption of low grade high iron nickel ore increased by 2.24% year on year to 14.78 million tons (excluding general carbon steel mill use). In the future, the increasing electrification of automobiles is expected to increase the demand for nickel in order to generate the required number of lithium batteries, which will drive the industry's share of the market.

The economy of China differs in many respects from the economies of most developed countries, including with respect to:

- The amount and degree of government involvement;
- Growth rate and degree of development;
- Government control over capital investment;
- Government control of foreign exchange; and
- Government allocation of resources.

The Chinese economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. For approximately three (3) decades, the Chinese government has implemented economic reform measures to utilize market forces in the development of the economy. However, the Chinese government continues to play a significant role in regulating industries and the economy through policy measures. Any political tension between the Chinese and Philippine governments may also have an adverse effect on our business and operations if such tension escalates and has effects on commerce and economic relations. For example, such tension may result in policy directives restricting free trade between China and the Philippines or increase in the cost of doing business between the two (2) countries, such as with respect to shipping and freight costs, which at present constitutes a significant competitive advantage for us against international competitors. We cannot predict the extent of any adverse effect on our current or future business, financial condition or results of operations that could be caused by any changes in Chinese economic, political or social conditions and in Chinese laws, regulations and policies.

Moreover, particularly related to our business, China, in response to its increased demand for commodities, is increasingly seeking self-sufficiency in key commodities, including nickel, through investments in nickel mining operations in other countries. In addition, nickel ore is used in the production of stainless steel and a slowdown in the stainless steel industry in China, or China's economic growth in general, could result in lower Chinese demand for our products and therefore reduce our revenue. In the event that the demand for our nickel ore from our Chinese customers materially decreases and we are unable to find new customers to replace these customers, our business, results of operations, and financial condition could be materially and adversely affected.

Government Regulations and Approvals

The Company relies on regulatory approvals, permits, licenses (including MPSAs), operating agreements with third-party claim owners and land access agreements to conduct its mining operations.

Prior to its expiration, MPSA No. 007-92-X-SMR for the Cagdianao Mine, was renewed on June 21, 2016 for another twenty-five (25) years from its initial term ending January 12, 2017, or until February 14, 2042, subject to the same terms and conditions under the MPSA and existing laws, rules and regulations. On June 28, 2016, the contract area covered by the said MPSA was amended from the original 4,376.00 hectares to 5,219.5612 hectares by annexing a portion of the area covered by the application for EP denominated as EXPA-000101-XIII. Consequently, MPSA No. 007-92-X-SMR is redenominated as MPSA No. 007-92-X-SMR (Amended I). On March 6, 2024, the MGB confirmed that the redenominated MPSA No. 007-92-X-SMR (Amended I) and the Operating Agreement between SIRC as "Claim Owner" and PGMC as "Operator" is valid and existing as of date.

For the Palawan Mine, the Philippine Government through the DENR has granted MPSA No. 017-93-IV to CNMEC on August 5, 1993, which was later approved by the President of the Republic of the Philippines on September 18, 1993, covering an area of 2,835.0600 hectares in the Municipality of Brooke's Point, Province of Palawan. The MPSA No. 017-93-IV was amended on April 10, 2000 to conform to the provisions of Republic Act No. 7942 and was redominated as MPSA No. 017-93-IV-as Amended-2000. The DENR, in an Order dated December 21, 2020, clarified that the effective date of MPSA No. 017-93-IV-as Amended-2000 shall be reckoned on April 10, 2020 and shall expire on April 10, 2025. INC is the Operator of CNMEC by virtue of the January 19, 2005 Operating Agreement that was approved by the MGB through an Order dated April 20, 2015. Also, based on the evaluation on the boundary dispute between MPSA No. 017-93-IV-as Amended-2000 and MPSA No. 220-2005-IVB, the contract area of the former should be adjusted to 2,924.0200 hectares. On March 19, 2024, the MGB confirmed that MPSA No. 017-93-IV-as Amended-2000 is valid and subsisting as of date.

The Company holds, or has applied for most of, the necessary regulatory approvals, licenses, permits, operating agreements and land access agreements to carry on the activities that it is conducting under applicable laws and regulations.

Item 2. Properties

Mineral Properties

Cagdianao Mine

MPSA No. 007-92-X-SMR - On November 16, 2015, SIRC applied for the renewal of its MPSA and was approved for another twenty-five (25) year term on June 21, 2016. The renewed MPSA is valid until February 14, 2042. The MPSA covers an area of 4,376 hectares and is currently operating deposits CAGA 1, 2, 3 and 4.

The Cagdianao Mine is located in Sitio Kinalablaba, Barangay Cagdianao, Municipality of Claver, in the province of Surigao del Norte in the northeast corner of Mindanao island. The Cagdianao Mine is located within the Surigao Mineral Reservation and in a geological area known as the Surigao Laterite Domain, characterized by substantial deposits of both limonite and saprolite. It is accessible via domestic flights from Manila, Cebu, and other domestic locations, which can land either in Surigao City or Butuan City; Surigao City is approximately 89 kilometers, while Butuan City is approximately 170 kilometers away from our Cagdianao Mine. The mine is connected to two (2) separate pier facilities connecting to the mining operation via causeways, which facilitate the loading of ore and the unloading of supplies to and from ships anchored offshore in the Philippine Sea. The Cagdianao Mine also features extensive infrastructure to support the Group's mining operations, including

stockyards, administration buildings, testing and sampling laboratory, staff accommodation and access roads.

Palawan Mine

MPSA No 017-93-IV-as Amended-2000 - On August 5, 1993, CNMEC was granted an MPSA covering an area of 2,835.0600 hectares. The MPSA was amended on April 10, 2000 and was redominated as MPSA No. 017-93-IV-as Amended-2000 and is valid until April 10, 2025. The MPSA is currently operating the M1 deposit.

The Palawan Mine is located in Barangays Maasin, Ipilán, Mambalot, and Calasaguen, Municipality of Brooke's Point in south-eastern Palawan. The southern part of the mine area where most laterite deposits can be found has gently-sloping, broad ridges and plateaus while the northern part is steeply rugged. The site is between approximately 75 meters to 500 meters in elevation. Drainage at the area is through the Filantropia River and Mambalot River. The Palawan Mine is located ten (10) kilometers from the coast (the position of the pier and causeway) and is approximately 175 kilometers by national road from Puerto Princesa City. Daily commercial air flights service Puerto Princesa from Manila and other major cities. The Palawan Mine also has ancillary facilities such as mine office building, environmental building and nursery, geology and exploration core house, QAQC laboratories, safety and health office, warehouse, motor pool maintenance workshop, security building, hazardous waste facility, accommodation and mess hall facilities to support the Group's mining operations.

Mineral Resources and Reserves

Cagdianao Mine

Mineral resources and ore reserves at the Cagdianao Mine as estimated by the PMRC-CP as at October 15, 2023 are shown in the tables below:

Statement of Mineral Resources for Total Nickel as of 15 October 2023 (Measured and Indicated)

Lithology	Material	PMRC Classification	Volume	DMT	WMT	Ni	Fe	Co	Sg
Limonite	High Grade	Measured	42,433	52,000	78,000	1.6	40.6	0.1	1.2
		Indicated	9,411	12,000	18,000	1.5	41.5	0.1	1.2
	Medium Grade	Measured	10,559,239	12,349,000	18,998,000	1.0	44.0	0.1	1.2
		Indicated	11,517,541	13,384,000	20,587,000	0.9	43.4	0.1	1.2
	Low Grade	Measured	5,064,900	5,998,000	9,226,000	0.9	49.4	0.1	1.2
		Indicated	4,177,826	4,909,000	7,553,000	0.9	49.5	0.1	1.2
	Combined	Measured	15,666,572	18,399,000	28,302,000	1.0	45.7	0.1	1.2
		Indicated	15,704,778	18,305,000	28,158,000	0.9	45.0	0.1	1.2
Saprolite	High Grade	Measured	3,650,977	4,334,000	6,668,000	1.7	13.8	0.1	1.2
		Indicated	1,055,543	1,307,000	2,013,000	1.6	13.0	0.0	1.2
	Medium Grade	Measured	13,243,007	15,466,000	23,793,000	1.2	13.5	0.0	1.2
		Indicated	8,984,294	10,824,000	16,652,000	1.1	13.4	0.0	1.2
	Combined	Measured	16,893,984	19,800,000	30,461,000	1.3	13.5	0.0	1.2
		Indicated	10,039,837	12,131,000	18,665,000	1.2	13.4	0.0	1.2
	Sub Total	Measured	32,560,556	38,199,000	58,763,000	1.2	29.0	0.1	1.2
		Indicated	25,744,615	30,436,000	46,823,000	1.0	32.4	0.1	1.2
Grand Total			58,305,000	68,635,000	105,586,000	1.1	30.5	0.1	1.2

Notes:

- The PGMC Statement of Mineral Resources has been generated under the supervision of Mr. Edgardo G. Garcia, who is an independent Consulting Geologist and a Registered Member of the Geological Society of the Philippines and Australian Institute of Mining and Metallurgy. He has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as an Accredited Competent Person as defined in the PMRC and (Joint Ore Reserve Committee (JORC) Codes.
- All Mineral Resources figures reported in the table above represent estimates on 15 October 2023. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, continuity of the mineralization, and the availability of sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate and thus may cause some computational variances.
- Mineral Resources are reported in accordance with the Philippine Mineral Reporting Code (PMRC 2020 Edition), which was adopted from the JORC.
- The PGMC Statement of Mineral Resources includes all estimates for all explored deposits of the PGMC- CAGA Nickel Expansion Project, namely: CAGA-1 to CAGA-7.
- The current CAGA-7 estimate covers the integrated former CAGA-7 (8 November 2020) and HIGDON (15 March 2021) estimates which are now part of the PGMC- CNEP (estimated on 05 June 2021).
- Estimates for CAGA-5, CAGA-6N, CAGA-6S, and CAGA-7 deposits have been updated by adopting and recalculating the previous estimates using the current template/parameters in the mineral resource statement. The variances were minor to negligible and were primarily due to mathematical adjustments made using the modeling software.

Statement of Ore Reserves as of October 15, 2022

Classification	Proven			Probable			Total			
	Material	WMT	Nickel, Ni	Iron, Fe	WMT	Nickel, Ni	Iron, Fe	WMT	Nickel, Ni	Iron, Fe
		x 10 ⁶	%	%	x 10 ⁶	%	%	x 10 ⁶	%	%
LGHF		14.58	0.82	48.75	5.76	0.82	48.63	20.34	0.82	48.72
LGMF		4.55	1.16	45.26	1.56	1.14	44.59	6.11	1.15	45.09
LGLF		11.50	1.22	13.12	6.41	1.20	13.27	17.91	1.21	13.17
MGMF		0.28	1.44	44.09	0.04	1.40	43.49	0.33	1.44	44.02
MGLF		7.67	1.47	13.69	2.34	1.46	13.24	10.01	1.47	13.58
HG		2.17	1.78	14.04	0.39	1.77	13.81	2.56	1.78	14.01
ORE		40.75	1.15	29.83	16.50	1.11	28.66	57.25	1.14	29.49

Palawan Mine

Mineral resources and ore reserves at the Palawan Mine as reported by the PMRC CP as at December 31, 2022 are shown in the tables below:

Statement of Mineral Resources for Total Nickel as at 31 December 2022 (Measured and Indicated)

Material	Classification	Volume	DMT	WMT	Ni	Fe	Sg
Hi Grade (Ni >= 1.5%, Fe < 48%)	Measured	5,930,801	6,751,000	10,387,000	1.7	15.7	1.1
	Indicated	400,459	456,000	701,000	1.7	15.8	1.1
Sub Total		6,331,260	7,207,000	11,088,000	1.7	15.7	1.1
Medium Grade (Ni >= 0.8%, Ni < 1.5%, Fe < 48%)	Measured	24,074,854	27,096,000	41,687,000	1.2	24.0	1.1
	Indicated	5,239,395	5,880,000	9,046,000	1.1	25.7	1.1
Sub Total		29,314,249	32,976,000	50,733,000	1.1	24.3	1.1
Low Grade (Ni >= 0.7%, Fe >= 48%)	Measured	1,965,410	2,162,000	3,326,000	1.1	49.6	1.1
	Indicated	379,160	417,000	642,000	1.1	49.8	1.1
Sub Total		2,344,570	2,579,000	3,968,000	1.1	49.6	1.1
Combined (HG, MG, LG)	Measured	31,971,065	36,009,000	55,400,000	1.3	23.9	1.1
	Indicated	6,019,014	6,753,000	10,389,000	1.2	25.3	1.1
Total		37,990,079	42,762,000	65,789,000	1.2	24.2	1.1

Notes:

- The INC Statement of Mineral Resources has been generated under the supervision of Mr. Edgardo G. Garcia, who is an independent Consulting Geologist and a Registered Member of the Geological Society of the Philippines and Australian Institute of Mining and Metallurgy. He has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the PMRC and JORC Codes.
- All Mineral Resources figures reported in the table above represent estimates on 31 December 2022. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, continuity of the mineralization, and the availability of sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate and thus may cause some computational variances.
- Mineral Resources are reported in accordance with the Philippine Mineral Reporting Code (PMRC 2007 Edition), which was adopted from the JORC.
- The INC Statement of Mineral Resources includes estimates for M1 deposit only of the Ipilán Nickel Project.

Statement of Ore Reserves as of December 31, 2022

Classification	Proven			Probable			Proven + Probable		
	WMT	%Ni	%Fe	WMT	%Ni	%Fe	WMT	%Ni	%Fe
HG	3,577,390	1.78	14.79	203,227	1.78	13.83	3,780,617	1.78	14.74
LGHF	1,774,174	0.94	49.3	26,014	0.99	48.16	1,800,188	0.94	49.28
LGMF	7,221,243	1.18	43.59	374,693	1.18	42.86	7,595,935	1.18	43.55
LGLF	11,494,837	1.21	14.46	1,126,160	1.2	14.24	12,620,997	1.21	14.44
MGMF	1,014,391	1.43	41.86	26,963	1.41	40.46	1,041,355	1.43	41.82
MGLF	8,511,473	1.48	14.54	461,443	1.49	14.95	8,972,916	1.48	14.56
ORE	33,593,508	1.33	23.44	2,218,500	1.31	19.9	35,812,008	1.33	23.22

Liens and Encumbrances

None of the Group’s real properties are subject to any liens, encumbrances or other security interests.

Item 3. Legal Proceedings

To the knowledge and information of the Company, there is no material pending legal proceeding (wherein the amount involved, exclusive of interest and costs, exceeds ten percent (10%) of the current assets of the Company), to which the Company is a party or of which its property is the subject before any court of law in the Philippines, and which if adversely determined, will have a material adverse effect on the financial condition of the Company.

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

There were no matters covered under this item submitted in 2023 to the security holders for a vote.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer’s Common Equity and Related Stockholder Matters

Market Information

The PSE is the principal market for the Company’s shares. The closing price of the shares as of December 29, 2023 is at **₱2.06 per share**.

The high and low sale prices of the shares of stock of the Company for each quarter within the period January 1, 2023 to December 31, 2023, and the last two (2) years are as follows:

YEAR	Q1		Q2		Q3		Q4	
	High	Low	High	Low	High	Low	High	Low
2024	2.20	1.70						
2023	2.67	2.30	2.62	2.11	2.92	2.17	2.95	1.98
2022	3.50	1.99	3.07	2.19	2.46	2.14	2.51	1.97
2021	3.22	2.13	2.88	2.39	2.65	2.00	2.25	2.00

Holders

The Company has approximately 1,718 shareholders as of December 31, 2023. Based on the record, the following are the top twenty (20) stockholders with their respective shareholdings and percentage to total shares outstanding as of said date:

Stockholder Name	Nationality	No. of Shares	%
PCD Nominee Corp - Filipino	Filipino	2,269,872,889	44.29
PCD Nominee Corp - Non-Filipino	Foreign	1,662,213,384	32.43
Regulus Best Nickel Holdings, Inc.	Filipino	523,154,668	10.21
Blue Eagle Elite Venture, Inc.	Filipino	348,769,779	06.81
Sohoton Synergy, Inc.	Filipino	233,156,767	04.55
Red Lion Fortune Group, Inc.	Filipino	57,588,866	01.12
Joseph C. Sy	Filipino	5,000,000	00.10
Dante R. Bravo	Filipino	3,261,053	00.06
Orion-Squire Capital, Inc. A/C-0459	Filipino	2,283,106	00.04
Carlo A. Matilac	Filipino	1,733,226	00.03
Mary Belle D. Bituin	Filipino	1,630,523	00.03
Squire Securities, Inc.	Filipino	867,338	00.02
Geary L. Barias	Filipino	785,860	00.01
Corsino L. Odtojan	Filipino	785,860	00.01
Marilou C. Celzo	Filipino	678,479	00.01
George L. Go	Filipino	539,176	00.01
Kuok Philippines Properties Inc.	Filipino	463,953	00.01
Richard C. Gimenez	Filipino	430,738	00.01
Tong Gabriel	Filipino	417,805	00.01
Oca Gregorio	Filipino	415,193	00.01

Dividends

Below is the history of the recent dividend declarations made by the Company and its Subsidiaries for the three (3) most recent fiscal years.

	For the Years Ended December 31		
	2023	2022	2021
	(₱ in millions)		
The Company (cash dividend)	₱524	₱1,040	₱521
<i>Subsidiaries</i>			
PGMC (cash dividend)	1,338	323	1,476
PIL (cash dividend)	849	-	-
MHC (cash dividend)	-	350	-
Total	₱2,711	₱1,713	₱1,997

On December 29, 2023, PGMC declared cash dividends of ₱30.00 per share to stockholders of record as of January 15, 2024 or for a total of ₱776,999,970.00 and paid its stockholders on or before February 15, 2024.

On December 18, 2023, PIL declared cash dividends in the amount of US\$5.2 million to stockholders of record as of December 29, 2023 or a peso equivalent of ₱289,614,000.00 and paid its stockholders on or before January 31, 2024.

On June 9, 2023, PGMC declared cash dividends of ₱21.65 per share to stockholders of record as of June 15, 2023 or for a total of ₱560,734,978.35 and paid its stockholders on or before July 15, 2023.

On May 16, 2023, the Parent Company declared cash dividends of ₱0.10 per share to stockholders of record as of June 1, 2023 or for a total of ₱524,168,560.00 and paid its stockholders not later than June 28, 2023.

On May 16, 2023, PIL declared cash dividends in the amount of US\$10.0 million to stockholders of record as of May 31, 2023 or a peso equivalent of ₱559,710,000.00 and paid its stockholders on or before June 19, 2023.

On December 31, 2022, PGMC declared cash dividends of ₱12.50 per share to stockholders of record as of December 31, 2022 or for a total of ₱323,749,987.50 and paid its stockholders on or before March 31, 2023.

On July 28, 2022, MHC declared cash dividends of ₱83.93 per share to stockholders of record as of July 15, 2022 or for a total of ₱350,000,000.00 and paid its stockholders on August 4, 2022.

On April 4, 2022, the Parent Company declared cash dividends of ₱0.20 per share to stockholders of record as of April 20, 2022 or for a total of ₱1,039,974,948.60 and paid its stockholders not later than May 16, 2022.

On December 31, 2021, PGMC declared cash dividends of ₱57.00 per share to stockholders of record as of December 31, 2021 or for a total of ₱1,476,299,943.00 and paid its stockholders on or before March 31, 2022.

On May 17, 2021, the Parent Company declared cash dividends of ₱0.10 per share to stockholders of record as of June 15, 2021 or for a total of ₱521,031,525.00 and paid its stockholders not later than July 9, 2021.

Other than as set forth above, none of our other subsidiaries declared any dividends for the years ended December 31, 2023, 2022 and 2021. Declarations of dividends in previous years are not indicative of future dividend declarations.

Description of Registrant's Securities

As of December 31, 2023, the Company has a total issued capital stock of 6,072,357,151 common shares. 5,125,175,687 common shares of the Company are outstanding and 947,181,464 shares are treasury stock.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis are based on the audited consolidated financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 and accompanying notes to the consolidated financial statements, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and should be read in conjunction with those audited consolidated financial statements.

The Group has not, in the past five (5) years and since its incorporation, revised its consolidated financial statements for reasons other than changes in accounting period and policies.

The consolidated financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 are hereto attached.

The following tables set forth the summary financial information as at and for the years ended December 31, 2023, 2022 and 2021.

Summary of Consolidated Statements of Income

	For the Years Ended			Horizontal Analysis			
	December 31			Increase (Decrease)		Increase (Decrease)	
	2023	2022	2021 (As restated)	2023 vs. 2022	%	2022 vs. 2021	%
	<i>In Thousand Pesos</i>						
Revenues	8,785,462	6,731,378	7,708,105	2,054,084	31%	(976,727)	-13%
Cost of Sales	(3,592,361)	(2,355,067)	(2,287,003)	1,237,294	53%	68,064	3%
Operating Expenses	(2,395,478)	(2,404,029)	(2,230,459)	(8,551)	0%	173,570	8%
Finance Costs	(275,572)	(159,091)	(65,174)	116,481	73%	93,917	144%
Finance Income	29,608	15,324	6,665	14,284	93%	8,659	130%
Share in Net Income (Loss) of							
Investment in Associates	158,917	219,475	(52,116)	(60,558)	-28%	271,591	521%
Other Income (Charges) - net	(83,203)	644,869	(519,825)	(728,072)	-113%	1,164,694	224%
Bargain Purchase Gain	-	-	176,897	-	100%	(176,897)	100%
Loss on Remeasurement of							
Investment in an Associate	-	-	(41,426)	-	-100%	(41,426)	-100%
Provision for Income Tax	(814,233)	(537,719)	(588,816)	276,514	51%	(51,097)	-9%
Net Income	1,813,140	2,155,140	2,106,848	(342,000)	-16%	48,292	2%
Net Income Attributable to:							
Equity Holders of the Parent	1,544,144	1,921,387	2,106,442	(377,243)	-20%	(185,055)	-9%
Non-controlling Interest	268,996	233,753	406	502,749	215%	233,347	57475%
	1,813,140	2,155,140	2,106,848	(342,000)	-16%	48,292	2%

Summary of Consolidated Statements of Income

	For the Years Ended			Vertical Analysis			
	December 31			Increase (Decrease)		Increase (Decrease)	
	2023	2022	2021 (As restated)	2023 vs. 2022	%	2022 vs. 2021	%
	<i>In Thousand Pesos</i>						
Revenues	8,785,462	6,731,378	7,708,105	2,054,084	601%	(976,727)	-2023%
Cost of Sales	(3,592,361)	(2,355,067)	(2,287,003)	(1,237,294)	-362%	(68,064)	-141%
Operating Expenses	(2,395,478)	(2,404,029)	(2,230,459)	8,551	3%	(173,570)	-359%
Finance Costs	(275,572)	(159,091)	(65,174)	(116,481)	-34%	(93,917)	-194%
Finance Income	29,608	15,324	6,665	14,284	4%	8,659	18%
Share in Net Income (Loss) of							
Investment in Associates	158,917	219,475	(52,116)	(60,558)	-18%	271,591	562%
Other Income (Charges) - net	(83,203)	644,869	(519,825)	(728,072)	-213%	1,164,694	2412%
Bargain Purchase Gain	-	-	176,897	-	0%	(176,897)	-366%
Loss on Remeasurement of							
Investment in an Associate	-	-	(41,426)	-	0%	41,426	86%
Provision for Income Tax	(814,233)	(537,719)	(588,816)	(276,514)	-81%	51,097	106%
Net Income	1,813,140	2,155,140	2,106,848	(342,000)	-100%	48,292	100%
Net Income Attributable to:							
Equity Holders of the Parent	1,544,144	1,921,387	2,106,442	(377,243)	110%	(185,055)	-383%
Non-controlling Interest	268,996	233,753	406	(35,243)	-10%	(233,347)	483%
	1,813,140	2,155,140	2,106,848	(342,000)	100%	48,292	100%

Summary Consolidated Statements of Financial Position as at December 31,

	2021			Horizontal Analysis			
	2023	2022	(As restated)	Increase (Decrease)		Increase (Decrease)	
	2023	2022	(As restated)	2023 vs. 2022	%	2022 vs. 2021	%
	<i>In Thousand Pesos</i>						
Current Assets	3,938,933	5,986,937	6,964,970	(2,048,004)	-34%	(978,033)	-14%
Noncurrent Assets	13,475,808	11,985,824	7,577,108	1,489,984	12%	4,408,716	58%
Total Assets	17,414,741	17,972,761	14,542,078	(558,020)	-3%	3,430,683	24%
Current Liabilities	2,288,173	3,006,299	1,382,507	(718,126)	-24%	1,623,792	117%
Noncurrent Liabilities	2,846,217	3,570,820	2,338,047	(724,603)	-20%	1,232,773	53%
Non-controlling Interest	153,695	544,899	430,593	(391,204)	-72%	114,306	100%
Equity Attributable to							
Equity Holders of the Parent	12,126,656	10,850,743	10,390,931	1,275,913	12%	459,812	4%
Total Liabilities and Equity	17,414,741	17,972,761	14,542,078	(558,020)	-3%	3,430,683	24%

Summary Consolidated Statements of Financial Position as at December 31,

	2021			Vertical Analysis			
	2023	2022	(As restated)	Increase (Decrease)		Increase (Decrease)	
	<i>In Thousand Pesos</i>			2023 vs. 2022	%	2022 vs. 2021	%
Current Assets	3,938,933	5,986,937	6,964,970	(2,048,004)	367%	(978,033)	-29%
Noncurrent Assets	13,475,808	11,985,824	7,577,108	1,489,984	-267%	4,408,716	129%
Total Assets	17,414,741	17,972,761	14,542,078	(558,020)	100%	3,430,683	100%
Current Liabilities	2,288,173	3,006,299	1,382,507	(718,126)	129%	1,623,792	47%
Noncurrent Liabilities	2,846,217	3,570,820	2,338,047	(724,603)	130%	1,232,773	36%
Non-controlling Interest	153,695	544,899	430,593	(391,204)	70%	114,306	3%
Equity Attributable to							
Equity Holders of the Parent	12,126,656	10,850,743	10,390,931	1,275,913	-229%	459,812	13%
Total Liabilities and Equity	17,414,741	17,972,761	14,542,078	(558,020)	100%	3,430,683	100%

Summary Consolidated Statements of Cash Flows

	For the Years Ended December 31		
	2023	2022	2021
	<i>In Thousand Pesos</i>		
Net Cash Flows From (Used in):			
Operating Activities	3,955,376	1,792,771	2,464,285
Investing Activities	(2,985,003)	(1,699,495)	(850,880)
Financing Activities	(1,671,567)	(954,009)	(393,619)
Net Increase (Decrease) in Cash and Cash Equivalents	(701,194)	(860,733)	1,219,786
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(36,493)	220,141	149,825
Cash and Cash Equivalents at Beginning of Year	3,180,585	3,821,177	2,451,566
Cash and Cash Equivalents at End of Year	2,442,898	3,180,585	3,821,177

RESULTS OF OPERATIONS

Year ended December 31, 2023 compared with year ended December 31, 2022

For the year ending on December 31, 2023, the Group achieved a consolidated net income of ₱1,813.1 million, reflecting a decrease when compared to the consolidated net income of ₱2,155.1 million recorded in the previous year. After accounting for non-controlling interests, the net income attributable to equity holders of the Parent Company amounted to ₱1,544.1 million for the year ending on December 31, 2023, as compared to ₱1,921.4 million in the previous year. The results were primarily driven by the strong performance of the Group's mining operations in Palawan, in addition to the regular contributions from the Group's Surigao mine.

