



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, 2016**
2. Date of this report:
3. Commission Identification Number: **40621**
4. BIR Tax Identification No.: **000-284-138**
5. Exact Name of Registrant as specified in its charter: **APEX MINING CO., INC.**
6. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
7. Industry Classification Code: (SEC Use Only)
8. Address of registrant's principal office: **3304B West Tower PSE Centre, Exchange Road, Ortigas Center, Pasig City, Postal Code: 1605**
9. Telephone number, including area code: **Tel. # (02) 706-2805 Fax # 706-2804**
10. Former name, former address and former fiscal year, if changed since last report. **N/A**
11. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA



<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
Common shares	6,227,887,491
Debt outstanding	₱3,121,667,433

12. Are any of the issuer's securities listed on a Stock Exchange? Yes  No

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

**Philippine Stock Exchange / Common shares**

## **Part I – BUSINESS AND GENERAL INFORMATION**

### **Item 1. BUSINESS**

#### **Corporate Information and Business Development**

Apex Mining Co., Inc. (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 26, 1970 under the name Apex Exploration & Mining Company until 1978 when this was changed to the Company’s present name, Apex Mining Co., Inc.

The Company was incorporated primarily to carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in gold, silver, copper, lead, zinc brass, iron, steel and all kinds of ores, metals and minerals.

The Company currently operates the Maco Mines in Maco, Compostela Valley. From 1970 to 1974, the Company operated as a copper mine until 1975 when it started gold production from the Maco mine.

On March 7, 1974, the Company listed its shares in the Philippine Stock Exchange (PSE) and attained the status of being a public company on the same date. At that time, the Company was considered the second largest gold producer in the Philippines.

In 1991, the Company ceased operation of the Maco mine due to the prolonged depressed gold price.

In 2005, Crew Gold Corporation (Crew Gold), an entity incorporated in Canada, and its associated Philippine company, Mapula Creek Gold Corporation (Mapula), acquired 28% and 45% of the Company’s shares, respectively, by virtue of a share purchase agreement with the Puyat group, the previous majority shareholder. In 2006, Crew Gold organized Teresa Crew Gold Philippines, Inc. (Teresa) as a subsidiary to support the rehabilitation of the Company’s mining properties and the refurbishing of the Maco mine’s processing plant.

In January 2009, Teresa commenced productive operations of the Maco mine. In October 2009, Crew Gold sold its holdings in Teresa and Mapula to Mindanao Gold Ltd. (Mindanao Gold), a special purpose company formed in Malaysia by Abracadabra Speculative Ventures, Inc. (ASVI) of Malaysia.

In November 2011, Monte Oro Resources & Energy, Inc. (MOREI), a Philippine company, acquired its initial 5% ownership in the Company, the proceeds of which were used for capital expenditures for the existing mine and mill, and for exploration drilling program of the Maco mine properties. In December 2011, the Philippine Securities & Exchange Commission approved the articles of merger between Teresa and the Company, with the Company remaining as the surviving entity to take effect on January 1, 2012.

In October 2013, MOREI management took over the operation of the Company, acquiring in January 2014 ownership in Mindanao Gold from ASVI. In April 2014, MOREI acquired

additional ownership in the Company by acquiring the shares heretofore held by Mapula. At this point, MOREI became the majority shareholder, holding 46.5%, of the Company.

In October 2014, the Company acquired 100% ownership of MOREI, whereby Prime Metroline Holdings, Inc. (PMHI) and other MOREI shareholders acquired control of the Company, diluting further to a small minority the ownership of Mindanao Gold and Mapula.

In June 2015, the Company acquired 98% of Itogon-Suyoc Resources, Inc. (ISRI), thereafter acquiring the 2% balance in August 2016.

MOREI has a processing plant located in Paracale, Jose Panganiban, Camarines Norte, through its wholly-owned subsidiary, Paracale Gold Limited (PGL). MORE has other mining interests in other countries under Minas de Oro Mongol LLC (in Mongolia), National Prosperity Gold Production Group Ltd (in Myanmar), Monte Oro Mining Company, Ltd. and MORE Minerals SL (both in Sierra Leone), and the Gold Mines of Uganda Ltd. (in Uganda).

For its non-mining businesses, MOREI owns 52% of International Cleanenvironment Systems, Inc., a company organized to manage, rehabilitate and introduce ecologically friendly technologies for waste disposal, recycling and energy generation.

MOREI also owns 30% participating interests in Service Contract (SC) 72 for natural gas in the Sampaguita gas field offshore northwest of Palawan.

ISRI owns the Sangilo and Suyoc mines in Benguet Province.

## **Business of Issuer**

### Products

The Company's mine produces bullions containing gold and silver. All of the Company's production, as well as the incidental production of its wholly-owned subsidiary, ISRI, in 2016 were smelted and refined by Heraeus Ltd. in Hong Kong.

### Competition

Competition among mining companies is inexistent as each mining company operates in its own individual areas or tenements granted to them by the Philippine government.

### Development Activities

Expenditures for the development activities by the Company in the last three calendar years and its percentage to revenue are shown in the following table:

Year	Development Cost	Revenue	Percentage
2016	₱526,137,775	₱3,522,050,654	15%
2015	809,884,075	2,430,097,329	33%
2014	505,142,145	1,730,741,567	29%

### Sources of Materials and Supplies

Operating materials and supplies, and equipment and maintenance parts are provided by a number of suppliers both domestic and foreign.

## Employees

Total manpower headcount as of December 31, 2016 is 1,906. The table below summarizes the distribution of the Company's manpower count as to department and rank.

