

## MANAGEMENT REPORT

### CENTURY PEAK METALS HOLDINGS CORPORATION

Units 1403 & 1404, Equitable Bank Tower Condominium  
8751 Paseo De Roxas, Salcedo Village, Makati City, Philippines 1227

## PART I – FINANCIAL STATEMENTS

### *Item 1. Financial Statements and General Disclosures*

#### **a. Financial Statements**

A copy of the unaudited consolidated financial statements of Century Peak Metals Holdings Corporation (the “Issuer”, the “Corporation” or the “Company”) as at and for the six months ended June 30, 2019 is attached as **Annex 1**.

The copy of the audited financial statements of the Issuer as at and for the year ended December 31, 2018 is attached to the Definitive Information Statement of the Issuer as **Annex A**.

#### **b. Assets**

The following significant items comprise the Company’s assets as at June 30, 2019.

#### **Property, Plant and Equipment**

The carrying value of property and equipment amounted to P890.6 million and P910.0 million as at June 30, 2019 and December 31, 2018, respectively.

This account includes mine site development costs referring to costs incurred in the construction of road network, pier and stockyard. Measurement and recognition of this asset refers to those of property and equipment being used to develop and maintain CPC’s mineral right property in Casiguran Property which has indicated various degrees of nickel mineralization.

Mine site development costs, transportation and field equipment were part of the group of assets acquired. These assets are initially recognized in the consolidated statement of financial position based on allocation of the total acquisition cost using their relative fair value.

### **Explored Mineral Resources**

Explored mineral resources are part of the group of assets of CPC that were acquired in 2008, in exchange for shares of stock of the Parent Company. At acquisition date, these explored mineral resources were measured based on the expected cash flows from the explored area of about 400.0 hectares or 42.0% of total area covered by the MPSA.

The valuation also considered CPC's existing exploration permit in Puerto Princesa, Palawan covering an estimated area of 3,188.3 hectares and exploration permit application in Albor, Surigaodel Norte with an estimated area of 5,136.3 hectares, without assigning financial or monetary value. Costs of exploration permits were immaterial and were charged to profit or loss. In addition, the valuation did not include any assignment of operating agreements and additional mining tenements that may contain other minerals.

The financial model yielded an expected NPV on CPC's group of assets amounting to P2.0 billion using an investment hurdle rate of 36.6%. The NPV computation assumed an average selling price of USD 27,500.0 per metric ton of pure nickel, which considered a 16.2% discount to London Metal Exchange quoted prices; a 15-year production and selling period with a maximum annual production yield of 2.0 million metric tons; and an average production cost of USD 6.4 per wet metric ton. The valuation was prepared by Asian Alliance Investment Corporation (AAIC), an independent financial advisor. Subsequently, the Parent Company appointed Multinational Investment Bancorporation (MIB), another independent financial advisor, to render fairness opinion to the valuation. The result of MIB's report dated April 9, 2008 fairly approximated that of AAIC's report.

For purposes of computing the net present value using discounted cash flow method, the valuation of intangible assets involves the extraction of non-replaceable resource.

The assumptions used in the valuation included a number of market factors that are subject to market risk, such as commodity risk and currency risk. Significant changes in the commodity prices and foreign exchange rates would affect the fair value of the explored mineral resource.

The carrying value of explored mineral resources amounted to P1,652.2 million and P1,652.2 million as at June 30, 2019 and as at December 31, 2018, respectively.

### **Deferred Tax Assets**

The Group's deferred tax assets in the consolidated statement of financial position as at June 30, 2019 and December 31, 2018 amounted to P8.7 million and P8.5 million, respectively.

### **Other Noncurrent Assets**

The other noncurrent assets pertain mainly to the non-current portion of deferred input VAT and funds to promote the welfare of inhabitants, amounting to P101.2 million and P97.0 million as at June 30, 2019 and December 31, 2018, respectively.

Rehabilitation funds were set up by the Group to ensure availability of financial resources for the satisfactory compliance with and performance of activities of its Environmental Protection and Enhancement Program during the specific phases of its mining projects. The funds also include a Social Development Management Program fund under a Memorandum of Agreement with the Development Bank of the Philippines.