Revenues

For the year ended December 31, 2023, the Group's total revenues amounted to ₱8,785.5 million, showing an increase of ₱2,054.1 million or 30.5% when compared to ₱6,731.4 million for the year ended December 31, 2022. The majority of the Group's revenues, approximately 99.8% of the total, were generated from its mining operations, with the remaining portion of revenues originating from services rendered to its customers.

Nickel Ore Export Revenues

For the year ending on December 31, 2023, total export revenues amounted to ₱8,766.0 million. This figure represents an increase of ₱2,191.0 million or 33.3% compared to ₱6,575.0 million of the prior year. The notable increase in export revenues for the year was primarily driven by the contribution from the Group's Palawan mine, which provides year-round operations and has a positive impact on revenue growth.

Surigao Mine

For the year ended December 31, 2023, the Surigao mining operations of the Group, including incremental contributions from its wholly-owned subsidiary, PIL, yielded total export revenues of ₱4,818.1 million. This

represents a decrease of ₱1,599.5 million or a 24.9% decline compared to the ₱6,417.6 million achieved in the previous year.

The decline is attributable to two main factors:

- Lower Averaged Realized Nickel Ore Price: The overall average realized nickel ore price for the year ended December 31, 2023 was lower by US\$5.60 per WMT or 17.7%, US\$26.08/WMT compared to US\$31.68/WMT in the prior year. Low-grade ore was US\$25.53/WMT or 10.3% lower than the US\$28.45/WMT price in 2022. On the other hand, medium-grade ore was US\$31.06/WMT or 25.7% lower than the US\$41.79/WMT price in 2022. Nickel ore prices were down compared to a year ago, particularly for low-grade, amid expanded output from mines in Indonesia.
- Lower Volume Shipped: The sale of nickel ore from our Surigao mine for the year ended December 31, 2023 was 3.297 million WMT, lower by 0.393 million WMT or 10.7%, compared to 3.690 million WMT in the previous year. This decline can be attributed to adverse weather conditions, particularly heavy rainfall, which led to mining preparation and stockpiling delays. Consequently, the Group managed 61 shipments of nickel ore in the present period, in contrast to the 68 shipments in the preceding period. The resulting sales mix was 90% low-grade ore and 10% medium-grade ore in 2023 versus the previous period's mix of 77% low-grade ore and 23% medium-grade ore. These shipments sold solely to Chinese customers consisted of 2.967 million WMT low-grade nickel ore and 0.330 million WMT medium-grade nickel ore compared to 2.830 million WMT low-grade nickel ore and 0.860 WMT medium-grade nickel ore in 2022.

Palawan Mine

For the year ended December 31, 2023, the Palawan mining operations of the Group, including incremental contributions from PIL, generated total export revenues of ₱3,947.9 million compared to ₱157.4 million in the previous year as the Group started to consolidate revenues from Palawan following its acquisition on December 22, 2022.

The sale of nickel ore from our Palawan mine for the year ended December 31, 2023 was 1.420 million WMT comprising a total of 26 shipments, higher by 1.375 million WMT compared to 0.045 million WMT in the previous year. The sales mix for this year consisted of 3% low-grade ore and 97% medium-grade ore. These shipments, exclusively sold to Chinese customers, comprised 0.046 million WMT low-grade nickel ore and 1.374 million WMT medium-grade nickel ore over the course of the twelve months of operations. The overall average realized nickel ore price for the year ended December 31, 2023 was US\$50.00/WMT. Low-grade nickel ore price was US\$38.78/WMT while US\$50.38/WMT for the medium-grade nickel ore price.

Overall, the Group's total export revenues were affected by the following:

- Completed 87 shipments compared to 69 shipments in the previous year.
- Total volume shipped of 4.717 million WMT compared to 3.375 million WMT in 2022.
- Sales mix was 64% low-grade ore and 36% medium-grade ore in 2023 versus the previous year's mix of 76% low-grade ore and 24% medium-grade ore.
- Total average realized nickel ore price of US\$33.28/WMT compared to US\$31.68/WMT in 2022. Low-grade was US\$25.73/WMT for the year ended December 31, 2023 compared to US\$28.45/WMT in the same period of the previous year. Medium-grade was US\$46.64/WMT in 2023 compared to US\$41.79/WMT in the same period of the previous year.
- The average realized Peso over US\$ exchange rate was ₱55.84 compared to ₱55.56 of the same period last year.

Service Revenues

The Group's service income for the years ended December 31, 2023 and 2022, amounted to ₱19.5 million and ₱156.4 million respectively. This income is derived from port services provided by MHC, a subsidiary, to its customers. The notable decrease in earnings can be attributed to a reduction in service volume. Nevertheless, the management is proactively engaged in formulating strategic initiatives for MHC, which encompass the expansion of services to include warehousing and container terminal operations.

Also, the Group earned service income for the LCTs chartered by the Surigao Mine and the Palawan Mine from PCSSC, a subsidiary, amounted to ₱87.7 million for the year ended December 31, 2023, compared to ₱50.9

million for the same period in the previous year. This service income is eliminated in full in the consolidated financial statements.

Cost and Expenses

Cost and expenses comprise the cost of sales, excise taxes and royalties, general and administrative expenses and shipping and distribution. During the twelve months ended December 31, 2023, these costs and expenses amounted to ₱5,987.8 million, compared to ₱4,759.1 million for the same period in 2022, representing an increase of ₱1,228.7 million or 25.8%. The significant rise in costs is primarily attributable to the Group's Palawan full-year mining operations after it became a subsidiary on December 22, 2022. The average cash operating cost per volume sold increased to ₱1,151.14 per WMT for the year ending December 31, 2023, from ₱1,139.88 per WMT in the previous year, marking an increase of ₱11.26 per WMT or 1.0%. For the year ending December 31, 2023, the total aggregate cash costs and total sales volume amounted to ₱5,429.9 million and 4.717 million WMT, respectively. In comparison, for the year ending December 31, 2022, the total aggregate cash costs and total sales volume were ₱4,257.4 million and 3.735 WMT, respectively.

Cost of Sales

In the year ended December 31, 2023, the cost of sales amounted to ₱3,592.4 million, showing a significant increase compared to ₱2,355.1 million in the previous year, representing a rise of ₱1,237.3 million or 52.5%. This substantial increase in the cost of sales for the year ended December 31, 2023, is primarily attributed to various factors within the Group's Palawan mining operations, which began its commercial operations in September of the preceding year.

The specific components contributing to this increase, along with their respective increments compared to year 2022, are as follows:

- Contract hire: An increase of ₱785.9 million or 54.0%.
- Personnel costs: An increase of ₱186.4 million or 86.1%.
- Depreciation and depletion: An increase of ₱91.7 million or 28.8%.
- Fuel, oil, and lubricants: An increase of ₱87.9 million or 100.0%.
- Operation overhead: An increase of ₱42.1 million or 177.7%.
- Community relations: An increase of ₱30.5 million or 48.3%.
- Repairs and maintenance: An increase of ₱30.4 million or 120.7%.
- Assaying and laboratory: An increase of ₱14.7 million or 107.6%.

These factors combined led to the significant rise in the cost of sales during the year, driven mainly by the ongoing operations and expansion of the Group's Palawan mining activities.

Excise Taxes and Royalties

Excise taxes and royalties amounted to ₱851.2 million and ₱842.9 million for the years ended December 31, 2023 and 2022, respectively. These expenses are calculated and paid based on the percentage of sales of nickel ore.

The specific factors contributing to the fluctuations in this account compared to the previous year are outlined below:

- Excise taxes: Increased to ₱337.1 million from ₱246.8 million, marking a rise of ₱90.3 million or 36.6%, attributed to the increased sale of nickel ore.
- Royalties to indigenous peoples: Rose to ₱100.2 million from ₱60.2 million, showing a ₱40.0 million or 66.5% increase, driven by the heightened sale of nickel ore, including accrual of royalties to indigenous communities from the Palawan mine since the commencement of its commercial operations in September 2022, up to the end of the calendar year on December 31, 2023.
- Royalties to the government: Declined to ₱223.9 million from ₱301.1 million, reflecting a decrease of ₱77.2 million or 25.6%. This reduction is due to the decreased sale of nickel ore from the Surigao Mine. Notably, only our Surigao Mine is subject to the 5% royalty to the government as it operates within the mineral reservation area.
- Royalties to claim-owners: Fell to ₱189.9 million from ₱234.8 million, indicating a decrease of ₱44.9 million or 19.1%. This decrease is attributable to the reduced sale of nickel ore from the Surigao Mine. It's important to highlight that the Group pays royalties to claim-owners exclusively in its Surigao mining operations and not in its Palawan Mine.

General and Administrative

In the year ended December 31, 2023, the general and administrative expenses amounted to ₱1,146.9 million, which showed an increase compared to ₱946.2 million in 2022, higher by ₱200.7 million or 21.2%. This was mainly due to the increase in taxes and licenses, outside services, marketing and entertainment, and personnel costs amounted to ₱100.6 million, ₱98.2 million, ₱36.8 million, and ₱15.4 million, respectively. The rise in this expense account is mainly attributable to the Group's Palawan mining operations.

Shipping and Distribution

For the year ending December 31, 2023, shipping and loading costs totaled ₱397.4 million, representing a decrease compared to ₱614.9 million in the previous year ending December 31, 2022, marking a decrease of ₱217.5 million or 35.4%. This reduction is attributed to the decreased volume of shipments from the Surigao mining operations and fewer cost and freight shipment arrangements during the year compared to the previous year.

Finance Costs

Finance costs amounted to ₱275.6 million for the year ending December 31, 2023, compared to ₱159.1 million for the year ending December 31, 2022, representing a substantial increase of ₱116.5 million or 73.2%. This significant rise is primarily attributed to the recognition of an accretion interest expense amounting to ₱142.3 million. This expense is associated with the noninterest-bearing liability resulting from the acquisition of an associate company the previous year.

Share in Net Income (Loss) of Investment in Associates

In accordance with Philippine Accounting Standards (PAS) 28, "Investment in Associates and Joint Ventures," the Group applies the equity method of accounting to recognize its share of the net earnings or losses from associates. For the year ending December 31, 2023 and 2022, the Group's share in the net income of its investment in an associate amounted to ₱158.9 million and ₱219.5 million, respectively. During the year ending December 31, 2023, this reflects the Group's recognition of net income from its investment in GHGC. Conversely, for the year December 31, 2022, the recognition pertains to the Group's absorption of net losses from its investment in SPNVI and subsidiaries, and recognition of net income from its investment in GHGC. Notably, as of December 22, 2022, SPNVI transitioned from an associate to a subsidiary of the Group, thus discontinuing its associate status.

Other Income (Charges) - net

For the year ending December 31, 2023, net other charges amounted to ₱83.2 million, which represents a decrease from the ₱644.9 million recorded net other income in the previous year, marking a decline of ₱728.1 million or 112.9%. This decrease is primarily attributed to the following other income recognized by the Group in the previous year:

- Final and full settlement received by MHC from its case against Holcim Philippines, Inc. (Holcim), net of reimbursements, amounting to ₱680.0 million.
- Day 1 gain recognized by the Group, amounting to ₱504.3 million, applicable to the present value of the non-interest-bearing liability in relation to the purchase of GHGC, an associate, discounted using the prevailing market interest rate.

Provision for Income Tax

For the year ending December 31, 2023, the net provision for income tax amounted to ₱814.2 million, showing a contrast to the ₱537.7 million recorded in the previous year. This represents an increase in the provision of ₱276.5 million or 51.4%. The rise in the provision is mainly due to the taxable income generated from the Group's Palawan mining operations.

Total Comprehensive Income - net of tax

Net Income

Due to the factors mentioned above, the consolidated net income for the year ending December 31, 2023, totaled ₱1,813.1 million, which is a decrease from the ₱2,155.1 million recorded in the previous year. This represents a decrease of ₱342.0 million or 15.9%. After accounting for non-controlling interests, the net income attributable to equity holders of the Parent Company amounted to ₱1,544.1 million for the year ending December 31, 2023, in comparison to ₱1,921.4 million in the preceding year.

Currency Translation Adjustment

The Group has recognized cumulative translation adjustments, net of tax, amounting to (₱1.1 million) and ₱114.8 million for the years ending December 31, 2023 and 2022, respectively. These adjustments relate to the exchange differences that arise from translating a subsidiary's functional currency into the presentation currency of the Parent Company.

Remeasurement Gain (Loss) on Retirement Obligation

Remeasurement gain on retirement obligation - net of tax recognized in 2023 amounted to ₱8.7 million, compared to the remeasurement loss on retirement obligation - net of tax recognized in 2022 amounted to ₱8.2 million.

Year ended December 31, 2022 compared with year ended December 31, 2021

Revenues

The Group's revenues for the year ended December 31, 2022 amounted to ₱6,731.4 million compared to ₱7,708.1 million for the year ended December 31, 2021, a decrease of ₱976.7 million or 12.7%. The bulk of the Group's 2022 revenues come from its mining operations accounting for about 97.7% of the total revenues, while the remaining 2.3% pertains to revenues for services rendered to its customers.

Nickel Ore Export Revenues

The Group's sale of nickel ore for the year ended December 31, 2022 generated total export revenues of ₱6,575.0 million compared to ₱7,708.1 million in the year ended December 31, 2021, a decrease of ₱1,133.1 million or 14.7%. The decrease was mainly due to the lower volume of nickel ore shipped this year compared to the prior year.

The sale of nickel ore for the year ended December 31, 2022 was 3.735 million WMT, lower by 1.152 million WMT or 23.6%, compared to 4.887 million WMT of nickel ore in the year ended December 31, 2021. The Group completed 69 shipments of nickel ore during the year ended December 31, 2022 as against 90 shipments of nickel ore during the same period last year mainly due to adverse weather conditions. The 69 shipments that the Group delivered to its customers in 2022 include one shipment from its Ipilan Mine covering the period December 23 to 31, 2022 after the Group acquired control over the Ipilan Mine on December 22, 2022. The two (2) operating mines of FNI will give it the ability to undertake year-round production to better support the growing demand from China.

The resulting product mix was 76% low-grade ore and 24% medium-grade ore in 2022 versus the previous year's mix of 77% low-grade ore and 23% medium-grade ore. These shipments sold solely to Chinese customers consisted of 2.830 million WMT low-grade nickel ore and 0.905 million WMT medium-grade nickel ore compared to 3.761 million WMT low-grade nickel ore and 1.126 million WMT medium-grade nickel ore of the same period in 2021.

The overall average realized nickel ore price for the year ended December 31, 2022 was slightly lower by US\$0.10/WMT or 0.3%, US\$31.68/WMT compared to US\$31.78/WMT for the year ended December 31, 2021. Low-grade ore was US\$1.62/WMT or 5.4% lower, US\$28.45/WMT in 2022 compared to US\$30.07/WMT in 2021. On the other hand, medium-grade ore was US\$4.32/WMT or 11.5% higher, US\$41.79/WMT in 2022 compared to US\$37.47/WMT in 2021.

The average realized Peso over US\$ exchange rate for the Group's nickel ore export revenues was ₱55.56 compared to ₱49.63 of the same period last year, higher by ₱5.93 or 11.9%.

Service Revenues

The service income earned by the Group amounting to ₱156.4 million for the year ended December 31, 2022 pertains to port services rendered by MHC, a subsidiary, to its customers amounting to ₱126.1 million, and barging services rendered by the Group to its associate amounting to ₱30.3 million. The service revenue for the year ended December 31, 2022 includes the accounts of MHC after it became a subsidiary in December 2021 compared to no consolidation take-up yet for the same period of last year.

Also, the Group earned service income for the LCTs chartered by PGMC and INC from PCSSC, amounted to ₱50.9 million for the year ended December 31, 2022 as compared to ₱81.3 million for the same period last year. This service income is eliminated in full in the consolidated financial statements.

Cost and Expenses

The cost and expenses include cost of sales, excise taxes and royalties, general and administrative expenses, and shipping and distribution. The cost and expenses amounted to ₱4,759.1 million for the year ended December 31, 2022 compared to ₱4,517.5 million for the year ended December 31, 2021, an increase of ₱241.6 million or 5.3%. The average cash operating cost per volume sold increased to ₱1,139.88 per WMT in 2022 from ₱849.30 per WMT, higher by ₱290.58 per WMT or 34.2%, attributable to lower volume shipped in 2022 compared to the same period last year mainly due to adverse weather conditions and increase in cost and expenses (see below for further analyses). Also, the cost and expenses for the full year in 2022 includes the accounts of MHC after it became a subsidiary in December 2021 compared to no consolidation take-up yet for the same period of last year.

Cost of Sales

The cost of sales went up from ₱2,287.0 million for the year ended December 31, 2021 to ₱2,355.1 million for the same period this year, an increase by ₱68.1 million, or 3.0%, broken down mainly as follows: (a) Decrease in contract hire by ₱83.0 million (from ₱1,538.8 million in 2021 to ₱1,455.8 million in 2022), or 5.4% mainly due to lower volume shipped this year compared to the prior year; (b) Increase in depreciation, depletion and amortization by ₱46.7 million (from ₱271.4 million), or 17.2% mainly due to PGMC's acquisition of transportation and handling equipment during the year used in its mining operations; (c) Increase in fuel, oil and lubricants by ₱35.1 million or 66.4% (from ₱52.8 million) mainly due to higher fuel prices. The Group's Surigao mine operations average fuel price was ₱62.60 per liter in 2022, 81.3% higher than the 2021 average fuel price of ₱34.52 per liter, while the consumption slightly decreased by 2.4%; and (d) Increase in environmental protection and community relations costs by ₱28.4 million or 50.8% and ₱10.3 million or 19.5%, respectively. Also, please note that the cost of sales for the year ended December 31, 2022 includes the accounts of MHC after it became a subsidiary in December 2021 compared to no consolidation take-up yet for the same period of last year.

Excise Taxes and Royalties

Excise taxes and royalties were ₱842.9 million and ₱1,043.4 million for the years ended December 31, 2022 and 2021, respectively. Since these expenses were computed and paid based on the percentage of revenues, the decrease in revenues consequently decreased the excise taxes and royalties taken up.

General and Administrative

General and administrative expenses were ₱946.2 million in 2022 compared to ₱734.2 million in 2021, an increase of ₱212.0 million, or 28.9%. The increase was mainly due to the increase in depreciation, personnel costs, outside services, consultancy fees, and travel and transportation, amounted to ₱62.6 million, ₱40.4 million, ₱22.7 million, ₱16.9 million, and ₱10.1 million, respectively. The increase in depreciation was attributable to the full year amortization of right-of-use assets in 2022 compared to nine (9) months amortization in 2021 starting April 1, 2021. In addition, during the year the Group recognized a provision for impairment loss on trade receivables amounted to ₱23.6 million. Also, the general and administrative expenses in 2022 includes the accounts of MHC after it became a subsidiary in December 2021 compared to no consolidation take-up yet for the same period of last year.

Shipping and Distribution

Shipping and loading costs were ₱614.9 million for the year ended December 31, 2022 compared to ₱452.8 million in the same period last year, higher by ₱162.1 million, or by 35.8%. The increase was mainly attributable to the freight cost incurred for the Group's cost and freight shipments and increase in fuel, oil and lubricants.

Finance Costs

Finance costs amounted to ₱159.1 million in 2022 compared to ₱65.2 million of the same period last year, an increase of ₱93.9 million, or 144.0%. The increase was mainly due to the increase in interest expense by ₱24.7 million attributable to the TCB loan (the Group increased its TCB loan availment to US\$15 million on July 29, 2021); increase in interest expense on lease liabilities by ₱29.4 million; and increase in the amount of ₱40.6 million attributable to the recognized accretion of interest expense for the non-interest-bearing liability. Also, the finance costs in 2022 includes the accounts of MHC after it became a subsidiary in December 2021 compared to no consolidation take-up yet for the same period of last year.

Share in Net Income (Loss) of Investment in Associates

In accordance with Philippine Accounting Standards (PAS) 28, *Investment in Associates and Joint Ventures*, the Group recognizes its share in the net earnings or losses of its associate using the equity method of accounting. The share in net income of investment in associates amounted to ₱219.5 million for the year ended December 31, 2022 compared to the share in net loss of investment in associates amounted to ₱52.1 million for the year ended December 31, 2021, an increase to net income of ₱271.6, or 521.1%. For the period January 1, 2022 to December 21, 2022 (periods covered before SPNVI became a subsidiary), the share in net income represents net income take-up in relation to the Group's investment in SPNVI. MHC became a subsidiary of the Group as at December 31, 2021 as a result of the Group's additional 23.98% capital buy out of one (1) of the shareholders of MHC, bringing the investment interest to date to 64.03%, in accordance with PFRS 3, *Business Combinations*. For the year ended December 31, 2021, the share in net loss represents the net loss take-up in relation to the Group's investments in SPNVI and MHC. The increase in the amount of the Group's share in the net income was mainly due to the start of commercial operations of SPNVI's subsidiary, INC, as it completed its first shipment of nickel in the third quarter and recognized revenues in the last two (2) quarters of this year.