<u>Division/Department</u>	<u>R&amp;F</u>	<u>Supervisor</u>	<u>Manager</u>	<u>Total</u>
Executive Offices	–	–	7	7
Mine Division	856	125	16	997
Mill Division	167	25	8	200
Power & Electrical.	149	23	3	175
Technical Services Group	126	49	9	184
Mine Support Services	168	67	14	249
Corporate Services	35	31	9	75
Head Office	3	13	3	19
<u>Total</u>	<u>1,504</u>	<u>333</u>	<u>69</u>	<u>1,906</u>

## Status of Operations

### A. Mining Properties

#### *Maco Mine*

On December 22, 2005, the Mines and Geosciences Bureau (MGB) approved the Parent Company's application for a Mineral Production Sharing Agreement (MPSA) covering 679.02 hectares of land situated in Maco, Compostela Valley. On June 25, 2007, the MGB approved the Parent Company's second application for a MPSA covering an additional 1,558.50 hectares of land near the area covered by the first mineral permit.

As at December 31, 2016, the Parent Company holds MPSA Nos. 225-2005-XI and 234-2007-XI, which have terms of 25 years from the effective date. The said MPSAs are valid and subsisting.

In its covering letter dated October 1, 2016, the Department of Environment and Natural Resources (DENR) provided the Parent Company a copy of the report on the results of the Maco mine audit pursuant to DENR Memorandum Order No. 2016-01. In the report, the Company's compliance with mining and environmental laws and regulations has been affirmed by the audit.

In a letter dated September 30, 2016, Certification International Philippines, Inc. awarded the Parent Company a Certificate of Registration to ISO 14001:2015 valid from with the following scope: "Exploration activities; underground mining; milling and recovery/smelting of gold and silver using carbon-in-pulp process; mine waste and mill trails management; and all support services." The certificate is valid for three years until September 29, 2019, subject to satisfactory results of annual surveillance audits. As a certified organization, the Parent Company is required to maintain its environmental management system and comply with the other conditions of the certification by Certification International.

#### *Itogon Mine*

Following its first shipment in the second quarter of 2016 of incidental production in the course of rehabilitating the Sangilo mine in Itogon, Benguet, ISRI has to-date made a total of four shipments consisting of 1,547 ounces of gold valued at P92.1 million from the test run of its mill currently at 50 tonnes per day (TPD). The rehabilitation plan for

the Sangilo mine is for a two-stage program of gearing operations initially at 400 TPD, and thereafter at the final installed capacity of 1,900 TPD. The Plan for the Suyoc mine, on the other hand, is for a 300 TPD operation. The total investment costs for these projects is currently estimated to amount to about United States dollars (USD)105.6 million.

#### *Paracale Mine*

PGL owns 100% of Coral Resources Philippines, Inc which owns a fully operational mine processing plant located in Paracale, Jose Panganiban, Camarines Norte, Philippines. BMRC, which is 40% owned by PGL, but effectively is 100% owned by MOREI, has direct rights or legal agreements over nine applications for production sharing agreements (APSA), 13 exploration permits pending renewal and exploration permit applications, and two mining lease contracts.

On February 11, 2016, BMRC has obtained the Environmental Compliance Certificate (ECC) with No. ECC-R05-1510-0140 from Environmental Management Bureau (EMB), Region V. The ECC covers the proposed Bulawan Mineral Resources Gold Mining Project with an area of 24.5 hectares located at Barangay Sta. Rosa Norte, Jose Panganiban, Camarines Norte.

As at December 31, 2016, BMRC currently holds twenty five (25) tenements in various stages of application. It is currently working on the processing and approval of pending applications, plus alternative options such as Special Mines Permits and ores from legal small scale mining operations.

#### *Mongolia Project*

The gold project is registered under the joint venture company Erdeneminas LLC, which is owned 51 % by Minas de Oro Mongol LLC (Minas), a subsidiary of MOREI, and 49% by Erdenejas LLC, a Mongolian exploration company.

As at April 11, 2017, the project is currently under continued care and maintenance until such a time when the economic situation in Mongolia improves, that it can be presented to potential buyers.

#### *Sierra Leone Project*

The project is located in the Republic of Sierra Leone, in West Africa. MORE, through its subsidiary Monte Oro Mining Co., Ltd. (MOMCL), has been conducting mining and exploration activities since 2010.

As at April 11, 2017, MOMCL plans to continue representation and operations in Sierra Leone.

#### *MORE Minerals SL*

The project is engaged in mineral exploration activities, organized under the laws of Sierra Leone. MOREI owns 90% of MORE Minerals SL and that it plans to continue its representation and operations in Sierra Leone.

## B. Oil and Gas and Solid Waste Management

### *Solid Waste Management*

On September 27, 1996, International Cleanenvironment Systems, Inc. (ICSI) was registered with the Philippine SEC to manage, rehabilitate and introduce ecologically friendly technologies for waste disposal, recycling and energy generation.

### *Service Contract (SC)*

The Company has a 30% participating interest in SC 72, a service contract for gas in the offshore area called Sampaguita Fields of Palawan in the West Philippine Sea. Forum (GSEC 101) Ltd.-Philippine Branch owns the remaining 70% participating interest and is the operator of the SC.

In a decision released by the Permanent Court of Arbitration in the Hague on July 12, 2016 on the maritime case filed by the Philippines against China, the Tribunal ruled that the Reed Bank (Recto Bank) in the disputed area of the West Philippine Sea where SC 72 is located is within the Philippines' Exclusive Economic Zone (EEZ) as defined under the United Nation's Convention on the Law of the Sea (UNCLOS). Depending on the Philippine government's guidance on the matter, this development could possibly lead to the resumption of activities in SC 72.

