



*Republic of the Philippines*  
**COMMISSION ON AUDIT**  
**Corporate Government Sector**  
*Commonwealth Avenue, Quezon City*

## INDEPENDENT AUDITOR'S REPORT

### **THE BOARD OF DIRECTORS**

Philippine Mining Development Corporation  
2904B West Tower  
Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

We have audited the accompanying financial statements of the **Philippine Mining Development Corporation** which comprise the balance sheet as of December 31, 2012, and the statement of revenues and expenditures, statement of changes in net worth and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **PMDC** as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with State accounting principles.

### COMMISSION ON AUDIT

  
**MERLE M. VALENTIN**  
OIC-Supervising Auditor, Audit Group E  
Cluster 5, Corporate Government Sector

June 27, 2013

  
**MERLE M. VALENTIN**  
OIC-Supervising Auditor, Audit Group E  
Cluster 5, Corporate Government Sector

**PHILIPPINE MINING DEVELOPMENT CORPORATION**  
(FORMERLY NATURAL RESOURCES MINING DEVELOPMENT CORPORATION)  
**BALANCE SHEET**  
**December 31, 2012**  
(In Philippine Peso)

	Note	2012	2011
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4	55,978,593	50,006,867
Receivables	5	811,298	222,655
Inventories	3.3/6	5,856,686	6,044,238
Prepaid expenses	7	9,000	-
Total Current Assets		62,655,577	56,273,760
<b>Non-current Assets</b>			
Property, Plant and Equipment - Net	3.2/8	17,765,324	19,326,754
Exploration and Evaluation Assets	3.1/9	254,202,602	255,846,902
Deferred Charges	10	6,867,657	5,137,255
Other Assets	11	892,328	963,394
Total Non-current Assets		279,727,911	281,274,305
<b>TOTAL ASSETS</b>		<b>342,383,488</b>	<b>337,548,065</b>
<b>LIABILITIES AND NET WORTH</b>			
<b>Current Liabilities</b>			
Payables	3.4/12	45,799,371	39,960,794
Due to NGA and GOCCs	13	13,539,248	16,402,142
Other Payables - Trust Liabilities	14	6,474,982	3,273,532
Due to employees		7,820	30,297
Total Current Liabilities		65,821,421	59,666,765
<b>Non-current Liabilities</b>			
Long-term Debt	15	113,333,333	130,000,000
Other Deferred Credits	16	4,322,550	4,322,550
Total Non-current Liabilities		117,655,883	134,322,550
<b>TOTAL LIABILITIES</b>		<b>183,477,304</b>	<b>193,989,315</b>
<b>Net Worth</b>		<b>158,906,184</b>	<b>143,558,750</b>
<b>TOTAL LIABILITIES AND NET WORTH</b>		<b>342,383,488</b>	<b>337,548,065</b>

The Notes on pages 8 to 25 form part of these financial statements.

**PHILIPPINE MINING DEVELOPMENT CORPORATION**  
(FORMERLY NATURAL RESOURCES MINING DEVELOPMENT CORPORATION)  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**For the Year Ended December 31, 2012**  
(In Philippine Peso)

	<b>Note</b>	<b>2012</b>	<b>2011</b>
<b>REVENUES</b>	3.5/19		
Commitment and Royalty Fees		83,027,055	38,727,225
Interest Income - Net		331,036	840,746
Other Income		201,854	354,431
Foreign exchange gain (loss)	20	(3,000,873)	-
Total Revenues		80,559,072	39,922,402
<b>EXPENDITURES</b>	3.5/20	65,211,638	78,375,344
<b>NET REVENUES (LOSS)</b>		<b>15,347,434</b>	<b>(38,452,942)</b>

The Notes on pages 8 to 25 form part of these financial statements.