Bargain Purchase Gain and Loss on Remeasurement of Investment in an Associate

On December 29, 2021, the Group acquired an additional 23.98% interest in MHC and thereby gained control over MHC as at December 31, 2021. This transaction resulted in a provisional gain on a bargain purchase and loss on remeasurement of the previously held equity method investment amounting to ₱45.8 million and ₱41.4 million, respectively. The Group finalized its purchase price allocation for the acquisition of MHC during the year as allowed by the accounting standard resulting in a bargain purchase gain amounted to ₱176.9 million.

Other Income (Charges) - net

Net other income amounted to ₱644.9 million in 2022 compared to net other charges amounted to ₱519.8 million in 2021, an increase of ₱1,164.7 million, or 224.1%. The increase in other income was mainly due to the following: (a) Final and full settlement received by MHC from its case against Holcim Philippines, Inc. (Holcim), net of reimbursements, amounting to ₱680.0 million; (b) Day 1 gain recognized by the Group amounting to ₱504.3 million applicable to the present value of the non-interest-bearing liability in relation to the purchase of GHGC Holdings Ltd. (GHGC), an associate, discounted using the prevailing market interest rate; (c) Net demurrage incurred amounted to ₱15.3 million and ₱586.9 in 2022 and 2021, respectively. The Group encountered more rainy days this year compared to the same period last year, with this the Management made conscious efforts in scheduling the Surigao mine's production, employing prudent stockpiling activities, and scheduling vessel arrivals; and (d) The Group recognized a loss on derecognition of deposits for future acquisition amounting to ₱469.3 million resulting from the Termination of the Contract to Sell by the Parent Company and stockholders of SPNVI.

Provision for Income Tax

The net provision for income tax was ₱537.7 million for the year ended December 31, 2022 compared to ₱588.8 million in the same period last year, a decrease of ₱51.1 million or 8.7%. The Group's current provision for income tax represents regular corporate income tax (RCIT) and SCIT (5% tax on gross income) in 2022 and RCIT in 2021. It also represents amounts which are expected to be paid to different taxation authorities, the BIR in the Philippines and the Inland Revenue Department (IRD) in Hong Kong. The decrease was due to the lower taxable income earned during the year compared to the prior year.

Total Comprehensive Income - net of tax

Net Income

As a result of the foregoing, the consolidated net income was ₱2,155.1 million for the year ended December 31, 2022 compared to ₱2,106.8 million (as restated) in the same period last year, an increase of ₱48.3 million or 2.3%. Net of non-controlling interests, the net income attributable to equity holders of the Parent Company for the year ended December 31, 2022 amounted to ₱1,921.4 million compared to ₱2,106.4 million in the prior year.

Currency Translation Adjustment

The Group had recognized currency translation adjustment, net of tax amounted to ₱114.8 million and ₱64.1 million for the years ended December 31, 2022 and 2021, respectively, which pertained to the exchange differences arising on the translation of a subsidiary's functional currency to the presentation currency of the Parent Company.

Remeasurement Gain (Loss) on Retirement Obligation

Remeasurement loss on retirement obligation - net of tax recognized in 2022 amounted to ₱8.2 million, compared to the remeasurement gain on retirement obligation - net of tax recognized in 2021 amounted to ₱35.1 million.

Year ended December 31, 2021 compared with year ended December 31, 2020

Export Revenues

The Group's sale of nickel ore for the year ended December 31, 2021 generated total export revenues of ₱7,708.1 million compared to ₱7,262.6 million in the year ended December 31, 2020, an increase of ₱445.5 million or 6.1%. The increase was attributable to higher prices of nickel ore compared to 2020.

The sale of nickel ore for the year ended December 31, 2021 was 4.887 million WMT, lower by 0.738 million WMT or 13.1%, compared to 5.625 million WMT of nickel ore in the year ended December 31, 2020. The Group shipped 90 vessels of nickel ore during the year ended December 31, 2021 as against 103 vessels of nickel ore during the same period last year mainly due to bad weather conditions. The resulting product mix was 77% low-grade ore and 23% medium-grade ore in 2021 versus the previous year's mix of 68% low-grade ore and 32% medium-grade ore. These shipments sold solely to Chinese customers consisted of 3.761 million WMT low-grade nickel ore and 1.126 million WMT medium-grade nickel ore compared to 3.831 million WMT low-grade nickel ore and 1.794 million WMT medium-grade nickel ore of the same period in 2020.

The average realized nickel ore prices for 2021 were higher than 2020, specifically: (1) Low-grade ore was US\$30.07/WMT in 2021, 22.2% higher than 2020 price of US\$24.61/WMT; and (2) Medium-grade ore was US\$37.47/WMT, 27.2% higher than 2020 price of US\$29.47/WMT. The overall average realized nickel ore price for the year ended December 31, 2021 was US\$31.78/WMT compared to US\$26.16/WMT for the year ended December 31, 2020, higher by US\$5.62/WMT or 21.5%.

The average realized Peso over US\$ exchange rate for the Group's export revenues was ₱49.63 compared to ₱49.35 of the same period last year, higher by ₱0.28 or 0.6%.

Service Revenues

The service income earned for the LCT chartered by PGMC from its subsidiary, PCSSC, amounted to ₱81.3 million for the year ended December 31, 2021 as compared to ₱82.6 million for the year ended December 31, 2020.

Cost and Expenses

The cost and expenses include cost of sales, excise taxes and royalties, general and administrative expenses, and shipping and distribution. The cost and expenses amounted to ₱4,517.5 million for the year ended December 31, 2021 compared to ₱4,553.3 million for the year ended December 31, 2020, a decrease of ₱35.8 million or 0.8%. The average cash operating cost per volume sold increased to ₱849.30 per WMT in 2021 from ₱720.30 per WMT, higher by ₱129.00 per WMT or 17.9%, attributable to lower volume shipped in 2021 compared to the same period last year mainly due to bad weather conditions. For the year ended December 31, 2021, the total aggregate cash costs and total sales volume were ₱4,150.5 million and 4.887 million WMT, respectively. For the year ended December 31, 2020, the total aggregate cash costs and total sales volume were ₱4,051.7 million and 5.625 million WMT, respectively.

Cost of Sales

The cost of sales went down from ₱2,368.0 million for the year ended December 31, 2020 to ₱2,287.0 million for the same period this year, a decrease by ₱81.0 million, or 3.4%, broken down mainly as follows: (a) decrease in contract hire by ₱136.8 million (from ₱1,675.6 million in 2020 to ₱1,538.8 million in 2021), or 8.2%; (b) increase in personnel costs by ₱33.7 million (from ₱167.1 million), or 20.2%; (c) increase in fuel, oil, and lubricants by ₱24.3 million (from ₱28.5 million), or 85.3%; (d) increase in environmental protection costs by ₱24.0 million (from ₱31.8 million), or 75.5%; and (e) decrease in depreciation, depletion and amortization by ₱19.1 million (from ₱290.6 million), or 6.6%. The decrease in cost of sales was brought about mainly by the lower volume produced and shipped in the current year compared to the prior year. In addition, the decrease in depreciation, depletion and amortization was due to lower average depletion and amortization rates used because of the increase

in ore reserves based on the latest PMRC Report. On the other hand, the increase in fuel, oil, and lubricants was mainly due to higher fuel prices this year compared to the same period in 2020 and increase in fuel consumption due to additional activities in CAGA 1 for road construction and widening, rehabilitation and other related activities. Moreover, the increase in environmental protection costs was due to the 2020 EPEP planned activities not implemented due to pandemic but was rescheduled in 2021.

Excise Taxes and Royalties

Excise taxes and royalties were ₱1,043.4 million and ₱959.8 million for the years ended December 31, 2021 and 2020, respectively. Since these expenses were computed and paid based on the percentage of revenues, the increase in revenues consequently increased the excise taxes and royalties taken up.

General and Administrative

General and administrative expenses were ₱734.2 million in the year ended December 31, 2021 compared to ₱794.3 million in the year ended December 31, 2020, a decrease of ₱60.1 million, or 7.6%. The decrease was mainly attributable to the provision for impairment losses on input value-added tax (VAT) taken up by the Group in 2020 amounted to ₱160.9 million compared to provision recognized in 2021 amounted to ₱3.9 million. These are long-standing input VAT and the management deemed it prudent to take a conservative approach to the Group's financials. In addition, the Group is taking the necessary steps to realize these input VAT in the future. The decrease was offset by the increase in depreciation, taxes and licenses, and repairs and maintenance amounted to ₱39.8 million, ₱27.1 million and ₱19.8 million, respectively. The increase in depreciation and amortization expense was mainly attributable to the amortization of the increase in right-of-use asset as discussed in the financial position section.

Shipping and Distribution

Shipping and loading costs were ₱452.8 million for the year ended December 31, 2021 compared to ₱431.1 million in the same period last year, up by ₱21.7 million, or 5.0%. The increase was mainly due to the increase in fuel, oil and lubricants, stevedoring charges and shipping expenses, and personnel costs amounted to ₱12.5 million, ₱6.9 million, and ₱6.1 million, respectively.

Finance Costs

Finance costs amounted to ₱65.2 million in the year ended December 31, 2021 compared to ₱54.9 million in the year ended December 31, 2020, an increase of ₱10.3 million, or 18.8%. The increase was mainly due to the increase in interest expense attributable to the new TCB loan during the year.

Share in Net Income (Loss) of Investment in Associates

The share in net loss of investment in associates amounted to ₱52.1 million for the year ended December 31, 2021 compared to the share in net income of investment in associates amounted to ₱35.7 million for the year ended December 31, 2020, an increase in the net loss of ₱87.8, or 245.9%. This represents: (a) net loss take-up for deposits for future acquisition amounting to ₱3.0 million in 2021 and ₱0.5 million in 2020, in accordance with Philippine Accounting Standards (PAS) 28; and (b) share in net loss on the investment in Seasia Nectar Port Services Inc. (SNPSI) amounting to ₱49.1 million in 2021, and share in net income on the investment in SNPSI amounted to ₱36.2 million in 2020. The net loss incurred by SNPSI in 2021 was due to the impact of the COVID-19 pandemic. The volume of import cargoes such as fertilizer, coal and cement decreased in 2021.

Bargain Purchase Gain and Loss on Remeasurement of Investment in an Associate

On December 29, 2021, the Group acquired an additional 23.98% interest in MHC (previously SNPSI) and thereby gained control over SNPSI as at December 31, 2021. This transaction resulted in a provisional gain on a bargain purchase and loss on remeasurement of the previously held equity method investment amounting to ₱45.8 million and ₱41.4 million, respectively. The Group finalized its purchase price allocation for the acquisition of MHC during the year as allowed by the accounting standard resulting in a bargain purchase gain amounted to ₱176.9 million.

Other Charges - net

Net other charges amounted to ₱519.8 million in the year ended December 31, 2021 compared to ₱44.5 million in the year ended December 31, 2020, an increase of ₱475.3 million, or 1,068.1%. The increase in other charges was mainly due to the increase in net demurrage amounting to ₱544.2 million (from ₱42.6 million), or 1,277.5% due to bad weather conditions affecting the operations this year compared to the prior year. Also, average demurrage

rate increased to US\$34,227.78 per day (from US\$11,190.29 per day) or an increase of 205.9% attributable to the increase in nickel ore prices. This was offset by the increase in net foreign exchange gains to ₱39.6 million (from net foreign exchange loss of ₱44.0 million), an increase of net foreign exchange gains by ₱83.6 million, or 190.0%. In addition, the Company recognized a gain on extinguishment of debt amounting to ₱25.7 million as a result of the settlement of advances from Huarong during the year. For the year ended December 31, 2020, ₱40.2 million was collected from a customer's receivables previously provided with an allowance for impairment loss that contributed to the increase in other income in 2020.

Provision for Income Tax

The net provision for income tax was ₱588.8 million for the year ended December 31, 2021 compared to ₱787.6 million in the same period last year, a decrease of ₱198.8 million or 25.2%. The Group's current provision for income tax represents regular corporate income tax for the years ended December 31, 2021 and 2020. It also represents amounts which are expected to be paid to different taxation authorities, the Bureau of Internal Revenue (BIR) in the Philippines and the Inland Revenue Department (IRD) in Hong Kong. The decrease was due to the lower taxable income earned during the year compared to the prior year. Also, as a result of the enactment of Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) effective on July 1, 2020, the Group's provision for current income tax was reduced by ₱57.0 million in 2021.

Total Comprehensive Income - net of tax

Net Income

As a result of the foregoing, the consolidated net income was ₱1,975.7 million for the year ended December 31, 2021 compared to ₱1,865.4 million in the same period last year, an increase of ₱110.3 million or 5.9%. Net of non-controlling interests, the net income attributable to equity holders of the Parent Company for the year ended December 31, 2021 amounted to ₱1,975.3 million compared to ₱1,867.6 million in the prior year. The net income for the year ended December 31, 2021 was restated to ₱2,106.8 million in 2022 to reflect the finalized amount of bargain purchase gain in relation to the purchase of MHC.

Currency Translation Adjustment

The Group had recognized currency translation adjustment, net of tax amounted to ₱64.1 million and (₱41.8 million) for the years ended December 31, 2021 and 2020, respectively, which pertained to the exchange differences arising on the translation of a subsidiary's functional currency to the presentation currency of the Parent Company.

Remeasurement Gain (Loss) on Retirement Obligation

Remeasurement gain on retirement obligation - net of tax recognized in 2021 amounted to ₱35.1 million, and remeasurement loss on retirement obligation - net of tax recognized in 2020 amounted to ₱11.1 million.

FINANCIAL POSITION

Year as at December 31, 2023 and 2022

As of December 31, 2023, the Group's total assets amounted to ₱17,414.8 million, representing a decrease of ₱558.0 million or 3.1% compared to the total assets of ₱17,972.8 million as of December 31, 2022. The net decrease is attributed to a reduction in current assets by ₱2,048.0 million or 34.2%, coupled with a rise in noncurrent assets by ₱1,490.0 million or 12.4%.

The net decrease in current assets primarily stems from the following factors:

- A 23.2% (₱737.7 million) reduction in cash and cash equivalents - As of December 31, 2023, the Group's cash and cash equivalents decreased from ₱3,180.6 million to ₱2,442.9 million. This decline is attributed to the following factors:
 - Net cash generated from operations amounted to ₱4,845.3 million.
 - During the period, the Group settled its outstanding loans and liabilities, including interest payments, totalling ₱1,604.3 million, resulting in a substantial outflow of cash from the Group's reserves.
 - Additionally, the Group paid dividends to shareholders amounting to ₱519.7 million and fulfilled its income tax obligations amounting to ₱832.7 million, further impacting the Group's cash position.

- Moreover, the Group invested in acquiring a non-controlling interest in its subsidiary, MHC amounting to ₱192.0 million.
- Buyback of FNI shares amounting to ₱295.4 million.
- Deposits made for the purchase of five (5) additional landing craft tanks (LCT) and advances to suppliers.
- As of the current year, trade and other receivables have decreased by ₱1,790.6 million or 79.8%, from ₱2,244.4 million as of December 31, 2022, to ₱453.8 million. This decline resulted from the reduction in trade receivables due to collections from customers during the year.
- Inventories increased to ₱453.2 million, up from ₱292.3 million, representing an increase of 55.1%. This increase is primarily attributed to the increase in ore stockpile produced from our Palawan Mine, contributing ₱137.3 million to the rise in inventories.
- Increase in advances to related parties amounted to ₱346.6 million and decrease in prepayments and other current assets amounted to ₱27.3 million.

The net increase in noncurrent assets is attributable to the following:

- Increase in other noncurrent assets by ₱923.9 million or 70.2%, mainly attributed to the following:
 - Increase in advances to suppliers amounted to ₱422.5 million, reflecting a substantial surge of 110.9%. This notable growth is primarily attributed to the progress payments/deposits made during the year for the purchase of five (5) additional LCTs totaled at ₱397.2 million.
 - Increase in input value-added tax (VAT), including deferred input VAT, amounted to ₱474.6 million during the year.
 - Additional deposit to the mine rehabilitation fund amounted to ₱54.8 million.
- Net increase in property and equipment amounting to ₱334.8 million, which represents an increase of 5.7%. This increase is primarily attributed to the new acquisitions of property and equipment, amounting to ₱869.0 million. However, this decrease was partially offset by depreciation and depletion charges, which amounted to ₱548.7 million during the year.
- Share in net income of an associate, GHGC and subsidiaries, amounted to ₱158.9 million during the year.
- Additional exploration expenditures incurred during the year amounted to ₱58.8 million.

As of December 31, 2023, the total liabilities of the Group amounted to ₱5,134.4 million. This figure reflects a decrease of ₱1,442.7 million or 21.9% compared to ₱6,577.1 million as at December 31, 2022. The net decrease in total liabilities is primarily be attributed to the following factors:

- Payments made towards non-interest bearing liability, loans payable, other current liabilities, and lease liabilities during the year, amounting to ₱558.9 million, ₱491.2 million, ₱312.9 million and ₱63.0 million, respectively.
- A decrease in trade and other payables, and income tax payable amounting to ₱191.0 million and ₱126.6 million, respectively.

Year as at December 31, 2022 and 2021

As at December 31, 2022, total assets of the Group stood at ₱17,972.8 million, an increase of ₱3,430.7 million or 23.6%, from ₱14,542.1 million (as restated) as at December 31, 2021. The net increase was due to the decrease in current assets by ₱978.0 million or 14.0% and increase in noncurrent assets by ₱4,408.7 million or 58.2%.

The net decrease in the current assets was mainly attributable to the following:

- Increase in trade and other receivables by ₱2,181.0 million (from ₱63.3 million as at December 31, 2021) or 3,443.0% is attributable mainly to the shipments during the last quarter with “90-day from the date of Bill of Lading Letter of Credit” terms of payment;
- Decrease in advances to related parties by ₱2,550.6 million or 92.3% which mainly pertains to the application of the Parent Company’s receivables to a stockholder in relation to the acquisition of GHGC and cash dividends declared during the year, net of additions made as at December 31, 2022;
- Decrease in cash and cash equivalents by ₱640.6 million or 16.8% attributable mainly to decrease in cash inflows from operating activities and increase in cash outflows used in investing and financing activities; and
- Increase in inventories by ₱22.8 million or 8.5% is mainly attributable to the ore stockpile inventory from our Palawan Mine.

The net increase in noncurrent assets was attributable to the following:

- Acquisition of 22.22% interest in GHGC for US\$75.0 million or ₱4,270.6 which was recognized by the Parent Company as an investment in associate plus share in net income of GHGC for the period October 1, 2022 to December 31, 2022 amounted to ₱38.0 million;
- Net increase in property and equipment amounting to ₱1,520.4 million or 34.7% was mainly due to: (a) Additions through business combination amounted to ₱1,407.1 million in relation to the acquisition of SPNVI; (b) Acquisitions of transportation and handling equipment such as water trucks, buses and service vehicles and others used in the Group's Surigao mining site operations amounted to ₱325.0 million; (c) Acquisition of a parcel of land amounted to ₱232.6 million consisting of 183,144 square meters located in Brgy. Alas-asin, Mariveles, Bataan for lease in the near future; (c) Reduction by ₱453.0 million and ₱119.4 million representing depreciation and depletion during the year and adjustment to capitalized cost of mine rehabilitation;
- Increase in other noncurrent assets by ₱699.2 million or 113.2% was attributable mainly to increase in advances to suppliers due to the deposits made for the purchase of five (5) additional LCTs and input VAT during the year;
- Additional mine exploration costs incurred during the year amounted to ₱31.7 million; and
- Derecognition of deposits for future acquisition amounted to ₱2,171.0 million in relation to the Termination of Contract to Sell by the Parent Company and the stockholders of SPNVI.

Total liabilities of the Group stood at ₱6,577.1 million as at December 31, 2022, up by ₱2,856.5 million or 76.8%, from ₱3,720.6 million (as restated) as at December 31, 2021. The net increase in the total liabilities was mainly attributable to the following:

- Recognition of non-interest-bearing liability amounting to ₱2,435.7 million pertaining to the remaining balance payable to a stockholder in relation to the purchase of GHGC that is payable in cash installments of US\$10.0 million annually starting in 2023 until fully paid;
- Increase in trade and other payables by ₱220.6 million from ₱731.3 million (as restated) to ₱951.9 million;
- Increase in income tax payable amounting to ₱216.3 million; and
- Net increase in lease liabilities amounting to ₱11.6 million.

CASH FLOWS

Years Ended December 31, 2023, 2022 and 2021

Cash Flows from Operating Activities

The net cash flows from operating activities totaled ₱3,955.4 million for the year ended December 31, 2023, marking a notable increase from ₱1,792.8 million recorded during the corresponding period in 2022. This surge in cash generated from operations stemmed from the substantial contribution of the Group's Palawan mine, attributable to its full-year operational performance.

The net cash flows from operating activities was ₱2,464.3 million for the year ended December 31, 2021, primarily comprising operating income before changes in working capital of ₱2,981.4 million adjusted for net changes in working capital of ₱128.8 million, income taxes paid of ₱563.7 million, interest paid of ₱62.4 million, retirement plan contributions of ₱22.9 million, and interest received of ₱3.1 million.

Cash Flows from Investing Activities

The net cash flows used in investing activities for the years ended December 31, 2023, 2022 and 2021 amounted to ₱2,985.0 million, ₱1,699.5 million, and ₱850.9 million, respectively.

The net cash outflows in 2023 arise mainly from the net acquisitions of property and equipment amounted to ₱869.0 million, increase in advances to related parties amounting to ₱331.9 million, additional mine exploration costs amounting to ₱58.8 million, increase in other noncurrent assets amounting to ₱924.2 million, payment of noninterest bearing liability amounting to ₱558.9 million, acquisition of non-controlling interest amounting to ₱245.6 million, and proceeds from sale of property and equipment amounting to ₱3.4 million.

The net cash outflows in 2022 arise mainly from the net acquisitions of property and equipment amounted to ₱611.3 million, increase in advances to related parties amounting to ₱647.8 million, additional mine exploration

costs amounting to ₱31.7 million, cash acquired for the acquisition of net assets of a subsidiary amounted to ₱82.1 million, and increase in other noncurrent assets amounting to ₱490.8 million.

The net cash outflows in 2021 arise mainly from the net acquisitions of property and equipment amounted to ₱404.6 million, increase in advances to related parties amounting to ₱301.6 million, payment for the acquisition of net assets of a subsidiary amounting to ₱158.7 million, additional mine exploration costs amounting to ₱21.7 million, and decrease in other noncurrent assets amounting to ₱73.9 million.

Cash Flows from Financing Activities

For the years ended December 31, 2023, 2022 and 2021, the net cash flows used in financing activities amounted to ₱1,671.6 million, ₱954.0 million, and ₱393.6 million, respectively.

The net cash outflows in 2023 arise mainly from the payment of cash dividends, bank loans and lease liabilities amounting to ₱519.9 million, ₱491.2 million, and ₱63.0 million, respectively, decrease in advances from related parties amounting to ₱118.8 million, payment of other current liabilities amounting to ₱312.9 million, repurchase of treasury shares amounting to ₱295.5 million, and sale of treasury shares amounting to ₱129.7 million.

The net cash outflows in 2022 arise mainly from the payment of cash dividends, bank loans and lease liabilities amounting to ₱472.9 million, ₱137.6 million, and ₱111.7 million, respectively, decrease in advances from related parties amounting to ₱90.9 million, decrease in other noncurrent liabilities amounting to ₱85.5 million, and repurchase of treasury shares amounting to ₱55.4 million.

The net cash outflows in 2021 arise mainly from the proceeds from avilment of loans amounting to ₱892.8 million, net of payments amounting to ₱460.5 million, repurchase of treasury shares amounting to ₱367.9 million, payment of cash dividends amounting to ₱218.4 million, decrease in advances from related parties amounting to ₱128.0 million, decrease in lease liabilities amounting to ₱101.5 million, and payment of other noncurrent liabilities amounting to ₱10.1 million.

Cash Dividends Payable and Treasury Stock Distributable as Dividends

On May 22, 2013, the BOD of the Parent Company approved the declaration of cash dividends in the amount of ₱1.656 per outstanding common share or ₱10,500 million to stockholders of record as at June 5, 2013, payable on June 12, 2013. In 2014, cash dividends declared and payable to certain shareholders on May 22, 2013 amounting to ₱20.3 million were returned as stale checks and presented as cash dividends payable and will be reissued to such investors subsequent to year-end. As at December 31, 2023, dividends payable amounted to ₱20.2 million.