The Group's rehabilitation funds are deposited with the said bank and earn interest at the respective bank deposit rates.

AFS financial assets pertains to the Parent Company's 3% ownership in Century Peak Development, Inc. representing 15,000 shares at P100.00 par value, which are measured at cost in the absence of fair value.

## **c. *Liabilities***

### **Accounts payable and other current liabilities**

The Company's accounts payable are usually paid within one year. Contractor's fees pertain to outstanding payables to previously engaged contractor. Such amount is being negotiated by both parties. Others include statutory payables, accrued salaries and various items that are individually immaterial.

### **Related Party Payables**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holdings companies, subsidiaries and fellow subsidiaries are related entities of the Group. Associates and individuals, owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influences over the enterprise, key management personnel, including directors and of officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related entities. Transactions between related parties are accounted for at arm's-length prices or on

terms similar to those offered to nonrelated entities in an economically comparable market.

In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form. Significant related party transactions represent mainly availment of non-interest-bearing advances from stockholder for working capital purposes. As at June 30, 2019 and December 31, 2018, the total outstanding advances from a stockholder amounted to P928.5 million and P635.3 million, respectively. The advances are payable on demand.

The outstanding balances are unsecured without fixed repayment terms and interest.

**d. *Income Statement***

During the six months ended June 30, 2019, the Group's operation resulted to net loss of P28.0 million.

During the six months ended June 30, 2019, no shipment of nickel ore was made by the Group. Hence, there is no recognition of any revenue for the period. Operating expenses of P27.6 million and P40.5 million for the six months ended June 30, 2019 and December 31, 2018, respectively, of 31% lower.

The Group's operating expenses for the six months ended June 30, 2019 pertain mainly to taxes and licenses, salaries and professional fees, which represents 25%, 23% and 8%, respectively of the total operating expenses.

**Item 2. *Information on Independent Accountants***

The principal external auditor is the firm R. G. Manabat & Co., CPAs. The Company engaged Mr. Vernilo G. Yu, partner of R. G. Manabat & Co., CPAs, for the audit of the Company's books and accounts in 2018.

**a. *External Audit Fees***

The Group paid its external auditors the following fees for the last two (2) years for professional services rendered:

	<b>2018</b>	<b>2017</b>
Audit & audit-related fees	P1,000,000	P1,000,000
Tax fees	-	-
All other fees	-	-

Except for the audit of the Corporation's financial statements, no other professional services are rendered to the Corporation by the external auditor.

## PART II - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

### *Item 1. Business of the Issuer*

Century Peak Metals Holdings Corporation ("CPMHC", the "Company", the "Parent Company", or the "Issuer"), was registered with the Philippine Securities and Exchange Commission ("SEC") on December 30, 2003. On February 15, 2008, the SEC approved the change in the Company's corporate name to Century Peak Metals Holdings Corporation.

On April 14, 2008, the SEC approved the amendment of the Company's articles of incorporation specifically, its primary purpose, which was changed to include "promoting, operating, managing, holding, acquiring or investing in corporations or entities that are engaged in mining activities or mining-related activities." The Company further expanded its primary purpose to include "investing in real estate development and energy," which amendment was approved by the SEC on March 18, 2010. The Company listed its common shares of stock with the Philippine Stock Exchange ("PSE") on October 6, 2009.

The registered office address of the Parent Company is at Units 1403 and 1404 Equitable Bank Tower Condominium, 8751 Paseo de Roxas, Makati City.

As of September 30, 2019, the Company has six subsidiaries, the wholly-owned subsidiaries Century Peak Corporation ("CPC"), Century Peak Minerals Development Corporation ("CPMDC"), and Century Peak Cement Manufacturing Corporation ("CPCMC"), 55%-owned subsidiary Century HuaGuang Smelting Incorporated ("CHGSI"), 60%-owned subsidiary Century Sidewide Smelting Incorporated ("CSSI") and 80%-owned subsidiary, through CPC, Century Summit Carrier, Inc. ("CSCI").