MORE also has oil exploration projects in Catanduanes and in Cagayan Valley under SC 48.

### Government Regulations and Approvals

Compliance with existing governmental regulations entails costs to the Company which are appropriately reflected either as expense or as capital asset based on the related financial reporting standards. Future and probable government regulations are considered but the effects cannot be determined until the specific implementing guidelines are known.

### Exploration and Development

Exploration and development are undertaken in-house and overseen by the EVP-Geology, Exploration and Operations, Dr. Graciano P. Yumul, Jr.

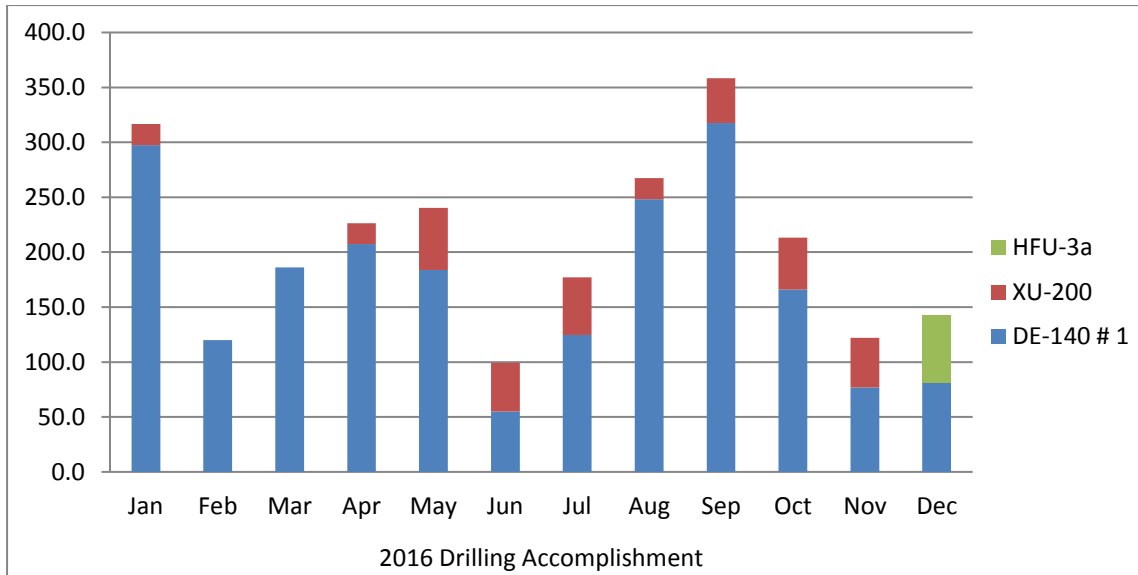
### Operations

#### *Geology and Exploration*

Underground drilling was focused on near-mine extensions of the gold-bearing quartz and breccia veins. One unit of DE-140 rig, one unit of (1) HFU-3a and one (1) XU-200 rig were dedicated to evaluate the continuity of the Masarita 2, Sandy North, Sandy North 2, Maria Inez, and Bibak Vein in terms of lateral and down dip extensions. A total of 15 holes were completed for the year 2016. These holes have indicated additional resources which will guide further in-fill drilling to qualify for inclusion in the resource model. Total meters of diamond drilling achieved for the year 2016 was 2,408 meters from 15 holes in MPSA 225.

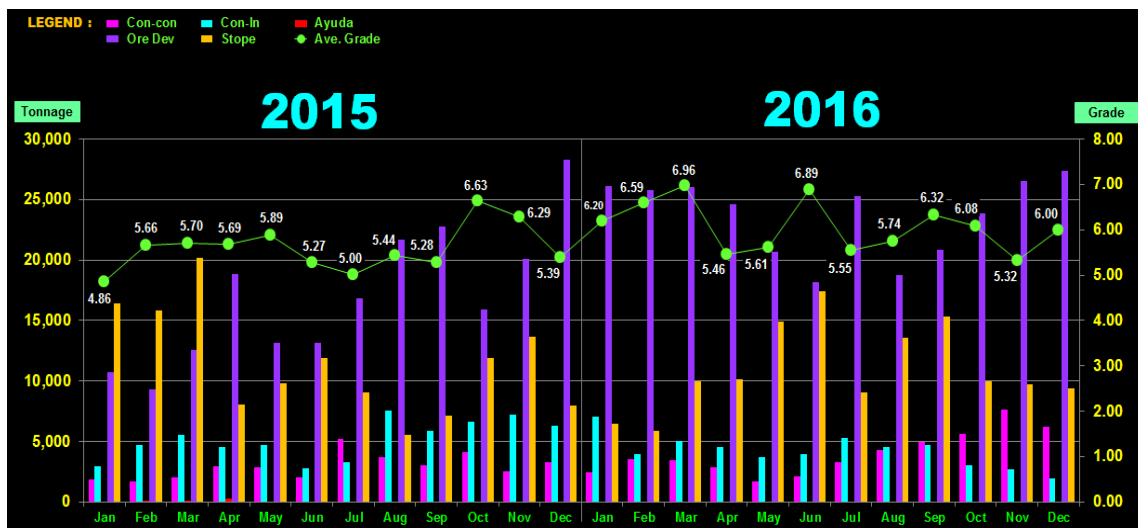
Below is the Diamond Drilling accomplishment for the year 2016 in meters advanced per drill rig.