On December 1, 2014, the BOD approved the adoption of a dividend policy. The Company's current dividend policy provides that at least twenty percent (20%) of the unrestricted retained earnings of FNI for the preceding fiscal year will be declared as dividends. The Company intends to maintain a consistent dividend pay out policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends.

Capital Stock

The capital structure of the Parent Company as at December 31, 2023 and 2022 is as follows:

	2023	2022
Authorized shares	11,957,161,906	11,957,161,906
Par value	₱1.05	₱1.05
Total authorized capital stock	₱12,555,020,001.30	₱12,555,020,001.30
Issued shares	6,072,357,151	6,072,357,151
Total capital stock (amounts in thousand Pesos)	₱6,375,975	₱6,375,975

The Parent Company has only one (1) class of common shares. The common shares do not carry any right to fixed income.

As discussed in the Corporate Information section, the BOD and stockholders of the Parent Company approved a capital restructuring through a reverse stock split. In relation to this, the Parent Company applied for an increase in its authorized capital stock which was approved by the SEC on November 7, 2016. Out of the increase in capital stock, an individual stockholder subscribed a total of ₱20,000.40 divided into 19,048 common shares at a par value of ₱1.05.

The Parent Company applied for an increase in its authorized capital stock from ₱2,555.0 million divided into 7,300,000,000 common shares with a par value of ₱0.35 per share to ₱12,555.0 million divided into 35,871,428,572 common shares with a par value of ₱0.35 per share. The increase in the authorized capital stock as well as the issuance of the 10,463,093,371 common shares to the Thirteen Stockholders in accordance with the Share Swap transaction was approved by the SEC on December 22, 2014.

Parent Company Follow-on Offering

On July 20, 2018, the Parent Company completed its 250,000,000 common shares follow-on offering at an offer price of ₱2.07 with total proceeds of ₱517.5 million. On the same date, all the 6,072,357,151 issued shares of the Parent Company, including the common shares issued in accordance with the Share Swap transaction approved by the SEC on December 22, 2014, private placement and follow-on offer shares, are listed in the PSE.

The issuance of the 250,000,000 common shares resulted in an increase in the common stock and recognition of additional paid-in capital amounted to ₱262.5 million and ₱239.0 million (net of transaction costs directly attributable to the issuance of new common shares), respectively.

The following table summarizes the track record of registrations of securities under the Securities Regulation Code.

Transaction	Subscribers	Registration Date	Issue/Offer Price	Number of Shares
Initial registration	Various	October 1994	1.50	5,000,000,000
Additional registration	Various	September 1996	–	1,150,000,000
Exempt from registration	Various	December 1998	–	305,810,000
Exempt from registration	Two individuals	June 2013	0.35	554,000,000
Additional registration	Various	July 2018	2.07	250,000,000
				7,259,810,000

Treasury Stock

The Parent Company has 947,181,464 shares amounting to ₱2,129.8 million and 882,571,322 shares amounting to ₱1,968.2 million in treasury shares as at December 31, 2023 and 2022, respectively.

In 2023 and 2022, the Parent Company purchased a total of 116,508,000 common shares amounting to ₱295.4 million and 20,527,000 common shares amounting to ₱55.4 million, respectively. As at December 31, 2023, the Company purchased a total of 1,126,663,414 common shares amounting to ₱2,766.5 million. This is pursuant to the Share Buyback Program which was approved by the BOD on June 29, 2016 and May 15, 2018. The estimated number of shares for re-purchase, approved and authorized by the BOD is up to 10% and an additional 5% of the total outstanding shares of the Parent Company, respectively. On December 22, 2020, the BOD approved to buy back an additional 5% of the Parent Company's outstanding shares for three (3) years at market price. As at December 31, 2023 and 2022, the Parent company repurchased about 19% and 17% of its outstanding shares, respectively.

Employee Stock Option Plan (ESOP)

On June 29, 2016, the BOD and stockholders of the Parent Company approved the establishment of an ESOP (which covers the qualified employees of the subsidiaries of the Parent Company), the details of which shall be subject to the approval of the Compensation Committee. On May 9, 2017, the Compensation Committee and the BOD approved the Employee Stock Option Master Plan which is a share-based compensation plan. It also approved the granting of the First Tranche which comprised the 20,000,000 option grants to be vested over three

(3) years at a strike price of ₱2.00 and 20,000,000 share/stock grants to be granted over two (2) years (i.e., 10,000,000 share/stock grants each year).

Special Stock Grant

The stock grant agreement in relation to the Employee Stock Option Master Plan was executed on December 27, 2017, the grant date, between the Parent Company and the grantees. A total of 10,100,000 treasury shares of the Parent Company was granted to PGMC, then subsequently issued and awarded by PGMC to its employees as recognition for their past services. The basic terms and conditions of the stock grant are as follows:

- The participants of the special stock grant are the officers and employees of its significantly owned subsidiaries as selected and approved by the Compensation Committee;
- The shares granted under the 2017 Plan will be registered in the employee's name and will have a lock-in period of two (2) years from the date of grant;
- As the owner of record, the employee will have the right to vote shares and receive dividends; and
- During the lock-in period, such shares of stocks granted may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of. Pursuant to this, the certificate covering the shares of stock will be held in escrow by the designated escrow agent, and will be released at the end of the lock-in period.

The second tranche of the Stock Grant was executed on December 28, 2018, the grant date, between the Parent Company and the grantees. A total of 9,900,000 treasury shares of the Parent Company was granted to PGMC, then subsequently issued and awarded by PGMC to its employees as recognition for their past services. The basic terms and conditions of the stock grant are the same as that of the 2017 Stock Grant.

As of date, the stock grants have been released to the grantees since the lapse of the lock-in periods.

Key Performance Indicators (KPIs)

The Group identified the following KPIs:

<i>KPI</i>	<i>Formula</i>	<i>2023</i>	<i>2022</i>	<i>2021</i> <i>(As restated)</i>
Profitability				
1. Return on Equity	Profit for the Year / Average Total Equity	15.3%	19.6%	20.0%
2. Return on Assets	Profit for the Year / Average Total Assets	10.2%	13.6%	15.5%
3. Earnings Per Share	Profit for the Year / Adjusted Weighted Average Number of Common Shares Outstanding	0.30	0.37	0.40
Leverage				
4. Debt-to-Equity Ratio	Total Liabilities / Total Equity	0.42:1	0.57:1	0.31:1
Liquidity				
5. Current Ratio	Current Assets / Current Liabilities	1.72:1	1.99:1	5.13:1

Trends, Events or Uncertainties

Recent Trends and Outlook

The production of nickel pig iron (NPI) in Indonesia is expected to increase in 2024 due to the expansion of high-pressure acid leaching (HPAL) plants that produce mixed hydroxide precipitate (MHP). Additionally, there is a growing trend towards converting NPI into nickel matte. On the other hand, China is expected to see a decrease in NPI production, although there is optimism around nickel cathode and nickel sulphate production, driven by the rising demand for nickel in batteries used for electric vehicles (EVs) and energy storage systems.

Indonesia’s dominance

The nickel production in Indonesia rose from 177,000 metric tons in 2014 to an estimated 1,800,000 metric tons in 2023, as a result of aggressive government measures that drove downstream processing. This backdrop highlights the country’s emergence as a global powerhouse that is reshaping supply dynamics and potentially impacting global prices.

China’s nickel ore import

Total nickel ore imports were 54 million WMT in 2023, with Philippine nickel ore imports comprising the majority. The import volume in 2024 is expected to decrease to approximately 51.5 million WMT, with imports from non-main producing countries contributing around 6.5 million WMT.

Low grade, high iron nickel ore market

Imports of NI 0.6-0.7% grade nickel ores surged significantly in the year due to increasing demand from local carbon steel producers resulting from competitive prices and high-cost performance. Supply is expected to climb further in 2024, owing to increased output from nickel mines in the Homonhon region. Some mines are anticipated to lower medium-grade exports in favor of low-grade nickel ore as local demand and market conditions improve.

For NI 0.9% grade nickel ores, imports also increased over the previous year. Factors such as factory replenishment and the creation of fresh local demand all led to higher imports. For 2024, imports are expected to be lower or comparable to those in 2023 due to factors such as environmental concerns and uncertainty in domestic demand. Supply may increase further as some mines increase output, but demand is projected to remain constrained.

Medium and high-grade nickel ore market

Domestic NPI factories experienced issues in 2023 attributed to factory competitiveness in Indonesia and pricing concerns. This resulted in a large decrease in both supply and demand which led to lower imports of medium and high-grade nickel ore. The market trended in a “V” shape with volatility caused by variables such as weather and supply interruptions. In particular, prices initially soared due to supply constraints before eventually declining as supply increased, resulting in a state of low supply and demand.

China’s domestic nickel ore consumption

The amount of nickel ore consumed in 2023 was 52.7 million tons, a marginal rise over 2022. It is projected that the total consumption would drop to 48.6 million tons in 2024. The amount of medium- and high-grade nickel ores consumed reached 36.44 million tons in 2023, and is predicted to be at 32 million tons in 2024. The amount of low-grade, high-iron nickel ore that was used climbed to 16.26 million tons in 2023 and is expected to be at 16.60 million tons in 2024.

The Company’s financial results reflect how well FNI has demonstrated resilience despite the challenges of the COVID-19 pandemic. This, along with its recent operational achievements in key strategic areas, points to a strong momentum going forward.

On the demand side, the outlook for the nickel industry remains compelling, driven by fundamental drivers such as population and income growth, urbanization, and energy transition.

For more than a decade, China has been and will continue to be the world’s largest nickel consumer. In the short term, the easing of its COVID-19 restrictions as well as the reopening of the economy is expected to resume construction activity and support the recovery of demand for stainless steel and by extension on the nickel market. Additionally, China’s infrastructure investment plan can also shore up the country’s real estate sector. Reflecting these anticipated developments as well as the increasing usage of nickel in batteries for EV, intergovernmental organization INSG now estimates the global demand for nickel to increase 11% from 2.89 million tonnes in 2022 to reach 3.22 million tonnes in 2023. In terms of price outlook, research provider Fitch Group revised up its LME spot price forecast by 10% from US\$20,000 to US\$22,000 per tonne for 2023, while S&P Global expects the average LME three-month price to climb 5% from a year earlier to US\$26,838 per tonne.

In the long term, nickel demand is projected to grow further due to its wide range of applications in EV batteries and related infrastructure such as charging stations. New research from the World Bank finds that electric mobility has not only become key to decarbonization for several major economies, but also increasingly relevant for low- and middle-income countries (LMICs). The research suggests that global policy targets such as having 30% new passenger vehicles to be electric by 2030, will make economic sense for many LMICs.

On the supply side, Indonesia and the Philippines will predominantly be the top nickel producing countries, as was the case since 2010. As recent as 2022, the Philippines was China's largest source of nickel ore accounting for 83% of its total imports, according to statistics from China Customs. Looking ahead, INSG projects global nickel output to rise from 3.04 million tonnes in 2022 to 3.39 million tonnes in 2023, creating a market surplus of 171,000 tonnes. Over the medium to long term, the Fitch Group is of view that global nickel mine production is set to grow by an average of 5% annually from 2022 to 2026, with strong nickel ore output from Indonesia and Philippines this year.

Inevitably, with such huge potential also comes complexity. As a major nickel miner, the Company recognizes that there are external headwinds which may have a negative impact on its performance and in the industry including fuel price spikes, natural disasters, conflicts, increased mining taxation, and other factors over which it has no control. Despite these uncertainties, the Company draws strength from the resilience that the organization has already shown over the years, underpinned by its highly experienced leadership team who has operated in most market conditions, and a clear strategy to continue to deliver for all stakeholders.

Uncertainties

There are no known significant uncertainties that will result in or that are reasonably likely to result in the Company's principal risks increasing or decreasing in a material way.

Capital Expenditures

As at December 31, 2023, the Group's capital expenditures amounted to ₱869.0 million, allocated towards expanding mine facilities and causeways, and acquiring land for future projects.

Operational and Financial Requirements

The Group maintains liquid assets in order to meet future operational and financial requirements.

Material Contingencies and Off-Balance Sheet Obligations

The Group is not aware of any significant commitment, guarantee, litigation or contingent liability during the reported period other than those discussed in this report and the audited consolidated financial statements.

Events that will Trigger Direct or Contingent Financial Obligation

The group is not aware of any event that will trigger a direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

Item 7. Financial Statements

A copy of the audited consolidated financial statements of the Company as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 is attached hereto as **Annex "A"** and incorporated herein by reference.

Statement of Management’s Responsibility - See Statement of Management’s Responsibility for Financial Statements attached to the audited consolidated financial statements.

Schedule of Financial Soundness Indicators - The schedule is attached to the audited consolidated financial statements.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

SGV

The consolidated financial statements of the Company and Subsidiaries as of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021 have been audited by SGV, a member firm of Ernst & Young Global Limited, independent auditors, as set forth in their reports appearing herein.

The following table sets out the aggregate fees billed for each of the last two (2) years for professional services rendered by SGV.

	For the years ended December 31,	
	2023	2022
	(₱ thousands)	
Audit and Audit-Related Fees ⁽¹⁾	7,718	8,476
Non-Audit Services ⁽²⁾	873	520
Total	8,591	8,996

(1) *Audit and Audit-Related Fees.* This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.

The fees presented above include out-of-pocket expenses incidental to the independent auditors’ work, the amounts of which do not exceed 10.0% of the agreed-upon engagement fees.

(2) *Non-Audit Services.* This category includes the tax advisory fees for the tax advisory services provided by SGV. The fees presented above include out-of-pocket expenses incidental to the work performed, the amounts of which do not exceed 15.0% of the agreed-upon engagement fees

There was no event in the past where SGV had any disagreement with the Company regarding any matter relating to accounting principles or practices or financial statement disclosure or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The following persons are the incumbent directors and officers of the Company who were elected at the Annual Meeting of the Board of Directors held on June 29, 2023, to serve as such until the election and qualification of their respective successors at the next Annual Meeting of the Stockholders:

Directors and Executive Officers of the Company

Name of Directors	Age	Nationality	Position
Joseph C. Sy	57	Filipino	Chairman of the Board of Directors
Dante R. Bravo	48	Filipino	President and Director
Dennis Allan T. Ang	47	Filipino	Director
Francis C. Chua	75	Filipino	Director
Mary Belle D. Bituin	56	Filipino	Treasurer/ Senior Vice President for Finance/ Human Resources Department/ Director

Gu Zhi Fang	50	HongKong	Director
Noel B. Lazaro	54	Filipino	Regular Director/Senior Vice President for Legal and Regulatory Affairs, and Corporate Information Officer
Jennifer Y. Cong	39	Taiwanese	Director
Edgardo G. Lacson	80	Filipino	Independent Director
Sergio R. Ortiz-Luis Jr.	80	Filipino	Independent Director

Name of Officers	Age	Nationality	Position
Carlo Matilac	51	Filipino	Senior Vice President for Operations
Eveart Grace Pomarin-Claro	43	Filipino	Corporate Secretary/ Alternate Corporate Information Officer
Mario A. Nevado	69	Filipino	Compliance Officer

Directors and Executive Officers of the Company

Joseph C. Sy

Chairman, and Director

Mr. Sy became Chairman of the Board of Directors on August 6, 2015. He became president of PGMC and Company in July 2011 and on August 29, 2014, respectively. He is also a Director and Chairman of Iplan Nickel Corporation, Chairman and President of Ferrochrome Resources Inc. and the Director of Mining for the Philippine Chamber of Commerce and Industry. Mr. Sy has more than fourteen (14) years of experience in managing and heading companies engaged in mining and mineral exploration and development. He was conferred as Doctorate Fellow of the Academy of Multi-Skills, United Kingdom. He is currently the Honorary Consul of the Republic of Lao People's Democratic Republic in Davao.

Dante R. Bravo

President and Director

Mr. Bravo became the President of the Company on August 6, 2015. He previously served as Executive Vice President of the Company. He has been a Director, Executive Vice President and Corporate Secretary of PGMC since 2011. He was Chief Finance Officer of PGMC from 2011 to 2013. He is also an attorney-at-law and a Certified Public Accountant in the Philippines. Mr. Bravo served as a Director from 2004 to 2011 and a Senior Associate from 2002 to 2004 at SGV. He is a professor of law at San Beda College and a lecturer for the Mandatory Continuing Legal Education Program for lawyers. He was the Chief Political Affairs Officer of Congressman Mr. Narciso R. Bravo Jr. He holds a Bachelor of Laws degree from San Beda College and a Bachelor of Accountancy degree from the University of Santo Tomas. Mr. Bravo has more than ten (10) years of corporate management experience. He placed 10th in the 2001 Philippine Bar Examinations. He is among the founders of the Philippine Nickel Industry Association and has been serving as the president of the association since 2017.

Mary Belle D. Bituin

Chief Financial Officer and Treasurer

Ms. Bituin became a Director of the Company on November 2, 2015. Ms. Bituin holds a Bachelor of Science degree in Business Administration, major in accounting from Philippine School of Business Administration Manila. She is a Certified Public Accountant. She was Vice President for Business Transformation of Globe Telecom, Inc., from 1998 to 2014. She was the international auditor for the International Auditor for International Audits at the Cooperative for Assistance and Relief Everywhere (CARE), a leading international humanitarian organization fighting global poverty based in Atlanta, Georgia USA, from 1994 to 1998. She was also a senior auditor at SGV & Co. where she worked from 1988 to 1994.

Noel B. Lazaro

Senior Vice President for Legal and Regulatory Affairs, Corporate Secretary and Corporate Information Officer

Mr. Lazaro became the Corporate Secretary and Corporate Information Officer of the Company on October 22, 2014. He also acts as its Senior Vice President for Legal and Regulatory Affairs. He joined PGMC on August 1, 2014. He is a Director and Corporate Secretary of SPNVI, PCSSC and SIRC. Mr. Lazaro served as a Partner for

Siguion Reyna Montecillo & Ongsiako, an Associate at SyCip Salazar Hernandez & Gatmaitan, a Professorial Lecturer for the Lyceum of the Philippines College of Law, the De la Salle University Graduate School of Business and Far Eastern University Institute of Law, Master of Business Administration-Juris Doctor Dual Degree Program. He completed his Bachelor of Laws degree from the University of the Philippines College of Law and placed 19th in the 1995 Philippine Bar Examinations.

Francis C. Chua

Director

Mr. Chua became a director of the Company on October 22, 2014. He is currently the Honorary Consulate General of the Republic of Peru and the honorary president of the Federation of Filipino Chinese Chamber of Commerce and Industry. He is also the president emeritus of the Chamber of Commerce of the Philippines Foundations. Mr. Chua also served as the special envoy on Trade and Investments on China. He holds a Bachelor of Science in Industrial Engineering from the University of the Philippines, College of Engineering and doctorate degrees in humanities honoris causa and business technology honoris causa from the Central Luzon State University and the Eulogio Amang Rodriguez Institute of Science and Technology, respectively.

Gu Zhi Fang

Director

Ms. Gu Zhi Fang became a director of the Company on October 22, 2014. She has been a director of Ferrochrome Resources, Inc. since 2011. She has also been a director and general manager of Jiangsu Lianhua Paper Ltd., Wujiang, Jiangsu Province, China. She holds a degree in International Trade from Suzhou University. She was conferred as Doctorate Fellow of the Academy of Multi-Skills, United Kingdom. She is a seasoned entrepreneur with over twenty (20) years of experience in business leadership.

Dennis Allan T. Ang

Director

Mr. Ang became a Director of the Company on August 10, 2015. He is the Corporate Secretary of Maxima Machineries, Inc. since February 2009. He is the System Architect and Lead Programmer of Engagement Workflow System Architecture Development since July 2015. He founded Full Metro Gear Corp. and Engagement, Inc in 2014 and 2007, respectively. He occupied several key positions in Asian Institute of Management from 2001 to 2006. Mr. Ang holds a degree in Bachelor of Science in Management Information Systems from Ateneo de Manila University and a Masters degree in Business Administration from Asian Institute of Management.

Jennifer Yu Cong

Director

Ms. Jennifer Yu Cong became a Director of the Company on February 10, 2021. She joined Platinum Group Metals Corporation in 2011 and was assigned to the Billing & Collection Department. Fluent in Chinese language, she was transferred to the Marketing Department where she is assigned to handle buyer and ship-owner concerns from 2012 up to present. She obtained her degree in Chinese Language at the Huaqiao University in Xiamen, China. Prior to obtaining her degree, she also took up business related subjects in Chiang Kai Shek College and University of Santo Tomas here in the Philippines.

Edgardo Gapuz Lacson

Independent Director

Mr. Edgardo Gapuz Lacson became a Director of the Company on June 29, 2016. Mr. Lacson is a Director of the Philippine Stock Exchange and Puregold Price Club, Inc. He is also a Trustee of De La Salle University, Home Development Mutual Fund, ADR Institute for Strategic and International Studies and Philippine Disaster Recovery Foundation. Mr. Lacson is a President of MIS Maritime Corporation, Safe Seas Shipping Agency, Marine Industrial Supply Corporation and EML Realty. He is also a Trustee, Past President and Honorary Chairman of the Philippine Chamber of Commerce and Industry. He holds a Bachelor of Science in Commerce

Major in Accountancy from the De La Salle College.

Sergio R. Ortiz-Luis Jr.
Independent Director

Mr. Sergio Ortiz-Luis Jr. became a Director of the Company on August 5, 2020. Mr. Ortiz-Luis Jr is also an Independent Director of other publicly listed companies namely: Alliance Global Group, Inc., Forum Pacific, Inc., Jolliville Holdings and SPC Power Corporation. He is also the Chairman of Waterfront Philippines, Inc. and a director of Wellex Industries, Incorporated. He is Vice-Chairman of Export Development Council, member of Industry Development Council and a private sector representative in The Philippine Bamboo Council. Also, an Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry and President & CEO of Philippine Exporters Confederations, Inc. He has been appointed Honorary Consul General of the Consulate of Romania in the Philippines (2015 to present), Treasurer of Consular Corps of the Philippines and Honorary Adviser of International Association of Educators for World Peace. He was also the recipient of the Sino Phil Asia International Peace Award and the Gawad Parangal ng Rizal in Entrepreneurship in 2019 and 2017, respectively.

Mr. Ortiz-Luis Jr. obtained his Bachelor of Science in Liberal Arts and in Business Administration from the De La Salle College. He is also a Masters in Business Administration Candidate at De La Salle College. He has a PhD in Business Administration honoris causa from Angeles University foundation, PhD in Humanities honoris causa from Central Luzon Agricultural College, PhD in Business Technology honoris causa from Eugelio Rodriguez University, and PhD in Capital Management honoris causa from the Academy of Multiskills, United Kingdom.

OTHER EXECUTIVE OFFICERS

Carlo A. Matilac
Senior Vice President Operations

Mr. Matilac became the Senior Vice President for Operations on August 1, 2014. In 1994, Mr. Matilac graduated with a Bachelor of Science in BS Mining Engineering in Cebu Institute of Technology in 1994 and thereafter passed the 1994 Mining Engineer Licensure Exam garnering 1st Place. Mr. Matilac has more than nineteen (19) years of technical and engineering experience in managing companies engaged in mining and mineral exploration development. Prior to his current position, Mr. Matilac served as a technical specialist for BHP Billiton and QNI, and a mine engineering superintendent for Manila Mining Corp. He also holds a Masters in Business Administration from the Saint Paul University.

Eveart Grace Pomarin-Claro
Corporate Secretary and Alternate Corporate Information Officer

Ms. Pomarin Claro became Corporate Secretary and Alternate Corporate Information Officer of the Company on August 24, 2018. Ms. Pomarin Claro was Assistant Corporate Secretary and Alternate Corporate Information Officer of the Company from September 10, 2014 to August 24, 2018 and served as Corporate Secretary of the Company from February 1, 2014 to August 29, 2014. She is the Executive Legal Officer of PGMC. She is Assistant Corporate Secretary of PGMC, SIRC and the Corporate Secretary of Ipilil Nickel Corporation, Nickel Laterite Resources, Inc. and Celestial Nickel Mining Exploration Corporation. She completed a Bachelor of Laws from the University of St. La Salle.