### *Management's Discussion and Analysis or Plan of Operations*

#### Item 2. Performance

##### Unaudited Interim Consolidated Statements of Comprehensive Income

	For the six months ended June 30, 2019		
<i>In thousands, except % change data</i>	2019	2018	% change
Revenue	P-	P-	-
Cost of sales	-	-	-
Depletion of explored mineral resources	-	-	-
Gross loss	-	-	-
Operating expenses	(27,628)	(40,517)	-31%
Other charges - net	(621)	(636)	-02%
Net loss before tax	(28,249)	(41,153)	-31%
Net loss attributable to the equity holders	(P28,028)	(P40,966)	-31%



of the Parent		
Loss per share		
Basic/Diluted	(P0.0097)	(P0.0138)

*Item 3. Results of Operations for the nine months ended June 30, 2019 compared with June 30, 2018*

During the six months ended June 30, 2019, the Group's operation resulted to net loss of P28.0 million.

During the six months ended June 30, 2019, no shipment of chromite or nickel ore was made by the Group. Hence, there is no recognition of any revenue for the period. Operating expenses of P27.6 million and P40.5 million for the nine months ended June 30, 2019 and 2018, respectively, or 31% lower.

The Group's operating expenses for the six months ended June 30, 2019 pertain mainly to taxes and licenses, salaries and professional fees, which represents 25%, 23% and 8%, respectively of the total operating expenses.

*Results of Operations for the year ended December 31, 2018*

In 2018, 2017 and 2016, revenues of P36.7 million, P324.5 and P419.2 million, respectively were generated from operations, particularly from CPC's mining activities. The 2018, 2017 and 2016 audited consolidated statements of comprehensive income reported a net loss of P99.4 million, P56.9 million and P54.9 million respectively.

## Consolidated Statements of Comprehensive Income

For the year ended December 31					
<i>In thousands, except % change and Earnings (Loss) Per Share data</i>	2018	2017	2016	% change 2018 vs.2017	% change 2017 vs.2016
Revenue	₱36,762	₱324,570	₱419,226	-89%	-23%
Cost of Sales	33,932	204,757	335,595	-83%	-39%
Gross Income	2,830	119,863	85,631	-97%	40%
Operating Expenses	(85,584)	(92,249)	(63,806)	7%	45%
Depletion of explored mineral resources	(15,639)	(69,199)	(67,348)	77%	3%
Loss on inventory write-down	-	(2,336)	-	-	-
Net income (loss) before other income (charges)	(98,394)	(43,923)	(45,525)	-1.2%	-4%
Other Income (Charges)	(1,535)	(1,833)	(1,313)	16%	40%
Income (loss) before income tax	(99,929)	(45,756)	(43,838)	1.18%	4%
Income tax expense (benefit)	1,551	11,144	8,041	86%	39%
Net Income (Loss) after tax/ Total Comprehensive Income (Loss)	(₱99,468)	(₱56,900)	(₱54,878)	74%	4%
Net loss attributable to: Equity holders of the Parent	(₱99,468)	(₱57,879)	(₱54,878)	71%	5%
Noncontrolling interest	3,663	979	923	2.74%	6%
Earnings (Loss) Per Share					
Basic/Diluted	(₱0.034)	(₱0.0205)	(₱0.0198)		

In 2018, the Group sold 55,000 WMT of Nickel Ore which resulted to operating loss P99.4 million. Meanwhile in 2017, the Group sold 654,604 WMT of nickel ore which resulted to the Group's operating loss to P56.9 million. There were 947,737 WMT sales of mineral ore from CPC operations in 2016 which resulted to the Group's operating loss amounting to P54.9 million.

The Group's revenue decreased by P287.8 million in 2018 as compared in 2017. Relatively, the cost of sales decreased to P33.9 million in 2018 from P204.7 million in 2017 or 83% decrease. The cost of sales includes depletion, depreciation and amortization, fuel and oil, labor cost, contractor's fee, transportation, materials, security fees, utilities and other charges. Contractor's fee is computed based on agreed rate per wet metric ton sold by CPC.

The Group's operating expenses pertain mainly to royalties, excise tax salaries and wages, professional fees, service fee, demurrage and depreciation and amortization which represent 90% of the Group's total operating expenses in 2018. The total operating expenses decreased by 7% or P6.6 million in 2018.

Provision for current income tax in 2018 for the Group amounted to P1.5 million.