Rig	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DE-140	297.30	119.90	186.10	207.30	183.90	55.10	124.60	248.30	317.50	165.90	76.80	81.20
XU 200 #1	-	-	-	18.90	56.50	44.30	52.40	19.00	40.80	47.30	45.30	-
HFU 3a	-	-	-	-	-	-	-	-	-	-	-	61.60



### Mining Operations

The total mine production was 514,327 tonnes of gold ores with an average grade of 6.06 grams per tonne (gpt), higher by 15% equivalent to 75,902 tonnes of gold compared to 2015.

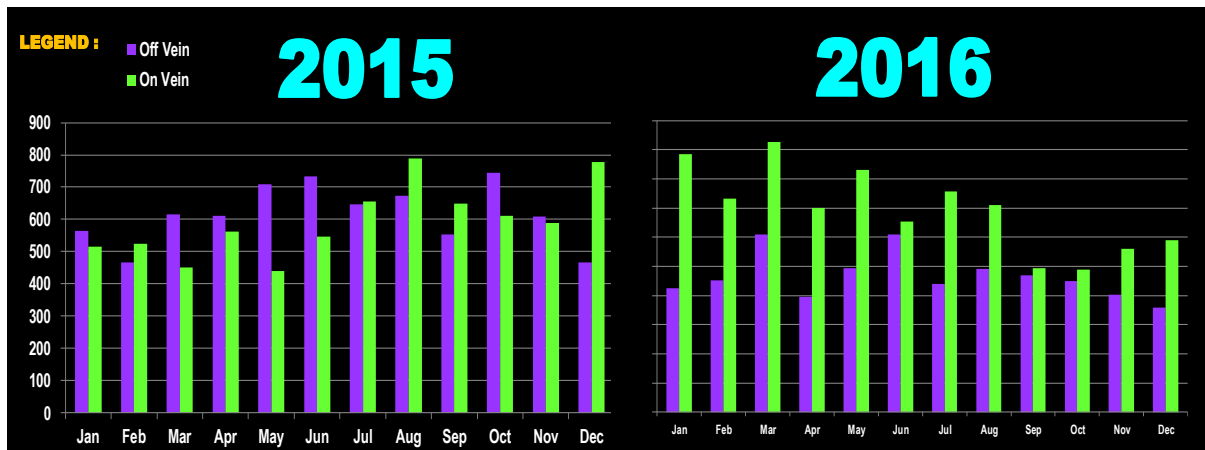




Below is the information on ore sources, production and average grade of the ore mined.

Ore sources	Ore production in tonnes	Grams per tonne of gold	Percentage to total production
Ore development	172,982	7.86	34%
Stoping	98,076	8.72	19%
Conventional - Contract	33,853	7.58	7%
Conventional - In-house	31,729	7.45	6%
Incidental ore	12,436	5.62	2%
Blending ore	165,251	2.04	32%
	514,327	6.06	100%

Mine development on waste (off-vein) access drives advanced 5,602 meters or 11% higher than the target set at the beginning of 2016. Meanwhile, mine development on ore (on-vein) drives advanced 8,326 meters, lower by 22% compared to the planned target for 2016.



### Mill Operations

Below is the summary of the mill production metrics in 2016 with comparative figures for 2015.

	2016	2015	Change
<b>Tonnage:</b>			
Total	<b>452,948</b>	316,147	+43%
TPD	<b>1,373</b>	1,073	+28%
<b>Mill head grade (gpt):</b>			
Gold	<b>4.68</b>	5.38	-13%
Silver	<b>29.98</b>	34.47	-13%
<b>Recovery percentage:</b>			
Gold	<b>80.25</b>	78.55	+2%
Silver	<b>71.74</b>	63.48	+13%
<b>Ounces produced:</b>			
Gold	<b>54,681</b>	43,048	+27%
Silver	<b>309,623</b>	224,479	+38%

The following major activities were undertaken by the Company to resolve bottlenecks and improve recovery and production in its mill plant in 2016:

New installations:

1. Drum Scrubber
2. Conveyor for FOB Feed (CV 15)
3. Air Compressor at Comminution
4. Cyanide Analyzer
5. Geho Pump

Modified Installations

1. Conversion of Ball Mill 2 Discharge
2. Conversion of Tertiary Crusher

New Infrastructures

1. Gold Room
2. Liquid Chemical Storage
3. Lube Station

Other Improvements

1. Concreting of Pump Bases
2. Water Supply Lines
3. Improved Tailings Pumps
4. Hoists for CIP Tanks
5. Mechanical Shop/Supply Area

*Mineral Resource and Ore Reserves update for 2016*

As of December 31, 2016 the estimated mineral resource amounted to 2.56 million tonnes at a grade of 5.60 gpt while the estimated ore reserves amounted to 1.21 million tonnes at a grade of 7.86 gpt both from respective Competent Person (CP) reports dated August 2015.

The modifying factors that were applied are the dilution factor assigned per type of mining method (Long Hole, Cut & Fill, Shrinkage, Sub-level Caving), provision for pillar, and a block cut-off grade of 3.0 gpt. Meanwhile the mineral resource was estimated using a block cut-off grade of 1.5 gpt.

Below is the summary of the estimated mineral resources and ore reserves as of the end of 2016. The ore reserves are derived from and not additional to the declared mineral resources.