Mario A. Nevado
Compliance Officer

Mr. Nevado became Compliance Officer of the Company on August 24, 2018. He has been with PGMC since 2007 and became the Assistant Vice President for Finance in 2011. He is a Certified Public Accountant. He has a solid background in financial services by working in various reputable companies. He held various positions as Manager of the Money Market Division, Purchasing Division of the Philippine National Bank (PNB), and of PNB Capital and Investment Corporation, a subsidiary of PNB. He also worked as an Accountant of Philippine Bread House in New Jersey, USA.

Involvement of Directors and Officers in Legal Proceedings

The Company is not aware of any of the following events during the past five (5) years involving the directors or executive officers of the Company:

- (a) Any bankruptcy petition filed by or against any business of which any of the directors or executive officers was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;
- (b) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any criminal proceeding, domestic or foreign, pending against any of the directors or executive officers except as those disclosed in the public domain;
- (c) Any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the directors or executive officers in any type of business, securities, commodities or banking activities, and
- (d) Any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization that any of the directors or executive officers has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Family Relationships

There are no family relationships between any director and any member of the Company's Senior Management except that Mr. Sy and Ms. Gu are husband and wife.

Significant Employees

No person, who is not a director or an executive officer, is expected to make a significant contribution to the business of the Company. Neither is the business highly dependent on the services of key personnel.

Item 10. Executive Compensation

EXECUTIVE COMPENSATION SUMMARY

Compensation

The following are the Company's Chairman of the Board of Directors, its President, and its two (2) other executive officers as of the date of this report:

<u>Name</u>	<u>Position</u>
Joseph C. Sy	Chairman of the Board of Directors and Managing Director
Dante R. Bravo	President and Managing Director
Mary Belle D. Bituin	Treasurer/ Senior Vice President for Finance/ Admin/ Human Resources Department/ Managing Director
Noel B. Lazaro	Senior Vice President for Legal and Regulatory Affairs, and Corporate Information Officer

The following table identifies and summarizes the aggregate compensation of the Company’s Chairman and its three (3) other executive officers of the Group for the years ended December 31, 2023 and 2022:

	<u>Year</u>	<u>Total⁽¹⁾</u> (In million ₱)
Chairman and the three (3) most highly compensated executive officers named above	2022	120.70
	2023	119.95
Aggregate compensation paid to all other officers as a group unnamed	2022	151.00
	2023	150.35

Note:

(1) Includes salary, bonuses and other income

Standard Arrangements

Other than payment of a fixed monthly director’s fee of ₱100,000, there are no other standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments.

Other Arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or to be compensated, directly or indirectly, for any services provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

- (a) There are no employment contracts between the Company and a named executive officer.
- (b) Neither is there a compensatory plan or arrangement, including payments to be received from the Company, with respect to a named executive officer, which plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer’s employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer’s responsibilities following a change-in-control and the amount involved, including all periodic payments or installments, exceed ₱2,500,000.

Item 11. Security Ownership of Certain Beneficial Owners and Management

- (1) Security Ownership of Certain Record and Beneficial Owners holding more than 5% of the voting securities as of December 31, 2023:

<i>Title of Class</i>	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 Ownership
Common	Sohoton Synergy, Inc. 7 th Floor, Corporate Business Center, 151 Paseo de Roxas cor. Arnaiz St., Makati City Shareholder	Direct	Filipino	877,979,502	16.92%

Common	Regulus Best Nickel Holdings, Inc. 7 th Floor, Corporate Business Center, 151 Paseo de Roxas cor. Arnaiz St., Makati City Shareholder	Direct	Filipino	523,154,841	10.08%
Common	Ultimate Horizon Capital, Inc. 7 th Floor, Corporate Business Center, 151 Paseo de Roxas cor. Arnaiz St., Makati City Shareholder	Direct	Filipino	355,651,698	06.85%
Common	Blue Eagle Elite Venture, Inc. 7 th Floor, Corporate Business Center, 151 Paseo de Roxas cor. Arnaiz St., Makati City Shareholder	Direct	Filipino	348,769,779	06.72%

The shares held by Sohoton Synergy, Inc., Regulus Best Nickel Holdings, Inc., Blue Eagle Elite Venture, Inc., and Ultimate Horizon Capital, Inc. will be voted or disposed of by the persons who shall be duly authorized by these records.

(2) Security Ownership of Management as of December 31, 2023:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common	Joseph C. Sy	2,201,508,705 (directly and indirectly)	Filipino	42.42%
Common	Dante R. Bravo	25,271,947	Filipino	0.49%
Common	Mary Belle D. Bituin	1,630,524	Filipino	0.03%
Common	Carlo A. Matilac	1,733,227	Filipino	0.03%
Common	Noel B. Lazaro	4,192,733	Filipino	0.08%

(3) Voting Trust Holders of 5% Or More

No person holds at least 5% or more than 5% of a class of securities under a voting trust or similar agreement, other than those set forth above.

Item 12. Certain Relationships and Related Transactions

There are no transactions during the past two (2) years to which the Company or any of its subsidiaries was or is to be a party, and in which a director, executive officer, stockholder owning ten percent (10%) or more and members of their immediate family had or are to have a direct or indirect material interest, except as mentioned in Note 30 of the audited consolidated financial statements for the period ended December 31, 2023 (Annex A) which provides information on the Company's significant transactions with related parties.

There are no transactions with parties that fall outside the definition of “related parties” under PAS 24, with whom the Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm’s length basis.

PART IV – EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

Please see attached audited financial statements of the Company for the years ended December 31, 2023, 2022 and 2021, including schedules and supplementary schedules, as Annex A.

(b) Reports on SEC Form 17-C

The following reports on SEC Form 17-C and 17-Q were filed in 2023:

Date	Description
February 8, 2023	Board Approval on the acquisition of 24% shareholding in Mariveles Harbor Corporation
February 23, 2023	Press Release: DENR affirms Iplan Nickel Corporation’s right to conduct responsible mining operations in Brooke’s Point
March 3, 2023	Filing of Complaint with Anti-Red Tape Authority (ARTA) by Iplan Nickel Corporation (INC)
March 3, 2023	FNI now has 88% shareholding in Mariveles Harbor Corporation (MHC). On March 2, 2023, a Deed of Absolute Sale of Shares was executed to transfer the 1,000,000 MHC common shares from Seasia Logistics Philippines Inc. to Global Ferronickel Holdings, Inc. in the amount of Php192,000,000 paid in cash. Its 88% shareholding in MHC gives FNI significant control over the operation of the port.
March 14, 2023	Press Release: Iplan Nickel Corporation urges Brooke’s Point Mayor to act on TRO against harassment by protesters
March 20, 2023	Press Release: Global Ferronickel Holdings, Inc. signs purchase agreement with Baosteel Resources for 1.5 million WMT
March 27, 2023	Press Release: FNI reports 2022 net income of ₱2.2 billion and provides update on strategy
April 27, 2023	Press Release: Platinum Group Metals Corporation commences nickel ore shipments to China
April 27, 2023	In its meeting held April 27, 2023, the Board approved the issuance and sale of 51,897,858 treasury shares representing 1% shareholding interest. The sale shall be open to the general public through the Philippine Stock Exchange, Inc. and its trading facilities, at current market price. Sale proceeds will be used for general corporate purposes. No pre-emptive rights over sale of treasury shares as per Company Articles of Incorporation.

May 16, 2023	In its regular meeting on May 16, 2023, the Board set the Annual Stockholders' Meeting to June 28, 2023 and record date to June 1, 2023. The Board authorized the ASM Committee to finalize the meeting's agenda and time, and charged the Corporate Secretary to issue appropriate notices and information statements to the stockholders of record through means allowed by the SEC. The Company shall disclose the details in due course. The Board also approved the declaration of cash dividend at P0.10 per share, subject to the Company's withholding of applicable taxes, for stockholders of record as of June 1, 2023.
June 29, 2023	Following are the results of Annual Stockholders' Meeting of Global Ferronickel Holdings, Inc. ("FNI") held on June 29, 2023 via videoconference: I. Approval of the Minutes of the Annual Stockholders' Meeting dated June 29, 2022; II. Approval of the Company's Audited Financial Statements and Annual Report as of December 31, 2022; III. Election of the following directors of FNI for the ensuing year: Joseph C. Sy, Dante R. Bravo, Gu Zhifang, Dennis Allan T. Ang, Mary Belle D. Bituin, Francis C. Chua, Jennifer Y. Cong, Noel B. Lazaro, Edgardo G. Lacson (Independent Director), and Sergio R. Ortiz-Luis Jr. (Independent Director) IV. Ratification of acts of the Board of Directors and proceedings of the Board of Directors, Board Committees and management V. Reappointment of Sycip Gorres Velayo & Co. as the external auditor of FNI for the ensuing year.
	Share Buy Back transactions on April 28, 2023, June 7, 202, June 8, 2023, June 9, 2023, June 13-16, 2023, June 20-23, June 26-28, 2023, July 25-28, July 31, 2023, August 1-4, 2023
August 10, 2023	Press Release: FNI revenue rises 41% in 1H 2023
August 17, 2023	Receipt of a Writ of Kalikasan issued by the Supreme Court En Banc
	Share Buy Back transactions on August 7-11, 14-18, 22-25, 29-31, September 1, 4-8, 11-15, 18, 29, October 2-9 2023
November 9, 2023	Press Release: FNI Palawan mine fuels nine-month results

PART V – CORPORATE GOVERNANCE

Compliance with the Manual of Corporate Governance

In 2011, the Corporation adopted a Revised Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 6, Series of 2009 and in amendment of its Manual on Corporate Governance (dated August 21, 2002 as amended in June 2010).

The duties and responsibilities of the Board of Directors and management were expanded under SEC Memorandum Circular No. 9, Series of 2014, to consider not only the stockholders but also other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates. Hence, a Revised Manual on Corporate Governance was filed on July 24, 2014.

On December 1, 2014, the Board of Directors approved the Confirmation of Adoption of Manual of Corporate Governance of the Company in view of the change in management and majority stockholders.

In 2016, the Code of Corporate Governance for Publicly-Listed Companies was introduced based on the latest G20/OECD Principles of corporate governance and the Association of Southeast Asian Nations Corporate Governance Scorecard. In compliance with SEC Memorandum Circular No. 19, Series of 2016, the Corporation

filed its Manual on Corporate Governance on May 31, 2017.

The Corporation also files its Integrated Annual Corporate Governance Report periodically required under SEC Memorandum Circular No. 15, Series of 2017. Last filing at the time of this report was on September 1, 2020.

To ensure compliance with the Revised Manual on Corporate Governance, the Compliance Officer shall, among other things, (i) monitor compliance with the provisions and requirements of the Revised Manual on Corporate Governance, (ii) determine violations thereof and recommend possible penalties for violation for further review and approval of the Board, and (iii) identify, monitor, and control compliance risks. Further, not later than 30th day of January each year, the Compliance Officer shall issue a certification on the extent of the Company's compliance with its Revised Manual on Corporate Governance for the completed year and explain the reason/s for any deviation therefrom.

On January 5, 2024, the Compliance Officer has issued a certification that for calendar year 2020, the Corporation substantially adopted and complied with the provisions of the Manual on Corporate Governance (Model Corporation), as prescribed by SEC Memorandum Circular No. 24, Series of 2019 and does not have any significant deviation therefrom.

SIGNATURE

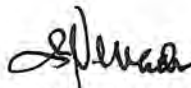
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in ~~Paragon~~ **MAKATI CITY** on 15 APR 2024

GLOBAL FERRONICKEL HOLDINGS, INC.
Issuer


DANTE R. BRAVO
President


MARY BELLE D. BITUIN
Treasurer and Senior Vice President for Finance/HR/Admin


EVEART GRACE P. CLARO
Corporate Secretary

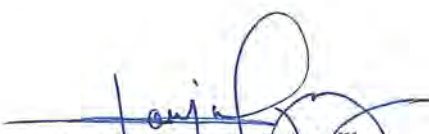

MARIO A. NEVADO
Assistant Vice President for Finance
Compliance Officer


JUNERLY E. SY
Finance Controller

SUBSCRIBED AND SWORN to before me this 15 APR 2024 in MAKATI CITY Philippines, affiants exhibiting their:

Dante R. Bravo	TIN 242-508-759	Mario A. Nevado	TIN 109-938-352
Mary Belle D. Bituin	TIN 102-096-952	Junerly E. Sy	TIN 238-664-903
Eveart Grace P. Claro	TIN 933-345-567		

Doc No. 406 ;
Page No. 99 ;
Book No. 1 ;
Series of 2024.


Atty. Mary Louisse S. Inguillo
Commission No. M-021
Notary Public for Makati City
Until December 31, 2024
2493 Gen. Belarmino St., Bangkal, Makati City
Roll no.75332, July 24, 2020
PTR No. 10085021, January 9, 2024, Makati City
IBP No. 406701, January 8, 2024, Makati Chapter
MCLE Compliance No. VII- 0003101, May 19, 2021

Global Ferronickel Holdings, Inc. (FNI)

2023 SEC 17-A Annex

Contextual Information

Company Details	
Name of Organization	Global Ferronickel Holdings, Inc. (FNI)
Location of Headquarters	Aseana, Parañaque City
Location of Operations	Brgy. Cagdianao, Claver, Surigao del Norte, Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report ¹	Platinum Group Metals Corporation (PGMC) and Ipilan Nickel Corporation (INC)
Business Model, including Primary Activities, Brands, Products, and Services	Production of nickel ores
Reporting Period	January 1 to December 31, 2023
Highest Ranking Person responsible for this report	Dante R. Bravo President

¹ 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 Process²

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

Aligned with the principles of materiality that consider an organization's overall mission and competitive strategy, the concerns expressed by stakeholders, as well as expectations expressed in international standards and agreements with which the organization is expected to comply, PGMC conducted a Materiality Assessment wherein 26 representatives from the different departments participated. The assessment utilized Google Forms to gather data.

This process helped the Company in identifying economic, environmental, social, and governance (ESG) issues that have a significant impact on both the business and stakeholders.

The results revealed that the topics considered material by stakeholders are aligned with the Company's focus on having a strong foundation of leadership and good governance across all areas of operations while giving importance to strengthening relationships with its people and the community.



² PGMC has a significant impact on the Environmental and Social aspects for FNI.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (in millions)			Units
	2023	2022	2021	
Direct economic value generated (revenue)	8,785	6,731	7,708	Php
Direct economic value distributed:				
a. Operating costs (cost of sales & operating expenses)	5,988	4,759	4,517	Php
b. Employee wages and benefits	671	519	444	Php
c. Payments to suppliers, other operating costs	6,437	4,427	4,987	Php
d. Dividends given to stockholders and interest payments to loan providers	584	1,221	556	Php
e. Taxes given to government	2,185	1,524	1,497	Php
f. Investments to community (SDMP, donations, CSR etc.)	94	62	53	Php

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company aims to consistently deliver strong performance because how well it does financially directly impacts the benefits it can provide to its	Stockholders/Investors, Employees, Communities, Government (Local and	As one of the country's largest nickel ore producers, PGMC continues to build on its key strengths including its significant resources and reserves with high

<p>stakeholders. Maintaining steady production and performance levels directly influences how much the Company can contribute to the economic growth of investors, communities, employees, and partners.</p> <p>Various factors affect this ability, including local weather conditions, regulations, and global market trends.</p> <p>For example, heavy rainfall averaging over 29.6mm affected operations on 229 days in 2023. As a result, nickel ore shipments decreased by 11% to 3,296,858 million WMT compared to 3,690,070 million WMT in 2022. The Company shipped 61 vessels of nickel ore in 2023, down from 68 vessels during the same period the previous year.</p> <p><i>Excise Taxes and Royalties</i> Excise taxes and royalties for the years ended December 31, 2023, and 2022, amounted to ₱851.2 million and ₱842.9 million, respectively. These expenses are calculated and paid based on the percentage of sales of nickel ore. The fluctuations in this account compared to the previous year are as follows:</p> <ol style="list-style-type: none"> 1. Excise taxes increased to ₱337.1 million from ₱246.8 million, a rise of ₱90.3 million or 36.6%, driven by increased sales of nickel ore. 2. Royalties to indigenous peoples rose to ₱100.2 million from ₱60.2 million, showing a ₱40.0 million or 66.5% increase. This 	<p>National), Contractors, Suppliers</p>	<p>exploration potential and flexible ore supply.</p> <p>The Group mines low- grade ore (with high iron and low nickel content), which accounted for most of its sales by volume in the past three (3) years.</p> <p>Additionally, PGMC maximizes cost efficiency in different areas and improves operational capability.</p> <p>Given that mining operations are highly dependent on weather conditions, PGMC adopts operational changes to maintain productivity. Mining operations started earlier in February 2022 and concluded in November. Continuous operations beyond November would not be efficient nor beneficial for the Company because of declining nickel ore prices and fewer dry days for loading of ore.</p> <p>PGMC invested on continuous improvement for its processes and standards and recently acquired its Integrated Management System Certification (IMS) with ISO 14001:2015-Environmental Management Systems; ISO 9001:2015-Quality Management Systems; and ISO 45001:2018-Occupational Health and Safety Management Systems as granted by certifying body the Intertek last October 11, 2022.</p> <p>At the same time, PGMC prioritizes programs for its people</p>
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<p>increase is due to heightened sales of nickel ore, including royalties to indigenous communities from the Palawan mine since its commercial operations began in September 2022.</p> <p>3. Royalties to the government declined to ₱223.9 million from ₱301.1 million, a decrease of ₱77.2 million or 25.6%. This decrease is attributed to reduced sales of nickel ore from the Surigao Mine, which is subject to a 5% royalty to the government as it operates within the mineral reservation area.</p> <p>4. Royalties to claim-owners fell to ₱189.9 million from ₱234.8 million, indicating a decrease of ₱44.9 million or 19.1%. This decrease is due to reduced sales of nickel ore from the Surigao Mine. It's worth noting that royalties to claim-owners are paid exclusively in Surigao mining operations, not in Palawan.</p> <p>General and Administrative In the year ended December 31, 2023, general and administrative expenses amounted to ₱1,146.9 million, an increase from ₱946.2 million in 2022, up by ₱200.7 million or 21.2%. This increase was mainly due to higher taxes and licenses, outside services, marketing and entertainment, and personnel costs, amounting to ₱100.6 million, ₱98.2 million, ₱36.8 million, and ₱15.4 million, respectively. The rise in expenses is primarily attributable to the Group's Palawan mining operations.</p> <p>Shipping and Distribution</p>		<p>and institutionalizes programs for their welfare. For instance, hiring locals and IPs from the host community Barangay Cagdianao, neighboring Barangay Hayanggabon, and within the Municipality of Claver, Surigao del Norte inculcates diversity and inclusion in the corporate culture.</p> <p>The Company also introduced back-office improvements such as a new accounting system, SAP, as part of its drive for continuous process improvement to enable employees to become more successful in their jobs.</p> <p>Through all its efforts in 2023, PGMC placed 2nd for Best Mining Forest in the Presidential Mineral Industry Environmental Awards.</p>
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For the year ending December 31, 2023, shipping and loading costs totaled ₱397.4 million, a decrease from ₱614.9 million in the previous year ending December 31, 2022, marking a decrease of ₱217.5 million or 35.4%. This reduction is attributed to decreased volume of shipments from the Surigao mining operations and fewer cost and freight shipment arrangements during the year compared to the previous year.

In 2023, the Company upheld its commitment to community well-being through its CSR initiatives, bolstered by its stable economic footing:

- PGMC's Mine Environmental Protection and Enhancement Office took significant strides by distributing 40,000 coconut seedlings, a vital contribution to the town and Surigao del Norte province's greening efforts.
- Education remains a cornerstone of the Company's Social Development and Management Program, with a noteworthy 31% allocated for educational support. As of 2023, PGMC proudly supported 196 college scholars and was pivotal in constructing and maintaining essential school infrastructure. Meanwhile, Ipilan Nickel Corporation contributed to the educational journey of 74 high school and college scholars.
- Healthcare received due attention, with 10% of the SDMP dedicated to health-related initiatives. Ipilan Nickel Corporation stepped up by providing medicines during weekly community medical

<p>consultations, benefiting a commendable 2,472 individuals by the end of 2023. PGMC also made a significant impact, extending medical assistance to 1,550 beneficiaries.</p>		
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<ul style="list-style-type: none"> • Changes in regulatory policies. Possible changes in the policies of the government may bring about stricter regulations that may entail operational changes and additional expenses for the Company. • Climate-related risks. The mining industry is impacted by adverse weather conditions. <p>For the year 2023, the total average rainfall recorded was above 29.6mm millimeters and it took out 229 days in the whole mining season, which caused the inability to meet the target of 91 vessels for the year. This also resulted in higher net demurrage with 19.81 days with 9 vessels.</p> <ul style="list-style-type: none"> • Natural calamities. Inherent risks such as natural catastrophes could lead to a stoppage of operations, and damage to life, property, and equipment. • Market volatility. The variable nickel prices could affect the Company’s revenue. • Third-party contractors. The Company relies significantly on the service of its third-party contractors which may affect the Company’s performance and 	<p>Government, Suppliers, Contractors, Local Community, Partners from the National Lined Government Agencies (NLGAs), Partners from the Local Stakeholders</p>	<p>PGMC adheres to the principles and practices of sustainable development. In addition, its mining operations are subject to stringent and extensive environmental regulations.</p> <p>As such, the Company is deeply committed to implementing best practices in managing the environmental impact of its operations, from exploration to rehabilitation. Upon cessation of its mining operations, PGMC plans to restore its mining properties to their pre-mining conditions or to develop alternative productive land uses for the benefit of the affected communities.</p> <p>The risks of more stringent policies in the future are managed through the following:</p> <ul style="list-style-type: none"> - Maintaining ISO 14001 certification to ensure that the Company’s systems and policies on environmental compliance have passed international standards - Continuous compliance with the

<p>attainment of targets.</p> <ul style="list-style-type: none"> • Limited resources. Ore reserves are non-renewable which provides a finite time frame for the Company’s mine operations. • Foreign Exchange Rate risks. The Company is exposed to exchange rate fluctuations. Fluctuations in the exchange rate between the Peso and the U.S. dollar could affect its revenues and financial condition. • New tax regulations. The new tax law provides a risk of lower net income. • Changes in interest rates for bank loans with floating interest rates could increase the interest expenses paid by the Company. 		<p>policies, rules, and regulations of the Philippine Mining Act and the terms and conditions of its issued Environmental Compliance Certificate (ECC).</p> <p>- Preserve the social acceptability of its mine operations through the proper implementation of its social development projects</p> <p>Meanwhile, to mitigate exposure to climate-related risks and natural calamities, the Company exercises prudent management and uses up-to-date technology. PGMC also maintains a disaster response team that is always ready to be dispatched to assist personnel in the CAGA Mine as well as to assist the communities during emergencies.</p> <p>Meanwhile, the Company constantly reviews its contracts and maintains good relationships with its service contractors. To mitigate risks from third-party partners, the Company regularly reviews the performance of its service contractors and maintains several contractors to avoid dependence on a single contractor.</p> <p>The Company also continuously evaluates opportunities for value-added processes, including acquiring or entering into further mining agreements and/or joint ventures, as well as downstream processing/vertical integration opportunities.</p>
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		<p>The long-term objective is to increase the scale and scope of its operations and to expand the variety of its ores potentially further.</p> <p>The Company believes that it and its contractors have the technological know-how to exploit additional mineral resources in other mines in the future.</p> <p>It also exercises fiscal prudence, ensuring close monitoring of exchange rate fluctuations to determine if there is a need to hedge exposure to foreign currency exchange risk or invest in derivative instruments.</p> <p>Monitoring emerging regulations in taxation is also done. To mitigate risks brought about by new taxes, the Company will continue to pursue programs to improve operational productivity and reduce costs, as best practice.</p> <p>In terms of interest rate risks, particularly bank loans with floating interest rates, always keeps a close eye to assess exposure impact. Management believes that cash generated from operations are sufficient to pay its obligations under the loan agreements as they fall due.</p>
<p>What are the Opportunities Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>

<p>The government has always encouraged value-added processing that complements nickel mining operation. As such, the Company is in the process of establishing a steel plant in Mariveles, Bataan to produce steel rebars, which will be supported by our port operator of the Freeport Area of Bataan (FAB).</p>	<p>Stockholders/Investors, Local Community</p>	<p>The Company made a strategic investment in constructing a Rebar Steel Rolling Plant in Mariveles, Bataan, operating under the name FNI Steel.</p> <p>Initially, on December 19, 2019, the Company acquired a 40.05% stake in MHC to support FSC's development of a nearby steel plant. By December 29, 2021, this ownership increased to 64.03%, securing consistent access to port services crucial for importing construction materials. Subsequently, on March 2, 2023, following Board approval, the Company further expanded its stake by an additional 24%, bringing its ownership to 88% to enhance operational control over MHC.</p> <p>This investment in MHC enables the smooth functioning of FSC's steel processing plant located close to the terminal. It ensures FSC's reliable access to port services, especially vital for importing raw materials during the construction phase.</p>
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Climate-related risks and opportunities