#### ***Item 4. Plan of Operations***

##### ***Mining Operations***

CPC sits ISO 14001 Certification was issued last November 2016. The Certification was issued by DQS/IQ Net, as the Certifying Agency based in Germany.

CPC's focus is to continue fulfilling the compliances for environmental rehabilitation and implementation of social development and management programs. Recently, CPC was commended by MGB Region XIII during the EPEP conference held at Gateway Hotel in Surigao City for efficient implementations of both activities. CPC was also nominated as the Safest Mines Awards for the Presidential Mineral Industry Environmental Award (PMIEA) Under Surface Mining Category last August 11, 2017.

This mining season, CPC is targeting to have a total production of low grade nickel high iron laterite ores of approximately 900,000 Wet Metric Tons (WMT) and a total of about 15 shipments.

As at September 30, 2019, 2 shipments of nickel ore were made by the Group, target to have 2 shipments during the 4<sup>th</sup> quarter of 2019.

##### ***The Smelting Plant Project***

The Group's smelting plant project, which is to be undertaken through its subsidiary CHGSI, is located at Leyte Industrial Development Estate (LIDE) in Isabel, Leyte. The Environmental Compliance Certificate for the smelting plant project was issued last April 16, 2010. Initial civil works have been undertaken on the smelting plant. However, in late



2013, typhoon Yolanda wrought massive devastation in Leyte Island, significantly impairing the value of CHGSI assets in Leyte. Despite this, the company is optimistic that it will be able to pursue operations in the future as negotiations with investors and technology partners are ongoing.

### *The Coking Coal Plant Project*

Also to be located at the LIDE, CHGSI has an approved application with PEZA for its proposed Coking Coal Production Project, and the Supplemental Agreement to its Registration Agreement last 28<sup>th</sup> October 2009 was signed into effect last March 01, 2011. The Company's Coking Coal Plant project will be a support system to its Ferro-Nickel Smelting Plant. It is CHGSI's approach to making the Ferro-Nickel Smelting Plant as self-sustaining as possible.

CHGSI has received its Amended Environmental Compliance Certificate (ECC), with Reference Code 1003-0011 issued by the Environmental Management Bureau (EMB), Central Office, to include the installation of a Coking Coal Plant to be located at the LIDE.

### *The Shipping Company*

Century Summit Carrier Inc. complements the mining operations of CPC. It owns three (3) units of landing craft tanks (LCT) (self-propelled barges) with a capacity of 3000DWT. Two of the vessels are registered with the MARINA under the names of Century Summit 1 and Century Summit 2. These vessels are utilized for the mining operations of CPC.

The management of CPMHC looks forward to 2019 that will be marked by the development of the great potentials that can be tapped from the resources of the Company.

### *The Cement and Limestone Project*

On November 18, 2010, the Group through CPC entered into a joint operating agreement with Philippine Mining Development Corporation (PMDC), whereby CPC will act as the operator in the exploration, development, mining operation and utilization of the limestone and associated mineral deposits in Toledo and Pinamungahan, Cebu owned by PMDC. The mineral deposit has a total area of 4,795 hectares with an initial resource assessment conducted in 2012 on an 81 hectare area estimate as indicated limestone resource of 34,000,000 metric tons. The agreement has a term of 25 years and will entitle PMDC to a certain percentage of gross sales from the limestone project.

In April and July 2015, the Group was able to obtain the ECC for the Cement Plant/Power Plant and Limestone Quarry Project, respectively.

### *Registration of CPCMC with the BOI*

On January 2, 2018, CPCMC was registered with the BOI with Certificate of Registration No. 2018-015 on its mining and extraction of cement in Pinamungahan, Cebu as a New

Producer of Cement on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226).