Estimated Mineral Resources @ Cut-Off Grade of 1.5 GPT

Category	Grade (gpt)	Tonnes	Estimated gold (in ounces)
Inferred	4.40	1,842,000	261,000
Indicated	8.40	505,000	136,000
Measured	8.70	213,000	60,000
Total / Average	5.60	2,560,000	457,000

The above figures were lifted from the technical report on the exploration results and mineral resources of the Company's operating gold mine in Compostela Valley compliant with the Philippine Mineral Reporting Code (PMRC) prepared and submitted by Mr. Rolando Pena, a registered Geologist with License No. 068 and is an accredited CP on Exploration Results and Mineral Resource Estimation with the PMRC/Geological Society of the Philippines CP Registration No. 07-08-08.

Estimated Ore Reserves @ Cut-Off Grade of 3.0 GPT

Category	Grade (gpt)	Tonnes	Estimated gold (in ounces)
Probable	7.50	1,033,000	249,000
Proven	10.00	177,000	57,000
Total / Average	7.86	1,210,000	306,000

The above figures were lifted from the technical report on the economic assessment and ore reserve estimation of the Company's operating gold mine in Compostela Valley prepared and submitted by Mr. Raul B. Cesar, a registered Mining Engineer with License No. 1709 and is an accredited CP with PMRC with CP Registration No. EM 01709-20/11.

*Community Development Projects Update*

The Company complied with and implemented the above mandates provided under DENR Administrative Order (DAO) No. 2010-21, "Mandating the Contractor/Permit Holder/Lessee to allocate annually a minimum of one and a half percent (1.50%) of the Total Operating Cost (TOC) as the basis for funding the Social Development and Management Program (SDMP), provided further that the SDMP Fund shall be allocated by 75%, 15% and 10% for the Development of Host & Neighboring Community (DHNC); Information, Education and Communication (IEC); and the Development of Mine Technology & Geosciences (DMTG), respectively."

Actual implementation of SDMP in 2016 amounted to ₱38.1 million or 17% higher than the 2016 budget of ₱32.6 million. DHNC contributions totaled ₱29.2 million or 19% against the allocated 2016 budget of ₱24.4 million. The Company spent for IEC a total of ₱5.5 million against the budget of ₱4.9 million. Lastly, DMTG programs amounted to ₱3.4 million or 5% higher than the 2016 budget of ₱3.3 million.

*Environmental Protection and Enhancement Program (EPEP) Update*

A total of P85.4 million was spent in the implementation of various EPEP activities. These activities will be carried out to mitigate the negative impact of mining operations to the environment. Below is the summary of the activities with corresponding costs.

Activity	Actual Cost in 2016
Construction and maintenance	₱77,881,832
Reforestation and forest protection	2,339,552
Monitoring	1,989,784
Trainings, IEC and research	1,321,480
Multi-partite monitoring team/mine rehabilitation fund committee activity	1,041,813
Domestic waste management	846,385
Total	₱85,420,846

*Power Supply and Utilization Update*

Below is the table showing the summary of the utilization of power for the year 2016.

COST CENTERS	PROJECTED 2016			Actual 2016		
	kW-Hr	Php (5.40 /kW-Hr)	%	kW-Hr	Php (5.08/kW-Hr)	%
	x 1,000	x 1,000		x 1,000	x 1,000	
<b>MINE</b>						
PUMPING	10,233.28	55,259.69	11.39%	8,252.64	41,923.42	11.67%
VENTILATION	29,866.12	161,277.04	33.24%	27,151.02	137,927.16	38.41%
COMPRESSORS	5,328.25	28,772.55	5.93%	5,296.47	26,906.08	7.49%
SERVICES	3,885.25	20,980.36	4.32%	3,373.48	17,162.68	4.78%
<b>MAINTENANCE (MOTORPOOL)</b>	356.00	1,922.40	0.40%	268.62	1,364.61	0.38%
<b>OFFICE BLDG. &amp; STAFF HOUSE</b>	395.00	2,133.00	0.44%	494.83	2,513.75	0.70%
<b>MILL PLANT AREA</b>	39,774.88	214,784.35	44.27%	25,858.54	131,361.41	36.58%
Annual kW-Hr	89,838.78	485,129.39	100%	70,695.60	359,159.11	100%
Annual Tonnage						
kW-Hr/Ton						

The Company has several supply contract agreements with various industrial power companies.

*Safety Development Update*

The Safety Department of the Company takes a proactive approach in ensuring that the wellbeing of all stakeholders is being prioritized. This means to have a work place where no one gets hurt or injured and everyone goes home safe during operation of its business. This is achieved through management playing a major role in the safety management system within the company by placing programs that will aid to eliminate or minimize hazards and risks in the area, and to encourage all workers to be responsible for both their own safety and the safety of others.

The Company had two incidents of non-lost time accidents; four lost time accidents which are non-fatal; and 58 incidents of property damage in 2016, compared to nine, 10 and 67, respectively in 2015.

*Related Party Transactions*

Please refer to Note 15 of the Notes to the Consolidated Audited Financial Statements as of December 31, 2016. Part III, Item 12 of this report also discusses related party transactions.

Major Business Risks

*Regulatory Change*

The Company may be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect the Company.

### *Mineral Resources or Mineral Reserves*

The exploration for and development of mineral properties involve significant risks, which may not be completely eliminated even with a combination of careful evaluation, experience and knowledge. While the discovery of an ore body may result in substantial rewards, only a few properties explored are ultimately developed into producing mines.

The long-term viability of the company depends upon its ability to find or acquire, develop and commercially produce base metals and other minerals.