<p>Governance Disclose the organization's governance around climate-related risks and opportunities</p>	
<p>a. Describe the board's oversight of climate-related risks and opportunities</p>	<p>The Board has the responsibility of supervising the overall risk management within the Company. It is supported by the Audit and Board Risk Oversight Committee, Corporate Internal Audit, SVP for Legal and Compliance, SVP for Operations, and SVP for Finance. This ensures that all risks are identified, measured, and managed effectively and continuously through the Enterprise Risk Management (ERM) system.</p>

<p>b. Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>The management is primarily responsible for overseeing all risks to the Company and maintaining communication with the Board and stakeholders on the performance of its ERM system. Consequently, an ERM core team is assigned to help the management assess the effectiveness of the Company’s Risk Management System and, therefore, identify opportunities for improvement.</p>
<p>Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material</p>	
<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term</p>	<p>Because of their capability to greatly affect the day-to-day operations, the priority risks that have been identified are the following: Energy shortage, natural disasters such as extreme typhoons and flooding, as well as occupational injuries and ill health due to gradual increases in temperature.</p>
<p>b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning</p>	<p>Energy shortage could result in an increase in generator use or interruption in the Company’s operations while extreme typhoons and flooding could bring disruptions to mining activities as well as facility and equipment damage. Occupational injuries and ill health caused by extreme heat, on the other hand, could lead to a significant reduction in manpower, delay in production, and various additional costs.</p>
<p>c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario</p>	<p>The Company’s Enterprise Risk Management considers risks in all levels and areas of the organization, including energy shortage, natural disasters, and occupational injuries/fatalities caused by natural disasters, as mentioned above. It continuously studies and considers additional measures for specific climate-related risk events.</p>
<p>Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks</p>	
<p>a. Describe the organization’s processes for identifying and</p>	<p>The Company’s risk management process is as follows:</p> <ol style="list-style-type: none"> 1. Assess <ol style="list-style-type: none"> 1.1 Assess risk management framework 1.2 Identify and prioritize risks

<p>assessing climate-related risks</p>	<p>1.3 Source and analyze risks</p> <p>2. Improve</p> <p>2.1 Develop risk management strategies</p> <p>2.2 Develop risk management action plans</p> <p>3. Monitor</p> <p>3.1 Develop risk monitoring process</p> <p>3.2 Develop risk reports</p>
<p>b. Describe the organization’s processes for managing climate-related risks</p>	<p>Using the established risk management process detailed above, the Company regularly monitors and maintains control of the priority climate-related risks identified.</p>
<p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management</p>	<p>Climate-related risks are accounted for in the ERM as with other risks that may affect the Company. The Company plans to consider additional climate-related risk within 2023 to be more comprehensive in our strategies.</p>

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

<p>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<ul style="list-style-type: none"> ● Hours of generator use ● Frequency of interruptions in mining activities ● Heat index ● Number and frequency of occupational injuries and ill health caused by extreme heat ● Number of days operations had stopped or been interrupted due to climate-related risks
<p>b. Describe the targets used by the organization to manage climate-related risks and opportunities</p>	<ul style="list-style-type: none"> ● Use of electricity and other forms of energy: constant monitoring and reporting to address current and future needs ● Stability of facilities and equipment ● Consistency of manpower and health of employees

and performance against targets	
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Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)	2022 (PGMC)	2022 (INC)	2021 ³	
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	53	97.47	80.00	84.47	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company makes an effort to source most of its supplies from vendors in the Philippines or, if possible, in local communities to support the development and growth of local economies. Purchases from suppliers abroad are made mainly because of the recommendation of local partners when supplies for purchase are not in stock or are not available in the country.</p>	<p>Suppliers, Local Community, Government</p>	<p>The Company engages with its suppliers through annual vendor meetings, vendors' accreditation, and ocular inspections. These activities allow the Company to easily coordinate with them on issues such as timely delivery and payments.</p> <p>In turn, the Company put in place fair accreditation policies and the conduct of a transparent accreditation process.</p> <p>The Company's practice is to patronize the People's Organization (PO) supported by the Social Development and Management Program (SDMP). POs provide supplies and goods</p>

³ There was no projected budget allocation for 2021, thus, unable to get a percentage. The Company has a total spending of Php 236,807,605.30 on local suppliers for the year 2021.

		<p>needed by the Company and most of them have been accredited by the SEC, DTI, or DOLE.</p> <p>In 2023, the Company recorded a total spending of ₱332,780,963.17 for local suppliers, with 2,047 Purchase Orders.</p> <p>For the Head Office, total spending was ₱292,162,932.24 with 360 Purchase Orders.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>There is risk that procuring locally may potentially result in lower quality products as compared with international suppliers who may have access to advanced proprietary technologies. The quality of supplies and materials affects the Company's operational efficiency as it aims to consistently conform with global standards.</p>	<p>Customers, Employees</p>	<p>The Company partners with vendors and suppliers with the same level of global standards required by the business. Procurement processes and best practices ensure that quality standards are met consistently and that partner vendors are reliable and professional.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	
<p>Purchasing from local suppliers provides the opportunity of contributing to the local economy and the benefits of timely delivery of supplies and easy coordination with suppliers.</p>	<p>Suppliers, Local Community, Government</p>	

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity			Units
	2023	2022	2021 ⁴	
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	0	0	0	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	0	0	0	%
Percentage of directors and management that have received anti-corruption training	0	0	0	%
Percentage of employees that have received anti-corruption training	0	0	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company's anti-corruption stand demonstrates its commitment to sustainability and its stakeholders. The trust that stakeholders give to the Company is most valuable for the brand's reputation.</p> <p>The Company's commitment to encourage ethical decision-making, behavior, and conduct in its directors, employees, stockholders, future investors, customers, business partners, local communities, and regulators helps to strengthen trust and the brand reputation.</p>	<p>Board of Directors, Employees, Suppliers. Customers, Local Community, Government</p>	<p>PGMC promulgates the following policies across the organization:</p> <ol style="list-style-type: none"> 1. Anti-Bribery Policy 2. Conflict of Interest Policy 3. Related Party Transactions Policy and Material Related Party Transactions 4. Whistle Blowing Policy <p>Contracts and agreements entered into also include adherence to these policies.</p>

⁴ No new anti-corruption trainings were conducted for 2022 and 2021

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
An act that involves the corruption of any representative of the Company may prejudice the reputation of the Company.	Board of Directors, Employees, Suppliers, Customers	Contracts and agreements entered into by the Company include provisions underlining adherence to the Company's anti-corruption policies and violation of which is a ground for suspension or termination of the contract.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	
The Company recognizes the potential of all its stakeholders to contribute to the culture of good corporate governance of the Company.	Board of Directors, Employees, Suppliers, Customers	<p>The Company also communicates its anti-corruption policies with all employees and constantly sends out reminders through internal emails.</p> <p>The Board of Directors and Senior Management is reminded of anti-corruption policies through the Annual Corporate Governance Seminar.</p>

Incidents of Corruption

Disclosure	Quantity			Units
	2023	2022	2021	
Number of incidents in which directors were removed or disciplined for corruption	0	0	0	%
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	0	%
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

As the Company had no reported incident of corruption in 2023, there are no impacts identified.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Incidents of corruption would affect the Company's financial resources, business development, and reputation. It could also result in a loss of trust from the customers, investors, and the community.	Employees, Investors, Community, Customers	PGMC strictly implements its anti-corruption policies along with Zero Bribery, Anti-Bureaucracy or Anti-Red-tape Policies (if there is stated in the Code of Conduct for Employees) through HR.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is no significant opportunity identified.		

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)	2022 (PGMC)	2022 (INC)	2021	
Energy consumption (renewable sources)	16.12	207.36	15.76	136.24 ⁵	13.06	GJ
Energy consumption (gasoline)	N/A	N/A	N/A	2,396.62	17,810	L
Energy consumption (LPG)	N/A	N/A	N/A	740	5,500	KG
Energy consumption (diesel)	9,427,487.90	1,163,258.79	93,951*	350,992.83**	124,857.79	L
Energy consumption (electricity)	1,393,875	400,680	1,085,931	515,464	1,324,511	kWh

⁵ Based on computed value at 73% efficiency

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*Energy consumption for diesel is intended for 5 Gensets with a total of 93,951 liters. For the other fuel consumption used for vehicles including in-house and contractors, the total is 10,389,034.4 liters.

**Energy consumption (diesel) for INC 2022 data is for 3 months only.

Reduction of energy consumption

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)	2022 (PGMC)	2022 (INC)	2021	
Energy consumption (renewable sources)	-0.36	-71.12	-2.7	N/A	13.06	GJ
Energy consumption (gasoline)	N/A	N/A	N/A	N/A	N/A	GJ
Energy consumption (LPG)	N/A	N/A	N/A	N/A	N/A	GJ
Energy consumption (diesel)	646,971.10	-812,265.96*	30,906.79	N/A	None	GJ
Energy consumption (electricity)	-307,944	114,784	238,580	N/A	None	kWh

*Data for year-long operation in 2023. The increase is due to the difference in the duration of INC operations from 2022 to 2023.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The use of energy and fuel is necessary for operating the business and PGMC recognizes that its consumption and reduction affect employees, customers, communities, and government regulators, as rising energy consumption also translates to increased greenhouse gas emissions that	Employees, Contractors	PGMC strives to optimize its use of energy resources through continuous improvement in efficiencies of its processes. In 2023, a total of 9,427,487.90 liters of fuel were consumed, which significantly decreased by 9.26% compared to the previous year. Within

<p>further exacerbate climate change. Energy consumption also has a direct impact on operational costs which is a factor in financial performance.</p> <p>PGMC-owned vehicles and equipment consumed diesel as fuel for transportation, ancillary activities, and backup power generation.</p> <p>At the same time, a substantial percentage of Contractors' fuel consumption was primarily accounted for by mine production, ore transferring, barge operation, and waste extraction.</p> <p>Power outages brought about by typhoons and weather disturbances affect energy consumption.</p> <p>New facilities also have an impact, such as the newly installed Platinum Heights Building which was provided for guests, managers, and supervisors.</p>		<p>the year, peak consumption was recorded during the third quarter.</p> <p>The Company had ten (10) general contractors, which consumed a total of 20,325.20 litres of fuel for generators, a decrease of about 28% compared to 2022. The peak of consumption was recorded in the month of September.</p> <p>PGMCs in-house facilities consumed a total of 1,393,875 kWh of electricity, 28% higher compared to 2022.</p> <p>The factors contributing to the increase in electricity consumption include the following:</p> <ul style="list-style-type: none"> ● The Company's ongoing construction of the new QAQC building, which includes welding activities for the installation of trusses and purlins ● Construction of the MSD extension building ● Additional two (2) air-conditioning units for the XRF Room ● Increased usage of welding machines due to the fabrication of warehouse racking ● Additional installation of warehouse lighting ● Full utilization of CCTVs located in 34 different areas, which are being monitored in an air-conditioned room operating 24/7 to prevent LED monitors and recorders from overheating ● Utilization of the high-capacity water motor pump to allow
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		<p>efficient extraction of water from sources</p> <ul style="list-style-type: none"> ● A total of ten (10) general contractors in 2023, compared to only eight (8) in the previous year. <p>For INC, since it just started in 2022, it is still conducting baselining activities to determine the amount of consumption and operational requirements for the peak mining operation. The baselining process is expected to end by December 2024 since further facilities are being established.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>A total of 9,427,487.90 liters of fuel was consumed by PGMC and its contractors in 2023, a 9.26% decrease compared to 2022.</p>	<p>Employees, Contractors</p>	<p>The Company makes every effort to have reliable vendors for its sources of energy and fuel. It also monitors both supply and demand to stay ahead of operational requirements.</p> <p>For instance, the Company noted an decrease in fuel consumption for generator sets in some months due to:</p> <ul style="list-style-type: none"> ● Routine check-up and regular maintenance of equipment and transportation vehicles ● Consolidation of Equipment Utilization Reports (EUR) to monitor actual activities of the equipment ● Monitoring of vehicles odometer to monitor the actual distance the vehicles have traveled

		<ul style="list-style-type: none"> ● Carpooling and eliminating unnecessary trips ● Strict enforcement of 20-25 kph allowable speed limit ● Recording and monitoring of the frequency of the brown-out and the utilization of back-up generators ● Intensification of employees' awareness on fuel conservation through regular orientations and visual reminders ● Development of Environmental Objectives, Targets, and Programs on resource conservation from departmental/functional unit into corporate level ● Monthly monitoring, evaluation, and analysis of fuel consumption performance
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>There is an opportunity to explore the use of renewable energy sources, especially for the streetlights.</p> <p>At the same time, the Company continues to come up with initiatives and programs to achieve energy conservation and environmental goals.</p>	<p>Employees, Contractors</p>	<p>The Company plans to continue converting streetlights to solar power. This year, Ipilang Nickel Corporation invested in 57 units of solar-powered street lights along the national highway.</p> <p>It also has a 6 kWh mini hydroelectric generator that supplies electricity to the nearby Indigenous Cultural Community. INC also has 26 units of 250 watts stationary solar street lights and 5 units 900 watts mobile tower solar light within strategic areas in the campsite.</p>

		<p>Among the conservation initiatives that the Company implements include the following:</p> <ul style="list-style-type: none">● Installation of additional electric meters for effective monitoring of electricity consumption per facility● Continuous replacement of ordinary bulbs with LED-type for office/facility lightings● Purchase of energy efficient appliances/equipment● Intensification of employees' awareness on Energy and Fuel Conservation through regular orientations and visual reminders● Development of Environmental Objectives and Programs on Resource Conservation from departmental or functional unit into corporate level● Monthly monitoring, evaluation and analysis of electricity and fuel consumption performance● Conduct of electrical inspections and inventory● Consolidation of Equipment Utilization Reports (EUR) to monitor actual activities of the equipment● Routine check-up and regular maintenance of equipment and transportation vehicles● Monitoring of vehicles odometer to monitor the actual distance the vehicles have travelled● Carpooling and eliminating unnecessary trips
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		<ul style="list-style-type: none"> • Strict enforcement of 20-25 kph allowable speed limit • Recording and monitoring of the frequency of the brown-out and the utilization of back-up generators
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Water consumption within the organization

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)	2022 (PGMC)	2022 (INC)	2021	
Water withdrawal	228,482.04	3,634	164,302	7,158	264,098	Cubic meters
Water consumption	228,482.04	3,634	164,302	7,158	264,098	Cubic meters
Water recycled and reused	N/A	N/A	N/A	N/A	N/A	Cubic meters
Extraction Source						
Shallow Well	5,481.90	N/A	5,448.20	N/A	4474	Cubic meters
Spring Water	N/A	N/A	1,012.50	N/A	1600	Cubic meters
Surface Water	166,898.30	710.20	157,841.30	1,795.21	258,024	Cubic meters
Deep Well	56,101.84	N/A	-	-	-	Cubic meter

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<p>Water resource is essential to PGMC operations and its responsible use is an important metric in the Company’s sustainability journey.</p> <p>Water supply to all its facilities, whether for domestic or industrial use and for dust control, comes from three sources:</p> <ul style="list-style-type: none"> ● Shallow well ● Spring Water ● Surface water <p>In 2023, PGMC made use of deep wells as a source of water in addition to surface waters and shallow wells.</p>	<p>Employees, Contractors, and Local Community</p>	<p>PGMC ensures optimal use of its water resources, aiming to identify more effective conservation programs that it can use.</p> <p>In 2023, overall water consumption was recorded at 228,482.04 cubic meters, which was a 39% increase from the previous year. This increase may be attributed to road watering activities in which 70% of the total volume of extracted water from all sources is utilized. A total of 19 water lorries were acquired in 2023. This helps maintain good visibility for moving vehicles within the mine site and maintaining air quality.</p> <p>Meanwhile, Ipilan Nickel Corporation's overall water consumption decreased by 49% from 2022, with a total of 3,634 cubic meters.</p> <p>The Company implements rain harvesting to reduce water consumption. The collected water from siltation ponds are utilized for road watering.</p> <p>For the year 2023 to March 2024, the Company is still in the process of baselining water consumption. The Company will start its target on water consumption in the second quarter of the year 2024.</p>
<p>What are the Risk/s Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>

<p>The Company understands that there is always a risk of untreated water seeping and contaminating the soil. For this reason, the Company is committed to making appropriate measures to prevent such from happening.</p>	<p>Employees, Local Community, Regulatory Bodies</p>	<p>The Company employed a Septic System in the form of a watertight tank to partially treat raw domestic sanitary wastewater. It also has an established EMS guideline for the design and construction of septic tanks and in the extraction, collection, and disposal of domestic waste sludge and septage applicable to both the Company and service contractors' facilities.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>The use of water in the Company's mining operation is indeed significant. Thus, continuous studies on water conservation strategies are taken into consideration.</p>	<p>Employees, Regulatory Bodies</p>	<p>The following activities are being done to reduce or control water consumption:</p> <ul style="list-style-type: none"> ● Intensification of employees' awareness on water conservation through regular orientations and visual reminders. ● Development of Environmental Objective, Target, and Programs on Resource Conservation from departmental or functional unit into corporate level. ● Monthly monitoring, evaluation, and analysis of water consumption. ● Regular inspection of water pumps, pipes, and faucets. ● Installation of cistern to store and capture rainwater as additional measures in water resources management.

Materials used by the organization

Disclosure	Quantity			Units
	2023	2022	2021	
Materials used by weight or volume				
a. renewable	N/A	N/A	N/A	kg/L
b. non-renewable	N/A	N/A	N/A	kg/L
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	N/A	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As raw materials per se are not a requirement in operations, this disclosure has not been deemed as a material topic to report. Thus, there are no significant impacts identified.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There are no significant risks identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There are no significant opportunities identified.		

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	None	
Habitats protected or restored	N/A	ha

<p>IUCN Red List species and national conservation list species with habitats in areas affected by operations</p>	<p>Red list species (Tree) Apitong (<i>Dipterocarpus grandiflorus</i>), Reb Lauan (<i>Shorea negrosensis</i>), Tangile (<i>Shorea polysperma</i>), Yakal (<i>Shorea astylosa</i>), Tiga (<i>Tristania micratha</i>), Mangkono (<i>Xanthostemon vergugonianus</i>), Myrtaceae family, Dipterocarpaceae family</p> <p>Red list species (Animal) Snake (<i>Serpentis</i>), Banog Bird (<i>Accipitrinae</i>), Wild pig (<i>Sus scrofa</i>), Uwak (<i>Corvus</i>)</p> <p>Red list species (Plants) Wild orchids (<i>Neotinea tridentata</i>), Pitcher plant (<i>Nepenthes</i>)</p>	
<p>IUCN Red List species and national conservation list species with habitats in areas affected by operations (INC)</p>	<p>Red List Species (Tree) Cryptocarpa ampla (Bagarilau), Melicope triphylla (Matang Araw), Archidendron clypearia (Tiagkot), Casearia fuliginosa (Talitan), Drypetes palawanensis (Tumbong uak), Nepenthes sp. (Pitcher plant), Prunus javanica (Palawan Cherry), Xanthostemon speciosus (palawan Mangkono), Alstonia macrophylla (Batino), Macaranga bicolor (Hamindang), Mussaenda palawanensis (Malabuyon), Terminalia nitens (Sakat), Tarrietia sylvatica (Dungo)</p> <p>Red List Species (Volant Mamals) Mydaus marchei (Palawan Stink Badger), Sus barbatus ahoenobarbus (Bearded Pig), Tupaia palawanensis (Palawan tree shrew),</p> <p>Red List Species (Birds) Palawan Scops owl, Palawan tit, Palawan Striped babbler, Falcated ground-babbler, Palawan flycatcher, Palawan blue flycatcher</p> <p>Red List Species (Herps) Barbourula busuangensis (Philippine Discoglossid Frog)</p>	

<p>What is the impact and where does it occur? What is the organization's involvement in the impact?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
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Compared with other land uses such as farming, mining poses highly specific threats to biodiversity, especially during the clearing of the area in preparation for the extraction of ore. However, mining processes implemented during that crucial preparation period may be designed to prevent biodiversity loss.

Implementing effective conservation strategies to mitigate the impacts of mining on biodiversity is one of the Company's management plans to address the risk of the mining operation on biodiversity.

Local
Community,
Regulatory
Bodies

Beyond compliance with mining regulations, PGMC partners with the government and its communities to successfully implement the following programs:

- Progressive Rehabilitation Program
- National Greening Program (NGP)
- Mining Forest Program
- Temporary Revegetation Program

These programs consist of activities that require both engineering and forestry-related works incorporating the best method for soil erosion control and biodiversity preservation such as using organic fertilizer to improve the nutrient status of soil both macronutrients and micronutrient in the mined-out areas.

These also promote an eco-friendly approach to improve root growth, nutrient absorption, and soil nutrient and as well as an avenue for providing a livelihood for the host community.

In 2023, the rehabilitated areas reached 265.77 hectares, an increase from the 212.45 hectares from 2022.

Rehabilitation activities done in this area are backfilling, re-shaping, planting and maintaining. For extractive use, the land area has remained 80 hectares.

Meanwhile, INC has resumed to ensure enough seedlings were available for the reforestation and other planting activities.

In 2022, a one-hectare nursery was established where half a hectare was

		<p>located in the new campsite and the other half located inside their MPSA near cor. 1. INC produced and procured a total of 2,164,228 seedlings of different indigenous and endemic species. In addition to this, 26,947 out of 38,404 (70%) bamboo seedlings were produced by the Company. In order to ensure proper growth and promote the health of the planted seedlings, the Company produced and procured a total of 316,880 kg of vermicast and other animal manure products.</p> <p>Planting on areas inside and outside the MPSA were established by the Company. 97.85 hectares out of the targeted 230 hectares (43%) was planted inside the Company's MPSA Area. While 25 hectares of mangrove plantation was established in the brackish water of Brgy. Punang, Panitian and Abo-abo Espanola. In 2023, 9,908 seedlings were planted outside the MPSA.</p> <p>Under DENR's National Greening Program, a total of 861,839 seeds were planted in partnership with three People's Organizations (POs) in their impact barangays.</p> <p>A 20-meter buffer zone was established inwards from the mining tenement boundary and/or the outward from the edges of the normal high waterline of rivers and streams that are within the mining tenement (DAO 2018-19).</p> <p>INC conducted enrichment planting or assisted natural regeneration (ANR) to its buffer areas near corner 1 and along the haul roads covering a total area of 7 hectares.</p>
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		A total area of 20.11 hectares comprising five (5) stockyards was established. In 2023, INC maintained a total of 12. 29 hectares due to the restriction in the established SY 04 and SY 05.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company’s operations, specifically in its mine pit areas, may result in loss of vegetation and wildlife habitats in mining areas.	Local Community, Regulatory Bodies	<p>Committed to making a positive contribution to the protection of biodiversity and ecosystem services, PGMC launched an initiative that helps prevent biodiversity loss in the future.</p> <p>Since 2019, the Company has integrated a biodiversity management program through its policy and biodiversity strategies and delivered best practices with time-bound targets.</p> <p>The Company had allotted 50 hectares of area diverse with flora and fauna for Biodiversity Conservation located within the mining area of CAGA 5 and which also served as the major source of seeds and planting materials needed during the Rehabilitation stage of the mining operation. The said area is being closely monitored annually to determine species diversity, abundance, and tagging of potential seed trees for seed collection.</p> <p>In 2023, activities were carried out with PENRO and CENRO of Surigao del Norte. PGMC MEPEO has continuously monitored the Natural Forest Nursery and partnered with the DENR on the Adopt a National Greening Program in the town of Malimono. A total of 130 hectares with different species such as Agoho, Maribuhok, Lahi-lahi, Mahalan,</p>

		Lauan, Fruit Tree, Mangkono, Balinghasay, Sagimsim, Yakal, and miscellaneous indigenous species were planted on. This nursery not only benefits the environment but also aids in generating income for 26 Malimono family planters.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>Healthy coral reefs, aside from their ecological significance, have been recognized as an important marine resource that provides livelihood opportunities to local folks through fisheries and tourism.</p> <p>However, in the Lambason (Millari Island), there is an evident degradation in its coral reef ecosystem caused by various stressors such as natural events, pollution, and bad fishing practices.</p> <p>Thus, to ensure the protection and development of the coral reefs ecosystem in the said island, the municipal and barangay LGUs passed their respective resolutions which paved the way to the establishment of Lambason Island Marine Sanctuary (LIMS).</p> <p>The Company has not limited its commitment to implementing sustainable programs for the promotion of biodiversity conservation within its MPSA,</p>	Local Communities	<p>The Company has incorporated the protection of biodiversity into its programs and raised consciousness and awareness among its people on its intrinsic value for sustainability.</p> <p>The Company, therefore, has committed that for every tree that needs to be cut, it will plant another tree or 100 seedlings in its stead.</p> <p>Furthermore, in support of Lambason’s environmental endeavor, for instance, PGMC has committed to adopting the Lambason Island Marine Sanctuary (LIMS) through a memorandum of agreement with the LGUs. The adoption means that the Company shares the responsibility to provide financial and technical support for the activities designed for LIMS.</p> <p>Although no activities were carried out under the Coastal Resource and Management Program in 2023, continuous cleanup in the coastal areas was still conducted.</p> <p>Under the CRMP, Mangrove, bamboo, and indigenous seedlings were planted alongside the continuous implementation of the Adopt-a-River</p>

rather extends and shares these goals to the communities.