As a BOI-registered entity, CPCMC is entitled to the following incentives, among others:

- a. ITH for four (4) years from October 2020 or actual start of commercial operation, whichever is earlier but in no case earlier than the date of registration;
- b. Importation of capital equipment, spare parts and accessories at zero duty;
- c. Additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH;
- d. Importation of consigned equipment for a period of ten (10) years from the date of registration subject to posting of re-export bond;
- e. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product forming part thereof for a period of ten (10) years from start of commercial operations;
- f. Exemption from wharfage dues, any export tax, duties, imposts and fees for a ten (10) year period from the date of registration;
- g. Employment of foreign nationals. This may be allowed in supervisory, technical or advisory position for five (5) years from the date of registration. The president, general manager and treasurer of foreign-owned registered enterprises or their equivalent shall not be subject to the foregoing limitations; and
- h. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

#### ***Item 5. Liquidity and Capital Resources***

The Group has funded its pre-operating expenses through capital-raising exercise that started in October 2007. With the current rate of operations and sales of nickel ore, the Group believes that it can generate sufficient resources to finance its working capital requirements. The Group expects to regularly undertake shipment of ore and the corresponding management and collection of accounts receivable, and temperance of accounts payable. Capital expenditures such as the additional purchase of property and equipment can be met by the Group via collections from sales and, if necessary, infusions of either equity or debt through the shareholders. All funding for the Group's operations



for the next 12 months shall be internally generated. The majority shareholder has committed to continually provide working capital to the Group to assure its continuous operations.

**Item 6. Financial Condition**

**Unaudited Interim Consolidated Statements of Financial Position**

In thousands, except %	June 30, 2019	Dec.31, 2018	%Change	Dec.31, 2017	%Change
Change data	(Unaudited)	(Audited)		(Audited)	
Total current assets	<b>₱456,080</b>	₱333,645	37%	₱149,516	1.2%
Total assets	<b>3,795,007</b>	3,443,299	0.1%	3,038,290	0.1%
Current liabilities	<b>1,173,996</b>	795,008	47%	292,027	1.7%
Total liabilities	<b>1,189,944</b>	810,208	46%	305,731	1.6%
Total equity attributable to equity holders of the parent	<b>2,616,024</b>	2,643,319	-0.01%	2,739,123	-0.03%
Equity attributable to minority interest	<b>(10,962)</b>	(10,228)	-0.07%	(6,564)	-0.55%
Total equity	<b>2,605,062</b>	2,633,090	-0.01%	2,732,559	-0.03%
Current assets/Total assets	<b>0.12%</b>	0.09%		5%	
Current ratio	<b>38%</b>	46%		51%	
Debt to equity ratio	<b>45%</b>	24%		11%	

The net increase in current assets mainly pertains to increase in inventories and other current assets amounting to P30million and P144million, respectively.

The noncurrent assets of the Group mainly consist of explored mineral resources, property and equipment and development costs. The net increase mainly due to additions in development costs and property and equipment net of depreciation expense charged for the nine months ended June 30, 2019.

The liabilities of the Group mainly consist of payables to contractors, suppliers and related parties. The payable to related parties represents advances which were used to finance the operation of the Group. The increase was mainly due to additional payable to contractors and suppliers of spare parts.

### ***Item 7. Top Key Performance Indicators***

Results of operations are analyzed using the following key performance indicators, among other measures:

#### **Tons Extracted and Ore Grade Sold and Shipped**

Tons extracted and ore grade are key determinants of sales volume. Higher tonnage and ore grade are directly proportional to revenue level.

#### **Actual Production Cost**

Production cost per ton is a key measure of operating efficiency. A lower unit production cost both in ore extraction and smelting operation will result in the Group's meeting, if not exceeding, its profitability targets.

#### **Earnings per Share**

The Company's earnings per share is a key measure of the Company's effectiveness in meeting its financial targets that in turn, will provide investors comparable benchmarks relative to similar companies.

### ***Item 8. Other Information***

#### ***Century Peak Corporation (CPC)***

On May 7, 2010 CPC was registered with the Board of Investments (BOI) with Certificate of Registration No. 2010-093, on its mining and extraction of nickel ore at Casiguran, Loreto, Province of Dinagat, as a new project on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226).

As a BOI-registered entity, CPC is entitled to the following incentives, among others:

- a. Tax credit on taxes and duties paid on raw materials and supplies used in producing its export product for a period of ten (10) years from start of commercial operations;
- b. Importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond;
- c. Exemption from wharfage dues, any export tax, duties, imposts and fees for a ten (10) year period from date of registration; and
- d. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.