### *Exploration, Development and Operating Risks*

Mining, exploration and development operations generally involve a high degree of risk. The operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious and base metals, including, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. The exact effect of these factors, if and when they become present, cannot be accurately predicted and the costs estimated with a high level of confidence, thus, involve risks.

### *Price Risks*

The Company's revenue is largely dependent on the world market prices for gold and silver and the factors affecting the behavior of these are beyond the Company's control. Production and operating costs are constantly being monitored to ensure that optimal use of the Company's assets are being done and to ensure that costs, on the aggregate and on a per unit basis, are kept at a minimum.

### *Foreign Exchange Rates*

The Company has determined that the Philippine Peso to be its functional and presentation currency as it is the currency in which majority of its operations are denominated in. The Company, however, receives its revenues in USD and also has foreign currency-denominated financial assets and liabilities that if exposed to the fluctuations of the exchange rates, may positively or negatively impact the Company's statement of income.

## **Item 2. PROPERTIES**

The Company owns mining facilities and administrative support facilities in its Maco mine site. The principal office of the Company in Pasig City is being leased with an annual rental fee of ₱1.3 million. Machinery and equipment are acquired month to month as needed usually through direct cash purchase or under suppliers' credit terms.

Item 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, claims and liabilities incidental to its normal business activities. The Company’s management and legal counsel are of the opinion that the amount of the ultimate liability, if any, with respect to these, including the following matters will not have a material adverse effect on the financial position and performance of the Company.

The table below summarizes the material legal proceedings currently involving the Company:

Case Title	Case/Docket No.	Regulatory Body/Entity	Nature of Litigation /Claim
<p>1) Apex Mining Co., Inc., et al vs. Philippine Mining Development Corp, successor in interest of the foreclosed North Davao Mining Corp</p> <p>Handling Counsel:  Picazo Buyco Tan Fider &amp; Santos Law Offices</p>	<p>G.R. 220828</p>	<p>Supreme Court</p>	<p>CA rendered its decision in favor of the Company declaring it “to have prior and preferential right in its applications for mineral production sharing agreement with the DENR xxx.”</p> <p>The other party filed an Appeal with the Supreme Court</p> <p>The case is still pending before the SC.</p>
<p>2) Asia Alliance vs PMDC</p> <p>Handling Counsel:  Picazo Buyco Tan Fider &amp; Santos Law Offices</p>	<p>CA-G.R. CV No. 102399</p>	<p>Court of Appeals</p>	<p>Motion for Intervention denied to which the Company filed a Motion for Reconsideration but was still denied because according to Pasig RTC, a vested right over a mining claim is acquired only upon its approval and not upon filing of an application.</p> <p>The Company filed an appeal with the CA 13th Division docketed as CA-G.R CV No. 102399.</p> <p>In April 2016, the CA upheld the denial by Pasig RTC of the Company’s Motion for Intervention, but in light of the favorable decision to the Company of G.R 220828, the Company no longer filed an appeal to the denial.</p>

Case Title	Case/Docket No.	Regulatory Body/Entity	Nature of Litigation /Claim
<p>3) Maco Ancestral Domain Council Inc. (MADCI), as represented by Rolando M. Casigloman Et. Al., <b>Complainants</b></p> <p>-versus-</p> <p>Apex Mining Co. Inc., <b>Respondents</b></p>	<p><b>RXI-0037-12</b></p>	<p>National Commission on Indigenous Peoples (NCIP) – Region XI Hearing Office XI</p>	<p>FOR: Specific Performance, Damages, Attorney’s Fees, With Prayer for Issuance of Temporary Restraining Order/ Writ of Preliminary Prohibitory and Mandatory Injunction and Permanent Injunction</p> <p><i>The case denominated as NCIP Case No. R-XI-0037-12 entitled Maco Ancestral Domain Inc. (MADCI) vs. Apex Mining Co., Inc. is still pending before the Regional Hearing Office of the National Commission on Indigenous Peoples – Region XI, Davao City. Aside from MADCI, the following Indigenous Peoples Organization (IPO) of Maco joined the case as intervenor-complainants:</i></p> <p><i>a. Mantakadong Mansaka Indigeouns Peoples Ancestral Domain of Maco Inc. (MMIPADMA)</i></p> <p><i>b. Sumpaw ng Inangsabong Mansaka Inc. (SIMI)</i></p> <p><i>After trial on the merits, the Regional Hearing Office is expected to resolve the representation issue among the three foregoing IPO’s and decide who is authorized to receive the royalty payments from AMCI.</i></p> <p>04/16/16 – Kasabutan (Agreement) between SIMI and AMCI was finalized and signed by both parties.</p> <p>Compromise Agreement reached, payments ongoing, of :</p> <p>a.) SRC from 2006 – Dec 2015; b.) SRC from May 2016 to April 2017; and c.) 1% of net sales per month (SRC, current).</p>

Case Title	Case/Docket No.	Regulatory Body/Entity	Nature of Litigation /Claim
			<p>10/26/16 – AMCI together with SIMI filed a Joint Motion for Partial Judgment to NCIP</p> <p>03/28/17 - Filed Motion to Expedite Resolution of the <i>Joint Motion for Partial Judgment (26 Oct 2016)</i> on the basis of a ‘Kasabutan’ or Compromise Agreement</p>
<p>4.) Beagle Ida Security Agency, Inc. (BIDA) Security Agency, <b>Plaintiff</b></p> <p>-versus-</p> <p>Apex Mining Co. Inc., <b>Defendants</b></p>	<p>Civil Case No. 35,894-2014</p> <p>Sum of Money and Attorney's Fee</p>	<p>RTC, 11th Judicial Region, Branch 16, Davao City</p>	<p>BIDA filed a case against the company for collection of Sum of Money on September 16, 2014. The company filed an Answer with Counterclaim on December 01, 2014.</p> <p>To comply with court order, a Draft Terms of Reference was submitted to RTC Branch 16, Davao City on April 8, 2016.</p> <p>Witnesses were presented in the court during case hearing last February 22, 2017. Next hearing schedule is on May 31, 2017.</p>