Program at Baoy River located at Daywan, Claver.

A total of 2,692,092 tree seedlings were planted by PGMC in 2023. Species planted are Auri, Lahi-lahi, Mahalan, Mangkuno, Balinghasai, Bago pili, Bago tambis, Nato, Agoho, Bamboo, Narra, white Lauan, and Maribuhok.

On the other hand, INC planted a total of 1,629,271 indigenous seedlings as part of its seedling replacement commitment in the STCEP.

A total of 129.85 hectares of enrichment planting sites were established and planted with 549,815 (250,000 were *Rhizophora* spp.) seedlings of various indigenous and endemic seedlings such as but not limited to Agoho, Batikalang, Burungao, Bulno-bulno, bunsicag, deklay, lumboy-lumboy, malabayabas, duguan, narra, ipil, nato, palomaria and yakal.

INC's seedling production, mangrove rehabilitation, and assisted natural regeneration approach was conducted through its MEPEO.

Another notable effort was the adoption of the mangrove forest and ecosystem of Barangay Bagakay, Claver, Surigao del Norte.

This environmental undertaking aims to restore the density and diversity of mangrove and beach forest of the barangay that mostly consists of *Nypa frutican* (Nipa) and some other true mangrove species. During this year's World Mangrove Day Celebration, about 1,500 mangrove propagules were planted in the adopted area with the

		participation of the POs of Barangay Bagakay (BARUTO), youth, and barangay officials.
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Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)	2022 (PGMC)	2022 (INC)	2021	
Direct (Scope 1) GHG Emissions	25,498.90	2,919.78	27,250.74	N/A	40,307	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	858.63	285.36	668.93	N/A	816	Tonnes CO ₂ e
Emission of ozone-depleting substances (ODS)	N/A	N/A	N/A	N/A	N/A	Tonnes CO ₂ e

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
PGMC is pursuing positive measures and initiatives such as GHG inventory to determine its GHG emissions as a foundation for the planning of mitigating measures. This is geared to contribute to the global effort on the reduction of GHG emissions.	Employees	<p>The Company annually monitors its GHG emissions constrained by its pre-defined organizational and operational boundaries.</p> <p>As an organizational boundary, GHG inventory only covers the combined emissions from all phases of operations in all PGMC organizations where it has full authority to introduce and implement policies.</p>

		<p>On the other hand, operational boundary refers to the identification of emissions associated with the operations and categorizing them as direct and indirect emissions using a scope system in a GHG accounting protocol.</p> <p>To facilitate easy consolidation of available and verifiable data, the activities within the organization are categorized by ore production and barging, ancillary activities, transportation, power generation, and electricity consumption based on purchased electricity from a local power utility.</p> <p>For 2023, estimated GHG emission reached 28,418.68 TCO₂e which is 4.2% higher than CY 2022. This figure is mainly affected by the increased additional facilities and manpower from Ipilan.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>The production and manufacture of HCFC-22 or R-22, the most common refrigerant for the air-conditioning system has been phased out and non-ozone-depleting alternative refrigerants are being introduced such as R-410A.</p>	<p>Employees, Local Community</p>	<p>Simultaneous with the enhancement being done by the Company in its facilities and structures is the improvement of its technology. While the Company still utilized its existing equipment containing R-22 refrigerants, newly purchased air conditioners are now using R-410A.</p>

		An inventory showed that 42% of installed air conditioning equipment is new and replaced with the ozone-friendly alternative. Moreover, through the Company’s Electrical Works Section, regular inspection and maintenance of all air-conditioning systems are being conducted.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company strives to control and reduce GHG emissions caused by its operations.	Employees, Local Community, Regulatory Bodies	<p>Continuous strict enforcement and implementation of the following protocols and initiatives are what helps PGMC in:</p> <ul style="list-style-type: none"> ● Reducing electricity and fuel consumption ● Assessing all equipment and vehicles through standard inspection and regular preventive maintenance services regularly. PGMC Mechanical and Maintenance Department, through the implementation EMS guidelines on vehicle/equipment inspections, ensures that all vehicles/machines running and operating inside the mine site premises complied/passed the government regulation standards on emissions. ● Gradually phasing out old vehicle/equipment for mining operations as new EMS guideline on

		<p>vehicle/equipment inspections sets a maximum limit on the equipment’s SMR and KMR which is 12,000 hours or five (5) years of operation for heavy equipment and 80,000 km or three (3) years of operation for dump truck units.</p> <p>Aside from the Company’s objective to reduce carbon emission by reducing fuel consumption, PGMC also defined forest carbon sequestration through progressive rehabilitation of mined-out areas and reforestation for both terrestrial and marine ecosystems within and outside MPSA as a viable climate change mitigation strategy.</p> <p>The Company has a partnership with CSU for a research study to assess the carbon stock of the three different mining landscapes of PGMC that includes the second-growth forest, plantation forest, and mangrove forest areas. The study aims to acquire information and data on the potential biomass and carbons of live trees, herbaceous vegetation, and forest litter layers accumulated in these landscapes through the determination of the aboveground and understory carbon pool.</p> <p>Started in 2022, PGMC through its MEPEO, conducted an in-house research entitled “The</p>
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		<p>Viability of Asexual Reproduction of Selected Tree Species in Agroforestry Nursery.</p> <p>The objective was to increase the number of species to be used as planting materials by assessing the survival rate and determine the lateral and apical growth while preserving the endemic and indigenous species. From the four species being studied, Malatambis has the highest survival rate. The research was continuously conducted in 2023.</p> <p>INC on the other hand continuously conducts assisted natural regeneration or enrichment planting activities with average planted seedlings survival rate of 83.9 %.</p>
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Air Pollutants

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)	2022 (PGMC)	2022 (INC)	2021	
NO _x	N/A	N/A	N/A	N/A	N/A	kg
SO _x	N/A	N/A	N/A	N/A	N/A	kg
Persistent organic pollutants (POPs)	N/A	N/A	N/A	N/A	N/A	kg
Volatile organic compounds (VOCs)	N/A	N/A	N/A	N/A	N/A	kg
Hazardous air pollutants (HAPs)	N/A	N/A	N/A	N/A	N/A	kg
Particulate Matter (PM)	N/A	N/A	N/A	N/A	N/A	kg

Total Suspended Particles (TSP)	N/A	N/A	21	3	16	ug/N m ³
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What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Maintaining air quality is important for both employees and the communities.</p> <p>Since the Company is not a company plant with a processing plant, monitoring of air emissions such as nitrogen oxides (NOx), sulfur oxides (Sox), and others are not being conducted.</p> <p>On the other hand, the Company monitors the Total Suspended Particulates (TSP), which refers to the totality of small solid matter released, documented, and/or otherwise observed in the atmosphere.</p>	<p>Employees, Local Community, Regulatory Bodies</p>	<p>The Company has established five sampling stations at strategic locations within the mine site and in the host community.</p> <p>Sampling is done monthly using an air sampling device calibrated annually by a third-party service provider to ensure an accurate result.</p> <p>Since road dust generation from the Company’s daily mining activities poses a significant risk to the air quality, mitigating measures such as intensified daily water spraying and regular road maintenance are strictly implemented.</p> <p>INC procured three water trucks for watering the 12-km mine haul road. The water trucks operated a total of 192 days. An additional three water trucks were lent to INC to better deter the dust generation in the Company’s haul road. In addition, the Company procured an E-sampler to measure the TSP, this air sampler also has the capacity to monitor PM 10 and PM 2.5.</p> <p>Air sampling activity was conducted quarterly on the eight identified sampling stations.</p> <p>In order to conduct noise monitoring activity, the Company purchased one sound meter and was able to conduct</p>

		noise monitoring for the seven identified sampling stations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Wheel-generated dust from haul and access roads is the major source of dust particle dispersion in the mine site. Dust can contribute to the degradation of air quality that affects people’s health.</p> <p>There is also the risk that the Company’s barging operation can potentially affect portions of the national highway should there be incidental spillages of materials.</p>	<p>Employees, Local Communities, Regulatory Bodies</p>	<p>To suppress dust, especially during the dry season, regular water spraying onto road surfaces is a viable solution as it enhances soil moisture, preventing the dust from becoming airborne.</p> <p>PGMC has acquired 19 water lorries, wherein 15 have a tank capacity of 16,000 to 20,000 liters and are exclusively intended for dust control. The MEPE Office managed these resources, about 201,668 cu.m water spray/dust suppression.</p> <p>The MEPE Office managed these resources by designing a route per unit, regularly supervised, and monitored by an Environmental Monitoring Staff. In addition, the Company sourced water supply from its two Surface Water Lorry Stations installed with high-capacity water pumps.</p> <p>For augmentation, the Company’s General Contractors also committed to supporting the dust control program by providing at least one Water Lorry Unit embedded in their Service Contract.</p> <p>Aside from water spraying, the matting of road surfaces with crushed rocks significantly aids in reducing dust generation from road networks. Unlike bare soil, crushed rocks as ballast materials don’t easily break into finer particles that form into dust. Therefore, operating under the Engineering and Technical Services Department (ETSD)</p>

		<p>management, PGMC installed a crusher plant to resize boulders into a smaller size of rocks for road stabilization.</p> <p>At the same time, plants filter out not only chemicals in the air but also dust particles. Supplementary to spraying road surfaces, roadside vegetation served as dust curtains to minimize dispersion of particles to farther areas. The same also served as windbreakers.</p> <p>Meanwhile, to mitigate risks of road debris, the company hired 23 street sweepers and four road scrappers assigned to manually collect material spillages or soil residues on the national highway and the Kinalablaban Bridge. This activity aims to maintain the cleanliness of the national highway for the convenience of vehicle owners and commuters and, most importantly, it helps improve air quality.</p> <p>On the other hand, INC hired 10 street sweepers to manually collect material spillages or soil residues on the national highway. This activity aims to maintain the orderliness and cleanliness of the national highway for the conveyance of commuters and reduce mud generation and dust generation along main thoroughfare.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>There are no significant opportunities identified since all air sampling results are within the DENR standards, 230 µg/Ncm.</p>		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)*	2022 (PGMC)	2022 (INC)**	2021	
Total solid waste generated	20,523	22,903	58,923.26	6,406.14	76,472	kg
Reusable	1300	N/A	N/A	N/A	N/A	kg
Recyclable	10,641	3,974	11,588.16	467.30	12,467	kg
Composted/ Biodegradable	14,130	8,849	14,635	4,100.26	28,467	kg
Incinerated	N/A	N/A	N/A	N/A	N/A	kg
Residuals/Landfilled	2,362	10,080	32,700.1	1,838.58	35,538	kg

*2023 Figures are based on a whole year operation

**2022 Figures are based on a 3 month operation

Solid Waste Management

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<p>Having an effective solid waste management program can positively affect the Company's operation – environmentally, socially, and economically.</p>	<p>Employees, Regulatory Bodies, Local Community</p>	<p>As a responsible neighbor, the Company takes care in implementing a proper and effective solid waste management program for the benefit of the communities. The implementation of the Company's Solid Waste Management Program includes the practice of 4Rs: Refuse, Reduce, Reuse and Recycle.</p> <p>PGMC is one advocate of the campaign to #BeatPlasticPollution, which aims to refuse the use of single-use or disposable plastics. Through an EMS memorandum, in-house and contractors' employees are discouraged from using disposable plastic bags as food packaging; rather, they must utilize reusable food containers for their meal consumption. Also, the Company gradually refrained from purchasing and distributing disposable plastic water bottles intended for visitors.</p> <p>In its efforts to make recyclable waste, particularly plastics, acceptable for reprocessing, PGMC has hired workers to clean (wash) the plastic wastes. There are several washing stages (pre-washing, washing with detergents, final washing, sun-drying, folding, packing, and free delivery to the recycling plant) to eliminate plastic wastes from any environmental stream as a post-consumer product.</p> <p>Collected biodegradables such as backyard and kitchen wastes are subject to either natural decomposition at designated compost pits or subject to the shredding process for vermicomposting and soil media application.</p> <p>Aside from reusing and recycling waste materials for site beautification, the Company continued to engage in donating 842 kilos of PET bottles and cellophane wrappers to Barangay Panatao, Claver. This</p>
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		<p>minimized the volume of waste that will go to the landfill while also aiding in the success of its environmental endeavor to convert wastes into a much worthwhile purpose.</p> <p>On the other hand, papers are being reused in office operations alongside the ongoing implementation of the "PaperLess Program."</p> <p>In addition, employees constantly receive environmental awareness orientations, visual reminders, monitoring, evaluation, analysis, and monthly cascading of waste generation performance.</p> <p>On top of this, the development and improvement of environmental objectives, targets, and programs on resource conservation from departmental/functional units down to the corporate level continues.</p> <p>INC generated more solid waste than projected, due to the increase in number of personnel and the establishment of a new campsite. Biodegradable waste was used as input or substrate in the vermicompost production and the recyclable materials are stored in the newly constructed Material Recovery Facility (MRF).</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>As the Company grows, an ineffective solid waste management system will fail to support and sustain metrics and performance.</p>	<p>Employees, Regulatory Bodies, Local Community</p>	<p>The Company seeks to continuously improve its Solid Waste Management program to ensure it is able to address current situations.</p>

		<p>Due to the increasing number of employees, waste generation is monitored closely.</p> <p>In 2023, the Company's overall solid waste generation decreased by 34% due to the Company's initiatives in plastic reduction and its Solid Waste Management Program.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Further use of alternative methods such as composting for biodegradable waste material is an option open to further exploration.	Employees, Regulatory Bodies	For 2023, PGMC was able to compost nearly the same amount of biodegradable waste as the previous year. While Ipilan's composted biodegradable waste doubled from 2022.

Hazardous Waste

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)*	2022 (PGMC)	2022 (INC)**	2021	
Total weight of hazardous waste generated						
• Used batteries	7.78 MT	2.091 MT	294	7	983	pcs
• Busted bulbs	0.03 MT	0.025 MT	328	0	706	pcs
• Used filters	N/A	0	4,460	0	6,239	kl
• Cooking oil	N/A	264	100	0	418	L

● Used oil	24.01 MT	38,300	48,183.00	1,700	60,688	L
● Waste electrical & electronic equipment	2.03728	-	-	-	-	MT
● Containers previously containing toxic materials	0.209	-	-	-	-	MT
● Oil-contaminated materials	2.6415	-	-	-	-	MT
● Expired medicines	0.02257	-	-	-	-	MT
Total weight of hazardous waste transported	36.71	44.593	154.94	None	96	MT

*2023 Figures are based on a whole year operation

**2022 Figures are based on a 3 month operation

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company recognizes that hazardous wastes require proper handling and the repercussions of negligence in this regard will impact people's health and safety.</p> <p>This is why compliance to regulations is essential.</p>	Employees, Regulatory Bodies, Local Community	For 2023, the Company transported 62 metric tons of used industrial oil for treatment by Wave Industrial Sales, a DENR registered transporter and treater.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<p>The inability to properly dispose of hazardous wastes is a risk. INC, for instance, had an urgent need to dispose of the hazardous waste since its storage facility has reached 50% capacity.</p> <p>However, since Palawan is an Island Province and most of the treater were located in Luzon and Mindanao the treater requires a large amount before they could haul the hazardous waste. Transport is then usually scheduled together with other mining companies.</p>	<p>Regulatory Bodies</p>	<p>PGMC ensures that prior to transport by duly accredited service companies, hazardous wastes are stored within duly established Hazardous Waste Storage Facility.</p> <p>For 2023, INC and its contractors were only able to produce a total of 44,593 kilograms (kg) of both solid and liquid hazardous waste.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p>The Company sees value in being prepared for untoward incidents regarding hazardous waste. Ensuring the Emergency Response Team (ERT) has the skills, tools, and training is therefore important.</p>	<p>Regulatory Bodies</p>	<p>The Company promulgates an EMS guideline that has been developed to provide a useful guide to all generators on effectively handling all types of hazardous wastes, including oil-contaminated materials, waste with inorganic compounds such as batteries and busted bulbs, and wastes previously containing toxic substances, medical wastes, and electronic wastes.</p> <p>At the same time, the Company has an Emergency Response Team (ERT) comprised of trained personnel ready to respond to cases involving oil spillage and other hazardous waste emergencies.</p>

		In addition, employees directly carrying hazardous wastes in areas, such as motor pools and hazardous waste facilities, were also trained and oriented on immediately containing oil spills/leaking of smaller quantities using absorbent logs, pads, and sawdust.
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Effluents

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)	2022 (PGMC)	2022 (INC)	2021	
Total volume of water discharges	442,465.66	0	93,592.20	68,283.88	92,276.88 ⁶	Cubic meters
Percent of wastewater recycled	3.72	0	5.3	15.47	1.21	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Monitoring the quality of effluents from operations allows the Company to maintain standards set by regulatory bodies. The capability to ensure effluents are within health and safety standards will protect people and communities and help maintain good relations with stakeholders.	Employees, Regulatory Bodies, Local Community	<p>The Company conducts daily and monthly water quality monitoring in its nearby water bodies in terms of Total Suspended Solids (TSS).</p> <p>Currently, there are 46 designated water sampling stations: 26 water stations for effluent with active discharge</p>

⁶ The volume of wastewater discharges computed here is based on the allowable discharge rate of the Wastewater Discharge Permits for our settling ponds and the number of rainfall days above 20mm.

		<p>permit; marine water is 5; ambient is 13, and ground is 2.</p> <p>Collected water samples from daily monitoring are being analyzed using the Gravimetric Method. Any time that results of the analysis do not pass the DENR Standard, an assessment will be conducted to identify the root cause of failure, and the concerned department will do an immediate correction.</p> <p>A confirmatory sampling will be conducted after the corrective actions are completed.</p> <p>On the other hand, samples collected from monthly monitoring are submitted to a third-party laboratory for TSS Analysis. The results are reported in the Company's Adopt-A-River Report, Self-Monitoring Report (SMR), and Compliance Monitoring Report (CMR).</p> <p>There was an increase in water discharge volume as the Company had expanded settling ponds to cater to their expanding mine operations in terms of area disturbed.</p> <p>The percentage of recycled wastewater comes from their dust control operations in Kantugis. The automatic water sprinkler is installed in the polishing chamber of settling pond number 5.</p>
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What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>There are risks of erosion and sedimentation which also contributes to siltation of river waters during the rainy season.</p>	<p>Employees, Regulatory Bodies, Local Community</p>	<p>The Company is performing River Bank Stabilization along barren river channels of Kinalablaban Rivers 1 and 2 from the mouth to the midstream portion of Linaw River through a layering of large-sized boulders or riprapping method.</p> <p>This initiative prevents river channels from scouring and protects riverbanks from degradation.</p> <p>As of December 2023, 1495 meters of the Kinalablaban riverbank and Legazpi tributary have been stabilized with boulders. As a result, the total 8.115 km length of the riverbank is now protected against erosion.</p>
<p>Under force majeure conditions, wastewater discharges tend to discolor nearby water bodies, namely Kinalablaban River, Hinadkaban Bay, and Tandawa Creek. In addition, rainstorms may transport the eroded soils directly to these water bodies resulting in the accumulation/deposition of silts unto the bottom of the river and causeways.</p>		<p>Siltation is an environmental impact that most surface mines need to control. The Company, through its Environmental Protection and Enhancement Programs, implemented the following strategies to remediate the said impact:</p> <p>One, Manual Desilting Operation is carried out by recovering visible silt accumulated along river and creek channels through manual sacking-hauling-dumping of silt to designated dumping areas. An EMS guideline has been developed to provide a practical procedure for the said activity.</p>

		<p>Two, PGMC strategized to employ Slurry Pumps and Hydraulic Machines for its mechanical dredging operations to rehabilitate and recover sediments and reddish clay silt long-been deposited unto the bottom of Kinalablaban rivers and river deltas even before the start of the Company's mining operations. This activity is carried out by one dedicated team equipped with one (1) unit Hydraulic Dredging Machine capable of removing 150 cubic meters of slurry per hour of operation with 60% solid recovery. Supplementary to this, PGMC has five (4) units of slurry pumps capable of removing 2.0 cubic meters of slurry per hour from the riverbed.</p> <p>For 2023, the volume of sediments taken out of the riverbed through dredging operation (Mechanical & Hydraulic) is 8,646 cu.m and manual desilting is 245 cu.m total of 8,891 cu.m. The removal was done through mechanical and manual methods. The significant reduction in the volume of sediments signifies the effective control being implemented in the upstream portion of the river.</p> <p>Meanwhile, for INC there was no manual desilting conducted on rivers and tributaries. However, a total of 7,149 cu.m of silt was</p>
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		recovered from the maintenance of its environmental structures.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company continues to improve on environmental strategies concerning improving the quality of wastewater.	Employees, Regulatory Bodies, Local Community	<p>PGMC’s environmental strategies focus on the continuous implementation of its activities on Storm Water Drainage Management and Stabilization of Environmental Structures.</p> <p>Established drainage systems served as chain waterways connected to the constructed environmental structures such as Collector Sumps, In-Pit Check Dams, Check Dams, and Settling Ponds.</p> <p>These structures serve as storage basins of run-off water that carry a significant amount of suspended solids coming from the disturbed areas and allow retention and settlement of these suspended solids before the discharge of excess wastewater to the receiving water bodies/river.</p> <p>Monitoring and maintenance of these environmental structures are significant in achieving effective siltation control and drainage management systems.</p> <p>Through the Water and Sediment Control Section, the Environment Division is responsible for controlling the overflowing of seepage and control of water contamination</p>

		<p>into adjacent and receiving water bodies. Actual evaluation and monitoring of existing environmental structures are conducted monthly during rainy seasons and quarterly during dry seasons. Repairs and desilting activities are done based on the evaluation of set parameters.</p> <p>As of December 2023, 64,046 cu.m water and sediment impounding structures were constructed to augment the structures for detaining the run-off. The structures include settling ponds, sediment traps, and collector sumps.</p> <p>For INC, as of December 2023, a total of 177,965.70 cu.m. water and sediment impounding structures were constructed to reduce the erosivity of run-off and deter siltation on receiving water bodies near the mining area. These include Sedimentation ponds, check dams and silt traps.</p>
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Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity			Units
	2023	2022	2021	
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	0	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0	0	#

No. of cases resolved through dispute resolution mechanism	0	0	0	#
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>PGMC recognizes that it is through sincere compliance with environmental regulations that it is rewarded with a license to operate its business. Failure to adhere to agreements and keep its promises may cause loss of trust with stakeholders and will be detrimental to the business.</p>	<p>Employees, Regulatory Bodies, Local Community</p>	<p>The Company remains fully committed to its EPEP that contain the following guarantees:</p> <ul style="list-style-type: none"> ● Compliance to the control measures stipulated in the EPEP ● Compliance to the control measures stipulated in the AEPEP ● Utilization of RCF and/or MTF ● Research Undertaken ● Compliance to the control measures stipulated in the FMR/DP <p>For INC, AEPEP accomplishment is 93% in the Physical and 87% of the allotted 2023 AEPEP Budget.</p> <p>The project that was not completed was the plantation establishment inside the MPSA area (MFP) and outside the MPSA area (NGP. This is due to lack of available planting area. However, several communications have been made with CENRO-Brooke's Point and are already identified, 436 hectares out of 1,000 hectares that can be adopted by the Company.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Consistent non-compliance may lead to temporary, if not permanent, stoppage of operations. In addition, this may also lead to significant damage to the Company's reputation in the industry.</p>	<p>Employees, Regulatory Bodies</p>	<p>The Company ensures that all aspects of its operations are compliant with relevant rules and regulations through regular monitoring and management of air quality, wastewater quality, and solid and hazardous waste generation and disposal.</p> <p>This includes following through on the plans stated in the Company's AEPEP, such as the conduct of reforestation activities, temporary revegetation, and the conduct research studies.</p> <p>The Company adheres to the Environmental Compliances with the following conditions:</p> <ul style="list-style-type: none"> ● Good vegetative practices, proper land use, sound oil management, and proper waste management throughout the Project Implementation, ● Conduct an intensive IEC Program to inform and educate all stakeholders at Barangay Cagdianao and Hayanggabon embodied in the EPRMP, ● Establish a carbon sink program such as reforestation to mitigate the GHG of the Company in line with the DENR Standards/ ● Installation of the cistern to store and capture rainwater as additional measures in water resources management,

		<ul style="list-style-type: none"> • The Mining and beneficiation operations shall be in conformance with the provisions of R.A. No. 6969, R.A. No. 9003, R.A. no. 9275, R.A. No. 8749 • Shall be no discharge of wastewater to any receiving water body without passing through a series of wastewater treatment facilities.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There are no significant opportunities identified.		