***Century Peak Cement Manufacturing Corporation (CPCMC) and Century Peak Minerals Development Corporation (CPMDC)***

On November 18, 2010, the Group through CPC entered into a joint operating agreement with Philippine Mining Development Corporation (PMDC), whereby CPC will act as the operator in the exploration, development, mining operation and utilization of the limestone and associated mineral deposits in Toledo and Pinamungahan, Cebu owned by PMDC. The mineral deposit has a total area of 4,795 hectares with an initial resource assessment conducted in 2012 on an 81 hectare area estimate as indicated limestone resource of 34,000,000 metric tons. The agreement has a term of 25 years and will entitle PMDC to a certain percentage of gross sales from the limestone project.

In April and July 2015, the Group was able to obtain the ECC for the Cement Plant/Power Plant and Limestone Quarry Project, respectively.

**Registration of CPCMC with the BOI**

On January 2, 2018, CPCMC was registered with the BOI with Certificate of Registration No. 2018-015 on its mining and extraction of cement in Pinamungahan, Cebu as a New Producer of Cement on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226).

As a BOI-registered entity, CPCMC is entitled to the following incentives, among others:

- a. ITH for four (4) years from October 2020 or actual start of commercial operation, whichever is earlier but in no case earlier than the date of registration;
- b. Importation of capital equipment, spare parts and accessories at zero duty;
- c. Additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH;
- d. Importation of consigned equipment for a period of ten (10) years from the date of registration subject to posting of re-export bond;
- e. Tax credit equivalent to the national internal revenue taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product forming part thereof for a period of ten (10) years from start of commercial operations;

- f. Exemption from wharfage dues, any export tax, duties, imposts and fees for a ten (10) year period from the date of registration;
- g. Employment of foreign nationals. This may be allowed in supervisory, technical or advisory position for five (5) years from the date of registration. The president, general manager and treasurer of foreign-owned registered enterprises or their equivalent shall not be subject to the foregoing limitations; and
- h. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

As of record date, the command center and the causeway for the Cement Plant located at Pinamungahan, Cebu has already been installed, and other major infrastructure projects are currently on going.

#### ***Century HuaGuang Smelting Incorporated (CHGSI)***

On October 28, 2009, CHGSI was registered with the Philippine Economic Zone Authority ("PEZA") under Republic Act (RA) No. 7916 as an ecozone export enterprise to engage in the production of ferro-nickel (pig iron) at the Leyte Industrial Development Estate - Special Economic Zone (LIDE-SEZ).

By virtue of its PEZA Registration, CHGSI is entitled, among other incentives, to four (4) years Income Tax Holiday, which shall be reckoned upon its start of commercial operations, as well as tax and duty free importation of its capital equipment and raw materials, subject to its compliance with the terms and conditions of its registration.

#### **CHGSI Registration with MGB and EMB**

CHGSI has filed its application for a Mineral Processing Permit (MPP) for its Smelting Plant and is currently under evaluation with the MGB Regional Office, Region 8. It has received its Amended Environmental Compliance Certificate (ECC), with Reference Code 1003-0011 issued by the Environmental Management Bureau (EMB) - Central Office, to include the installation of a Coking Coal Plant, aside from its smelting plant, also to be located at the Leyte Industrial Development Estate (LIDE) in Isabel, Leyte.

#### ***Century Sidewide Smelting Incorporated (CSSI)***

The Company entered into partnership with Sidewide Resources (H.K.) Limited, a subsidiary of Chaoyang Saiwai Mining Co., Ltd. of P.R. China. This group owns an iron powder processing plant, electric furnace smelting plant, and primarily does trading of mineral ore. Sidewide Resources (H.K.) Limited has offices in Beijing, Shanghai and Hong Kong. It is the Company's plan to set up electric furnaces in the future to enhance the production of its nickel pig-iron. From this newly formed partnership CSSI was incorporated in the Philippines and its Certificate of Registration was issued by the SEC on September 6, 2011.



### *Century Summit Carrier, Inc. (CSCI)*

On December 8, 2011, CSCI was registered with the Marina Industry Authority ("Marina") with Certificate No. DSO-2006-003-095 (2011) under Marina Circular 2006-003 issued pursuant to Section 4 Paragraph 2 and Section 6 (a) of Presidential Decree No. 474 and Section 12 (a) of Executive Order No. 125-A Republic Act to engage in Domestic Shipping Business.