#### Item 4. SUBMISSION OF MATTERS TO A VOTE OF THE SECURITY HOLDERS

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

### Part II – OPERATIONAL AND FINANCIAL INFORMATION

#### Item 5. Market for Registrant Common Equity and Related Stockholders Matters

##### Market Information

The Company's common shares are traded in the Philippine Stock Exchange.



The high and low stock prices per share for each quarter within the last two years and the interim period from January to March 2017 is as follows:

Year	Period	Listed Common Shares	
		High	Low
2017	January 1 - March 31	₱3.09	₱1.45
2016	January 1 - March 31	2.28	1.50
	April 1 - June 30	3.01	1.97
	July 1 - September 30	3.58	2.61
	October 1 - December 31	3.22	2.62
2015	January 1 - March 31	3.40	2.81
	April 1 - June 30	3.10	2.40
	July 1 - September 30	2.80	2.18
	October 1 - December 31	2.35	1.80

#### Stockholders

As of March 31, 2017, the Company has 2,769 shareholders with 6,227,887,491 total issued and outstanding common shares.

The top 20 stockholders of the Company as of March 31, 2017 follows:

Stockholder	Number of shares	% of ownership
Prime Metroline Holdings, Inc.	2,511,329,207	40.32
PCD Nominee Corp.	849,808,221	13.65
Mindanao Gold Ltd.	597,051,165	9.59
Lakeland Village Holdings, Inc.	474,613,599	7.62
Devoncourt Estates, Inc.	423,904,339	6.81
A Brown Co., Inc.	388,694,698	6.24
Monte Oro Resources & Energy, Inc.	564,730,109	9.07
Wealth Securities Inc.	134,933,919	2.17
Mapula Creek Gold Corporation	115,326,533	1.85
Walter W. Brown	62,743,202	1.01
PCD Corporation (non-Filipino)	59,857,704	0.96
Jose Eduardo Alarilla	50,000,000	0.80
DTO Investments Corp.	50,000,000	0.80
Ramon Y. Sy	44,598,312	0.72
Campos Lanuza & Co., Inc.	37,496,954	0.60
Evergrow Mining & Dev't Corp.	29,910,956	0.48
Victor Juat	21,762,505	0.35
Victor Chan	17,946,617	0.29
Silverio Benny J. Tan	17,506,747	0.28
Jacinto C. Ng	14,725,217	0.24

As of March 31, 2017, the public ownership level of the Company is at 27.05%.

Dividends

The Company did not declare any dividend within the past three years and the interim period ended March 31, 2017.

The Company has not established any restriction that would limit the ability to pay dividends on common equity other than those restrictions mentioned in Note 2 of the Notes to the Consolidated Financial Statements. The Company does not have any plans of setting any further restrictions on the matter in the immediate future.

Recent Sales of Unregistered or Exempt Securities

No securities were sold by the Company within the past three years and in the interim period ended March 31, 2017 which were not registered under the Code. There was also no sale of reacquired securities during the same period.

Item 6. MANAGEMENT DISCUSSION ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS 2016 AND 2015

Consolidated Statement of Income

*Consolidated Net Income (Loss)*

The consolidated net income of Apex Mining Co., Inc. (the “Parent Company”) and Subsidiaries (collectively referred to as the “Group”) was ₱322.0 million in 2016, almost a four-fold increase from the ₱71.4 million consolidated net income, and a turn around from the ₱389.9 million consolidated net loss in 2015 and 2014, respectively.

The Parent Company net income in 2016 amounted to ₱440.5 million compared to the ₱169.3 million net income and ₱543.6 million net loss in 2015 and 2014, respectively.

*Consolidated Revenues*

The consolidated revenues in 2016, 2015 and 2014 amounted to ₱3.5 billion, ₱2.4 billion and ₱1.7 billion, respectively, or an increase of ₱1.1 billion in 2016 compared to 2015, and ₱699.4 million in 2015 compared to 2014. The consolidated revenues of the Group pertain to the Parent Company revenues in all comparative years.

Information on the Parent Company volume of gold produced and realized prices in 2016, 2015 and 2014 is as follows:

	2016	2015	Change	2014	Change
Volume in ounces	<b>54,681</b>	43,048	+27%	28,802	+49%
Realized price/ounce, in USD	<b>\$1,255</b>	\$1,158	+8%	\$1,262	-8%

Information on the Parent Company volume of silver produced and realized prices in 2016, 2015 and 2014 is as follows:

	2016	2015	Change	2014	Change
Volume in ounces	<b>309,623</b>	224,479	+38%	158,754	+41%
Realized price/ounce, in USD	<b>\$17.5</b>	\$16.0	+9%	\$19.0	-16%

The weighted average USD to PHP foreign exchange rates on the Parent Company revenues in 2016, 2015 and 2014 were ₱47.59, ₱45.56 and ₱44.40, to one USD respectively.