SOCIAL

[Employee Management](#)

[Employee Hiring and Benefits](#)

[Employee Data](#)

Disclosure	Quantity							Unit
	2023 (Head Office)	2023 (PGMC)	2023 (INC)	2022 (Head office)	2022 (PGMC)	2022 (INC)	2021	
Total number of employees ⁷	78	1,719	898	66	1984	830	1923	
a. Number of female employees	41	266	128	31	275	117	240	#
b. Number of male employees	37	1453	770	35	1709	713	1683	#
Attrition rate ⁸	0.26	-0.05	3.36	2.0	18	4.2	12%	%

⁷ Includes regular and fixed term/seasonal employees

⁸ Applies to regular employees only

Ratio of lowest paid employee against minimum wage	no data	no data	no data	1:1	1:1	1:1	1:1	ratio
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Employee Benefits

List of Benefits	Y/N	% of Male Employees who Availed			% of Female Employees who Availed		
		Head Office (PGMC Makati, GFNI Makati, and PCSSC Makati)			Head Office (PGMC Makati, GFNI Makati, and PCSSC Makati)		
		2023	2022	2021	2023	2022	2021
SSS ⁹	Y	6.4%	5%	10%	7.69%	4%	22%
PhilHealth ⁹	Y	1.28%	1%	0%	2.56%	0%	0%
Pag-ibig ⁹	Y	2.56%	2%	6%	2.56%	1%	13%
Vacation Leaves ⁹	Y	47.44%	31%	32%	52.56%	29%	72%
Sick Leaves ⁹	Y	47.44%	31%	35%	52.56%	29%	75%
Medical benefits (Aside from PhilHealth) ⁹	Y	100%	100%	100%	100%	100%	100%
Housing assistance (Aside from Pag-ibig)	N	N/A	N/A	N/A	N/A	N/A	NA
Retirement fund (Aside from SSS) ⁹	Y	100%	100%	N/A	1.28%	N/A	NA

⁹ Applies to regular employees only

Further education support	N	N/A	N/A	N/A	N/A	N/A	NA
Company stock options	N	N/A	N/A	N/A	N/A	N/A	NA
Telecommuting ¹⁰	Y	100%	100%	100%	100%	N/A	100%
Flexible-working hours ¹⁰	Y	100%	100%	100%	100%	N/A	100%

List of Benefits	Y/N	% of Male Employees who Availed					% of Female Employees who Availed				
		Mine Site (PGMC , Ipilan and PCSSC Surigao)					Mine Site (PGMC, Ipilan and PCSSC Surigao)				
		2023 (PGM C)	2023 (INC)	2022	2022 (INC)	2021	2023 (PGM C)	2023 (INC)	2022	2022 (INC)	2021
SSS ⁹	Y	100%	100%	6%	86.14 %	6%	100%	100%	9%	13.86 %	9%
PhilHealth ⁹	Y	100%	100%	0%	86.14 %	0%	100%	100%	1%	13.86 %	2%
Pag-ibig ⁹	Y	100%	100%	25%	86.14 %	22%	100%	100%	20%	13.86 %	18%
Vacation Leaves ⁹	Y	100%	5%	58%	60%	95%	100%	2%	25%	40%	90%
Sick Leaves	Y	100%	5%	58%	60%	95%	100%	2%	25%	40%	90%
Medical benefits (Aside from PhilHealth) ¹⁰	Y	100%	100%	6%	57.69 %	100%	100%	100%	20%	42.31 %	100%

¹⁰ Applies to regular and fixed term/seasonal employees

Housing assistance (Aside from Pag-ibig)	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Retirement fund (Aside from SSS) ¹⁰	Y	N/A	N/A	N/A	N/A	0%	N/A	N/A	N/A	N/A	N/A
Further education support	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Company stock options	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Telecom muting ¹⁰	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Flexible-working hours ¹⁰	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Ensuring that the Company offers fair compensation and benefits packages helps to attract the right talent pool for the Company. This places the Company as an employer of choice in the region.	The Company employs seasonal rank and file workers as mining operations are conducted during the dry season. Seasonal workers are provided benefits such as Social Security System (SSS), Home Development Mutual Fund (HDMF), 13th-month pay, and incentives.
What are the Risk/s Identified?	Management Approach

<p>There is the usual risk of good employees leaving, which is commonly caused by redundancy, opportunities abroad, and further studies.</p>	<p>The Company focuses on preserving the loyalty of its employees through comprehensive HR programs and policies designed to sustain employee engagement. This includes the following:</p> <ul style="list-style-type: none"> • Competitive salaries • Benefits such as the provision of health insurance, meals, uniforms, and bonuses. <p>Obtaining the employees' loyalty will benefit the Company in the long run by not having to continuously spend time, money, and energy recruiting new employees. Instead, it could focus its resources on providing more training and development to its loyal employees.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>
<p>The opportunity to provide more jobs and employment to the local communities is something that the Company always wants to optimize.</p>	<p>Through the employment process, the Company prioritizes applicants from its neighboring communities.</p>

Employee Training and Development

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)	2022 (PGMC)	2022 (INC)	2021	
Total training hours provided to employees						
a. Female employees	3,075	1,464	824	448	600	hours
b. Male employees	2,775	4,496	2,912	1536	424	hours
Average training hours provided to employees						
a. Female employees	75	21.22	91.56	41.14	25	hours/em ployee

b. Male employees	75	20.62	242.67	141.04	16	hours/employee
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<p>What is the impact and where does it occur? What is the organization's involvement in the impact?</p>	<p>Management Approach</p>
<p>The ability to enable and empower employees through continuous upskilling, training and development ensures succession in various and key roles and is an important factor for sustainability. Engagement through development instills loyalty and increases retention.</p>	<p>The Company ensures that its employees are updated on recent developments in their respective industries by providing training. The Company, in return, benefits from increased employee productivity, increased employee retention, and fulfillment of company goals and production targets.</p> <p>An Annual Training Schedule is developed based on the Training Request Forms filled up by Department Heads at every end of the year. Compliance-related training stipulated in the Annual Health and Safety Plan, and AEPEP are prioritized.</p> <p>Other topics covered are personality development, technical, mechanical, environmental, occupational health and safety, quality control, radiation protection, and mental health awareness.</p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>
<p>Undertrained and underdeveloped employees could result in low production rates, high turnover rates, an unsafe environment, and ineffective staff management.</p>	<p>To mitigate these risks, the Company focuses on continuously developing its employees' skills, talent, and knowledge for their growth and development. All employees receive basic training during their onboarding, continuous training during their tenure, and every phase of their work assignments.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>
<p>There are different ways to incentivize people to keep learning and growing in skills that would benefit the Company and its operations. These include ways that the</p>	<p>The Company gives importance to evaluating and rewarding the excellent performance of its employees.</p>

<p>Company gives importance to evaluating and rewarding the excellent performance of its employees.</p>	<p>Through the Performance, Planning, and Evaluation program, the Company identifies the equivalent bonus for the performance of its employees.</p> <p>Another way the Company rewards its employees is by providing incentives for each successful project undertaken. It also provides loyalty awards and salary increments to continuously motivate its employees into staying with the Company.</p>
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Labor-Management Relations

Disclosure	Quantity			Units
	2023	2022	2021	
% of employees covered with Collective Bargaining Agreements	0	0	0	%
Number of consultations conducted with employees concerning employee-related policies	0	0	0	#

<p>What is the impact and where does it occur? What is the organization's involvement in the impact?</p>	<p>Management Approach</p>
<p>Maintaining good labor-management relations is imperative in having efficient and productive operations for any business. Unresolved issues in this relationship could mean disruptions and instability that would affect performance and reputation.</p>	<p>The Company has no Employee Unions and Collective Bargaining Agreements but ensures a good working environment for its employees by properly implementing employment policies and work rules.</p> <p>The Company has a Company Code of Conduct and Employees Manual that all employees must abide by. Management is responsible for the proper implementation of these rules.</p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>
<p>Poor labor-management relations bring the risk of high attrition rates and increasing HR costs.</p>	<p>The Company drives a retention campaign through the following initiatives:</p>

	<ul style="list-style-type: none"> • Regular performance review - to provide feedback on the employees' performance and contribute to their personal and professional growth • monthly employee bulletins - to ensure that employees are updated on the Company's activities and achievements • employee activities and events – to promote the overall wellness of employees and to increase their participation
What are the Opportunity/ies Identified?	Management Approach
The Company promotes participation and cooperation among its employees through engagement programs.	<p>Employee engagement programs include the following:</p> <ul style="list-style-type: none"> • Town Hall meetings provide an avenue for updates and employee consultations on policies and issues. • Information drives include regular email advisories, social media posting, and other instant messaging platforms to inform employees of activities and updates. • Company events and celebrations show the Company's appreciation for its employees, which is a vital part of its success.

Diversity and Equal Opportunity

Disclosure	Quantity							Units
	2023 (Head Office)	2023 (PG MC)	2023 (INC)	2022 (Head Office)	2022 (PG MC)	2022 (INC)	2021	
% of females in the workforce	50	15	14	0	14	14.1	12	%
% of males in the workforce	50	85	86	0	86	85.9	88	%

Number of employees from indigenous communities and/or vulnerable sector ¹¹	0	0	233	0	16	248	14	#
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company's policies and practices on Diversity and being an Equal Opportunity Employer strengthens the organization with the best talent, regardless of other factors that has nothing to do with the ability to perform the job.	The non-discrimination policy in the Company's recruitment process ensures that everyone, regardless of their gender, race, religion, ethnicity, or educational attainment, is given the same opportunity as long as they are qualified for the position. The percentage of females is lower compared to that of males. This is mainly due to the nature of the work in the mining industry requiring specific skills.
What are the Risk/s Identified?	Management Approach
There are no significant risks identified.	
What are the Opportunity/ies Identified?	Management Approach
Hiring indigenous peoples within its scope is something companies perceive as an opportunity.	The Company identifies various groups of indigenous peoples within its scope and offers them employment opportunities at its mine site.

[Workplace Conditions, Labor Standards, and Human Rights](#)

[Occupational Health and Safety](#)

Disclosure	Quantity					Units
	2023 (PGMC)	2023 (INC)	2022 (PGMC)	2022 (INC)	2021	
Safe Man-Hours	4,230,458. 25	7,824,129. 96	6,573,09 8	3,499,52 5	7,666,1 60.2	Man- hours

¹¹ Vulnerable sectors include, 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).

No. of work-related injuries/illnesses	0	2	69	70	39	#
No. of work-related fatalities	1	0	0	0	0	#
No. of safety drills	7	5	4	4	7	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Platinum Group Metals Corporation (PGMC) has reached a new milestone by recording 12,054,588 safe man-hours with zero non-lost time accidents as of the Year 2023.</p> <p>The achievement entails that the Safety and Health Division (SHD) programs including daily-walk through inspections, toolbox meetings, safety orientation, safety meetings, health monitoring, and health Information, Education and Communication (IEC) campaign were effective. Furthermore, the milestone implicates the efforts of the Division and every department in mitigating hazards and keeping the Company safe after it recorded a fatal incident last April 2018.</p> <p>The impact derived from operations is the following:</p> <ul style="list-style-type: none"> ● Dust generation could impact the health of the workers and nearby communities. ● Cutting of trees and water bodies discoloration due to ore derived from the mining operation. 	<p>Platinum Group Metals Corporation's Environmental Management System (EMS) has been recertified on October 11, 2022. The certifying body Intertek also granted certification to two new standards: ISO 9001:2015 Quality Management System and ISO 45001:2018 Occupational Health and Safety Management System. This represents complete adherence to international standards in the management of environment, quality, health and safety systems.</p> <p>A Safety and Health Committee is an important way to boost safe conditions in the workplace. The committee provides a forum for employees and management to solve health and safety issues. An effective working committee can help prevent injuries and illness on the job; raise awareness of safety and health issues among workers, supervisors, and even managers; formulate policies and programs to make the work environment safe and healthy.</p> <p>The Company has several policies regarding occupational health and safety, namely:</p> <ul style="list-style-type: none"> ● Issuance of Personal Protective Equipment (PPE) ● No PPE, No Work policy ● No work under the influence of liquor ● No safety and health orientation, no job

	<ul style="list-style-type: none"> ● No badge identification, no work ● No unauthorized driving <p>It also conducts health surveillance through lectures and information drive campaigns conducted by the Health section. It also provides training and walk-a-talks to help the Company achieve its commitment to a zero accident/illness program.</p> <p>The Company has a Work Environment Measurement program that identifies the level of air pollutants, water, and noise and determines if it is in the tolerable range. It also established environmental structures to mitigate the negative effects of its operations, and it provides medicines to workers through its health practitioners.</p>
What are the Risk/s Identified?	Management Approach
<p>The risks identified are:</p> <ul style="list-style-type: none"> ● Hauling of ore in ascending/descending roads ● Over speeding of drivers ● Generation of dust ● Poor maintenance of equipment ● Unmitigated open burning ● Poor ERP planning and fire truck utilization ● Other work-related hazards 	<p>These risks are addressed through the following initiatives:</p> <ul style="list-style-type: none"> ● Safety orientation and PPE issuance to employees ● General contractors' weekly safety coordination meetings to raise issues related to operations ● No Badge I.D/No Work Policy in ensuring that workers have passed all requirements needed to prove that they are capable to work ● Pre-Medical Examination for new hires for physical and mental health surveillance ● Enforcement of two-driver or operator policy to consider the work-time limit of workers and avoid worker exhaustion which might lead to accidents ● Establishment of safety rules and regulations for driving to prevent overspeeding and accidents from lack of discipline

	<ul style="list-style-type: none"> ● Provision of guidelines on the proper usage of fire trucks in case of emergency ● Observance of safety signages, restrictions, and warnings to promote awareness of work-related hazards
What are the Opportunity/ies Identified?	Management Approach
The Company has different sets of measures to help its employees become aware of the importance of having a safe work practice and a healthy lifestyle.	<p>Although the majority of the regular employees were already aware of most of the Company's hazards, time is a significant component that increases the likelihood that the known risks would be overlooked.</p> <p>Therefore, all regular and probationary staff were given a Safety and Health refresher orientation by the Safety and Health Division. The regular and probationary employees were reminded of the Division's objective and vision, as well as the Safety and Health Policy, during the orientation.</p> <p>The norms and duties of general employees in maintaining a safe workplace were also iterated during the orientation. Furthermore, the orientation also covered modifications to earlier policies as well as the Company's projected Safety and Health Policy for the current year.</p>

Labor Laws and Human Rights

Disclosure	Quantity			Units
	2023	2022	2021	
No. of legal actions or employee grievances involving forced or child labor	0	0	0	#

Do you have policies that explicitly disallow 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
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Forced labor	Y	<p>The Company only hires employees that went through the application and interview process as found in the Employees’ Manual.</p> <p>In a Certification dated September 12, 2023, DOLE-CARAGA certified that PGMC has no pending case involving violations on Child Labor and any related laws, rules and regulations.</p>
Child labor	Y	<p>The Company only hires applicants that are 18 years old and above in the Employees’ Manual (PGMC Policy on Child-Labor Free Workplace)</p> <p>In a Certification dated September 12, 2023, DOLE-CARAGA certified that PGMC has no pending case involving violations on Child Labor and any related laws, rules and regulations.</p>
Human Rights	Y	<p>The Company requires that its employees treat each other humanely and civilly in accordance with the Company’s Code of Conduct (Section 9.3 , O.1 of the Company Code of Conduct).</p> <p>In a Certification dated September 12, 2023, DOLE-CARAGA certified that PGMC has no pending case involving violations on Child Labor and any related laws, rules and regulations.</p>

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<p>The Company condemns and strictly forbids forced and child labor in all its location of operations.</p>	<p>The Company sternly implements the following laws and policies to ensure adherence to the rights of its employees:</p> <ol style="list-style-type: none"> 1. Republic Act 7877 or the Anti-Sexual Harassment Act of 1995 2. Republic Act 10627 or the Anti-Bullying Act of 2013 3. DOLE Department Order 174 4. Republic Act 7610 5. Labor Standards

What are the Risk/s Identified?	Management Approach
There are no specific risks identified for the reporting year.	
What are the Opportunity/ies Identified?	Management Approach
There are no significant opportunities identified as the Company complies with Labor Laws and Human Rights Policies.	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes, but the policy we have is still a draft (not yet signed by the Management)

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	Independent Mining Contractor Agreements entered into by the Company include adherence to company Environmental Policy. In evaluating each contractor, one key performance indicator item is 100% compliance with environmental laws and regulations.
Forced labor	Y	Contracts and agreements entered into by the Company include adherence to social and labor laws. In evaluating each contractor, one key performance indicator item is compliance with social and labor laws and the target metrics include zero issues and complaints and 100% compliance to DOLE and other relevant government regulations.
Child labor	Y	
Human Rights	Y	
Bribery and corruption	Y	Contracts and agreements entered into by the Company include adherence to Company anti-corruption policies (Under General Guidelines numbers 2 (Ethical Procurement), 3 (Conflict of Interest) and 4 (Receipt of Gifts) of the PGMC Draft Policy on Materials, Supplies & Services Procure-to-Pay).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company conducts supplier accreditation to ensure that it conducts business with trustworthy and reliable suppliers that would help the Company in attaining its targets.	In the deliberation of suppliers of products and/or services, the Company looks into an applicant's past performance. The Company also requires the suppliers' commitment to abide by the company policies by including them in the contract/agreement. Violation of this requirement is a ground for termination of the contract.
What are the Risk/s Identified?	Management Approach
There are no significant risks identified.	
What are the Opportunity/ies Identified?	Management Approach
There are no significant opportunities identified.	

[Relationship with Community](#)

[Significant Impacts on Local Communities](#)

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)^{1 2}	Does the particular operation have impacts on indigenous people (Y/N?)	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

¹² Vulnerable sectors include, 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).

Feeding Program to malnourished Children, including Indigenous Peoples	Cagdianao, Claver, SDN		Y		Create database and monitoring system to determine the progress of the activity
Access to Education, Full Scholarship Program and Services	Claver, SDN		Y		Create a database and monitoring system to know the status and employability of the graduates
People's Organization	Claver, SDN		Y		Professionalize the organization by providing skills development training, financial literacy, and management training
Access to Health, and Services, Health Facilities and Professionals and Financial Health Assistance to Sick Individuals	Claver, SdN		Y		Create database and monitoring system to determine the progress of the activity
Respect to the Socio-Cultural Values and Beliefs of the	Claver, SdN		Y		Create database and monitoring system to

IP communities and its HNCs					determine the progress of the activity
Promote on Public Awareness and Education on Mining Technology and Geosciences	Claver, SdN		Y		Create Positive Feedback Mechanism and maintain the Social acceptability rate

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

IPILAN

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)¹³	Does the particular operation have impacts on indigenous people (Y/N?)	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Medical Mission	Host and Neighboring Barangays	Senior Citizens, IP's, PWD's, Single Parents	Y		Create a database and monitoring system to determine the progress of the activity

¹³ Vulnerable sectors include, 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).

Community Medical Consultation	Host and Neighboring Barangays	Senior Citizens, IP's, PWD's, Single Parents	Y		Create database and monitoring system to determine the progress of the activity
Feeding programs	Host and Neighboring Barangays	Malnourished Kids	Y		Create database and monitoring system to determine the progress of the activity
Tree Planting	Host and Neighboring Barangays	IP's	Y		Create database and monitoring system to determine the progress of the activity
Community Assemblies/Consultation	Municipality-wide				Create Positive Feedback Mechanism and maintain the Social acceptability rate

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	1	#
CP secured	1	#

What are the Risk/s Identified?	Management Approach
The Company's operations may take a toll on the local communities, especially IPs.	The Company provides assistance and support in feeding programs, scholarship programs, skills development, training, financial literacy, and management training.
What are the Opportunity/ies Identified?	Management Approach
The Company practiced participatory and consultative planning methods in formulating its annual Social Development & Management Program/Plan with the active involvement of the multi-sectoral groups presenting priority needs, viable, sustainable projects, and programs with the end view of creating self-sufficient communities.	The following groups of stakeholders will benefit from the Company's programs under SDMP/CSR: <ol style="list-style-type: none"> 1. Education/Academe Sector 2. Health Sector 3. People's Organizations 4. Religious Groups 5. IP Communities

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study? (Y/N)
Customer Satisfaction	N/A	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Being a mining company, the Company does not transact with customers; hence, customer satisfaction is of no concern to the Company. This disclosure, therefore, is not deemed applicable to the Company.	
What are the Risk/s Identified?	Management Approach
There are no significant risks identified.	
What are the Opportunity/ies Identified?	Management Approach
There are no significant opportunities identified.	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety ¹⁴	N/A	#
No. of complaints addressed	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has no direct contact with customers and, therefore, its products do not pose any threat to their health and safety. Accordingly, this topic does not apply to the Company.	
What are the Risk/s Identified?	Management Approach
There are no significant risks identified.	
What are the Opportunity/ies Identified?	Management Approach
There are no significant opportunities identified.	

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling ¹⁵	N/A	#
No. of complaints addressed	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company is not involved in any marketing and labeling activities. Therefore, no impacts are identified as this disclosure is not deemed applicable to the Company.	

¹⁴ 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.

¹⁵ 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.

What are the Risk/s Identified?	Management Approach
There are no significant risks identified.	
What are the Opportunity/ies Identified?	Management Approach
There are no significant opportunities identified.	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy ¹⁶	N/A	#
No. of complaints addressed	N/A	#
No. of customers, users, and account holders whose information is used for secondary purposes	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
As the Company does not deal with customers, it also does not gather information, much more sensitive ones, from them. Thus, this topic does not apply to the Company.	
What are the Risk/s Identified?	Management Approach
There are no significant risks identified.	
What are the Opportunity/ies Identified?	Management Approach
There are no significant opportunities identified.	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

¹⁶ 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.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company commits to the protection of privacy and security of personal information.	To continuously maintain ZERO (0) occurrence of data breaches, the Company actively implements controls and comes up with policies that will ensure the privacy of personal information.
What are the Risk/s Identified?	Management Approach
One risk identified by the Company is when its personnel are not aware of the existing and new control procedures for data protection.	To ensure that employees are aware of the control procedures, Management regularly issues memos to provide advice to employees.
What are the Opportunity/ies Identified?	Management Approach
To increase the Company's data security measures, it continues to Identify solutions that can provide additional security for information.	The Company continuously seeks solution providers that can provide the additional services identified.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Nickel Ore	#9 Industry, Innovation, and Infrastructure Nickel ores sold by the Company are mainly used to produce intermediate products for the manufacture of stainless steel, nickel pig iron and the production of nickel cathodes.	Serving as a raw material for products and processes of other industries, nickel, in itself, does not have a negative impact. The effects of mining and production of nickel were discussed in the previous sections.	