### Mineral Rights

The table below summarizes the Group's mineral rights, which were acquired through CPC, as at June 30, 2015:

<u>Tenement Designation</u>	<u>Area Covered (in Hectares)</u>	<u>Location</u>
Mineral Production Sharing Agreement (MPSA) 010-92-X	<u>1,198</u>	<u>Casiguran, Loreto, Dinagat Islands</u>
MPSA-283-2009-XIII-SMR Application for Mineral Production Sharing Agreement (APSA) 086-XIII	<u>3,188</u>	<u>Libjo (Albor), Dinagat Islands</u>
	<u>660</u>	<u>Acoje, Loreto, Dinagat Islands</u>

CPC acquired MPSA-010-92-X or the "Casiguran Nickel Project," by virtue of a deed of assignment executed with Casiguran Mining Corporation on May 29, 2006, which was approved by the Department of Environment and Natural Resources (DENR) on December 11, 2006.

MPSA-283-2009-XIII-SMR was approved by the DENR on June 19, 2009.

The Acoje Property is covered by APSA-086-XIII and Environmental Compliance Certificate (ECC) No. 008-345-301C. APSA-086-XIII is still in process with the MGB Central Office as at October 6, 2017. CPC is the operator of this property by virtue of Memorandum of Agreement between CPC and Maharlika Dragon Mining Corporation executed on April 4, 2008 and registered with the Mines and Geosciences Bureau (MGB) Regional Office No. XIII on July 30, 2008. On March 25, 2014, CPC and CRAU Mineral Resources Corporation, owner of 47.5% of the property, entered into a Deed of Conditional Assignment transferring to the former the latter's interest over the said mineral property. Initial payment for the property was made on June 11, 2014 and the Deed of Conditional assignment was registered with MGB Regional Office No. XIII on July 4, 2014.

CPC has a Joint Operating Agreement with PMDC as the operating partner for the exploration, development and mining operations of the Pinamungahan Limestone Property. This covers an area of 4,795 hectares located in Toledo and Pinamungahan, Cebu.

#### Mining Operations

The Group has ongoing exploration work through CPC in its properties in the Province of Dinagat Island.

CPC released two Geologic Resource Evaluation Reports covering the Casiguran Nickel Project and a Resource Evaluation Report covering Rapid City Parcel II Prospect under MPSA-283-2009-XIII-SMR. These reports were prepared by Dr. Carlo A. Arcilla, an accredited competent person in accordance with the definition of the Philippine Mineral Reporting Code.

Based on the reports, the Casiguran Nickel Project has a combined indicated and measured resource of 9,897,000 DMT with a grade of 1.02% nickel (at 0.8% nickel cut-off). The Rapid City Parcel II Prospect reveal a combined indicated and measured resource of 9,067,000 DMT with a grade of 1.07% nickel (at 0.8% nickel cut-off). These represent 100,000 metric tons of pure nickel and 3.5 million tons of iron in respect of the Casiguran property, and 90,000 tons of pure nickel and 3.8 million tons of iron in respect of the Rapid City Parcel II Prospect, subject to mining plans and metal recovery parameters.

Management looks forward to continue developing and exploring these mineral properties either on its own or with joint venture partners.



### PART III -MARKET PRICE AND DIVIDENDS

#### *Item 1. Market Information*

The Issuer's common shares of stock are listed and traded in the Philippine Stock Exchange (PSE). The shares were listed with the PSE on October 6, 2009.

The table below shows the range of high and low bid information for the shares of the Company for each quarter from January 1, 2017 until September 30, 2019 where such interim period for the financial statements are required by SRC Rule 68:

Summary of Shares Selling Prices (in ₱)				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2019				
Highest	2.59	2.91	2.85	
Lowest	1.97	2.75	2.59	

Summary of Shares Selling Prices (in ₱)				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2018				
Highest	1.85	1.71	2.09	2.05
Lowest	1.57	1.60	1.69	1.87

Summary of Shares Selling Prices (in ₱)				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2017				
Highest	0.59	1.02	1.68	1.85
Lowest	0.44	0.56	0.89	1.50

The current trading price of the listed common shares of CPM closed at P 2.58 per share on October 29, 2019.

#### *Item 2. Recent Sales of Unregistered Securities or Exempt Securities*

There were no sales of unregistered securities or exempt securities including recent issuance of securities constituting an exempt transaction. All the shares of the Issuer are listed with the PSE.

### Item 3. Holders

The Company has 225 shareholders as of September 30, 2019 with 2,820,330,450 common shares issued and outstanding.

	Name of Shareholder	Outstanding Shares	Percentage
1	PCD NOMINEE CORPORATION (FILIPINO)	2,222,654,787	78.81%
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	291,955,372	10.35%
3	BENITO A. ONG	45,000,000	1.60%
4	GUO CONG YUAN/ ANSON TAN	20,000,000	0.71%
5	SB EQUITIES, INC.	18,165,677	0.64%
6	ANSON TAN &/OR CAI WEI WEI	15,000,000	0.53%
7	ARNOLD V.CABILTES	12,000,000	0.43%
8	WANG GUANG HUA	4,550,000	0.16%
9	WANG QIU YAN	4,400,000	0.16%
10	ELIZABETH G. TAN	4,000,000	0.14%
11	ZHANG JIN DE	3,370,000	0.12%
12	SU YU SHUANG	3,360,000	0.12%
13	CHEN CONG QUN	3,320,000	0.12%
14	WU CHANG LIE	3,320,000	0.12%
15	XU XIAN SHUN	3,310,000	0.12%
16	CAI RONG YAO	3,280,000	0.12%
17	ANTONIO M. GARCIA	3,255,000	0.12%
18	XU LIAN CHENG	3,220,000	0.11%
19	HONG HAI TING	2,190,000	0.08%
20	WU XUAN QIANG	2,160,000	0.08%

PCD Nominee Corporation, a wholly-owned subsidiary of the Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants who hold the shares on their behalf or in behalf of their clients.

### *Quarterly Performance*

The high and low share prices for each quarter within the last two years are:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
<b>2017</b>				
Highest	0.59	1.02	1.68	1.85
Lowest	0.44	0.56	0.89	1.50
<b>2018</b>				
Highest	1.87	1.71	2.09	2.05
Lowest	1.85	1.60	1.69	1.87

### *Dividends*

There were no dividends declared by the Issuer in 2018.

#### **PART IV - CORPORATE GOVERNANCE**

To ensure good governance, the Board of Directors of the Issuer approves the plan and strategic investment objectives presented by the management, as well as the mechanism for evaluating the management's performance and the adequacy of internal control mechanisms for good governance through the following committees:

- Audit Committee; and
- Nomination and Remuneration Committee.

The Issuer is continually taking steps to enhance adherence to principles and practices of good corporate governance.



## UNDERTAKING

A COPY OF THE ANNUAL REPORT OF THE ISSUER ON SEC FORM 17-A WILL BE PROVIDED, WITHOUT ANY CHARGE, TO ANY STOCKHOLDER OF THE CORPORATION UPON WRITTEN REQUEST ADDRESSED TO:

  
**KATRINA C. KENG**

ASSISTANT CORPORATE SECRETARY AND CORPORATE INFORMATION OFFICER

### CENTURY PEAK METALS HOLDINGS CORPORATION

Units 1403 & 1404, Equitable Bank Tower Condominiums, 8751 Paseo De Roxas, Salcedo

Village, Makati City, Philippines 1227

AT THE DISCRETION OF THE MANAGEMENT, A CHARGE MAY BE MADE FOR EXHIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT IN FURNISHING SUCH EXHIBITS.

**QUEZON CITY**

**05 NOV 2019**

Doc. No.	150
Page No.	31
Book No.	150
Series of	2019

  
**J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
AM Adm. No. NP/124 1-12-19 until 12-31-2020  
JOS Jan. 2019 & IBP O.R. No. 055256 Jan. 2020  
JOS C 1-7-19 Roll No. 33832 / TIN# 129-871-009  
JOS C 4-15-2016 until 04-14-2019 PASIG CITY  
JOS C 1-7-19 Roll No. 33832 / TIN# 129-871-009