An analysis of the consolidated revenue variance, which comprises of volume, price and exchange rate variances, between the comparative years ended December 31, 2016, 2015 and 2014 of the Group are as follows:

Variance	2016 versus 2015 (in thousands of PHP)			2015 versus 2014 (in thousands of PHP)		
	Gold	Silver	Total	Gold	Silver	Total
Volume	₱613,739	₱62,067	₱675,806	₱798,226	₱55,446	₱853,672
Price	241,653	20,820	262,473	(199,174)	(33,794)	(232,968)
Exchange rate	138,730	14,944	153,674	72,969	5,683	78,652
Consolidated revenue	₱994,122	₱97,831	₱1,091,953	₱672,021	₱27,335	₱699,356

The positive volume variance a direct result of the Parent Company milling 43% more ore in 2016 than in 2015. Notwithstanding lower grades, 14% and 12% lower than last year for gold and silver, respectively, the Parent Company was still able to produce 27% more ounces of gold and 38% more ounces of silver in 2016. Higher tonnage and better grades in 2015 compared to 2014 resulted to a positive volume variance as well in 2015.

Average realized prices of both gold and silver improved in 2016 compared to 2015 leading to a positive price variance. While the downward trend of both gold and silver prices in 2015 resulted in an unfavorable price variance for the Parent Company, it, nevertheless, was still able to generate higher consolidated revenues in 2015 compared to 2014.

The continued strength of the USD favored the exchange rate variance as shown in the table.

#### *Consolidated Cost of Production*

Consolidated cost of production incurred in 2016, 2015 and 2014, all of which pertains solely to the Parent Company cost of production, amounted to ₱2.7 billion, ₱2.0 billion and ₱1.9 billion, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- Materials used in mining and milling rose by ₱155.6 million in 2016 compared to 2015, and ₱38.3 million in 2015 compared to 2014. Materials cost is production-driven and the throughput in 2016, 2015 have increased yearly from its level in 2014 of 234,928 tonnes of ore. Throughput in 2016 and 2015 were at 452,948 tonnes and 316,148 tonnes, respectively. Materials cost increased by 23% in 2016 and 6% in 2015 in spite of a 43% increase in throughput in 2016 and 36% in 2015.
- Depreciation, depletion and amortization expense increased by 117% or ₱341.3 million in 2016 compared to 2015, and decreased by 28% or ₱111.1 million in 2015 compared to the same period in 2014.

In detail, depreciation surged by 116% or ₱200.3 million as a result of capital expenditures made from the second quarter to the end of 2015. Depletion, on the other hand, rose by 119% or ₱141.0 million on account of higher tonnage milled and depletion rate in 2016 compared to 2015. The higher depletion rate in 2016 was brought about by opening new working areas to achieve the increased production. The development cost of these new operating areas has since been reclassified to mine and mining properties and subjected to depletion.

- Personnel cost went up by 12% and 36% in 2016 and 2015, respectively, versus the comparative year due to higher salary rates.
- Utilities rose by 30% or ₱57.3 million in 2016 compared to 2015, and by 96% or ₱93.3 million in 2015 compared to 2014. The movement in utilities expenses in 2016, 2015 and 2014, which primarily pertains to power costs, can be attributable to the kilowatt hour consumption of 79.3 million, 64.3 million and 42.8 million, respectively, and average cost per kilowatt-hour of ₱5.14, ₱5.54 and ₱4.32, respectively.

#### *Consolidated Excise Taxes*

Consolidated excise taxes are excise taxes on the market value of metals produced which amounted to ₱72.3 million, ₱48.6 million and ₱34.6 million in 2016, 2015 and 2014, respectively. The increase in all comparative years was a result of the increase in consolidated revenues.

#### *Consolidated General and Administrative Expenses*

Consolidated general and administrative (G&A) expense in 2016, 2015 and 2014 amounted to ₱226.0 million, ₱187.0 million and ₱150.9 million, respectively. The individual contribution to the consolidated G&A expenses of the Group in each reporting year in millions of PHP are as follows:

	<b>2016</b>	2015	2014
Parent Company	<b>₱141.1</b>	₱107.4	₱101.9
MOREI and Subsidiaries	<b>49.3</b>	69.9	49.0
ISRI	<b>35.6</b>	9.7	–
	<b>₱226.0</b>	₱187.0	₱150.9

Details of the significant elements of the consolidated G&A expenses are discussed below.

- Personnel cost increased by 8% or ₱8.0 million and 24% or ₱19.1 million in 2016 and 2015, respectively, versus the comparative year due to higher salary rates.
- Taxes and licenses in 2016 were higher by 145% or ₱14.2 million in 2016 compared to 2015 primarily due to the one-time payment of the Parent Company of listing fees to the Philippine SEC.

#### *Consolidated Finance Costs*

Consolidated finance costs in 2016, 2015 and 2014 of the Group amounted to ₱163.4 million, ₱146.0 million and ₱110.4 million, respectively. The higher finance cost in 2016 and 2015 was primarily due to the additional loan availed of by the Parent Company in the second quarter of 2015 that was outstanding the whole year of 2016.

#### *Consolidated Other Income (Charges)*

Consolidated other income (charges) in 2016, 2015 and 2014 amounted to ₱28.8 million other charges, ₱23.1 million other income and ₱60.4 million other income, respectively.

The individual contribution to the consolidated other income (charges) expenses of the Group in each reporting year in millions of PHP are as follows:

	<b>2016</b>	2015	2014
Parent Company	<b>(P39.7)</b>	P37.1	(P133.3)
MOREI and Subsidiaries	<b>11.0</b>	16.2	(10.0)
ISRI	<b>(0.1)</b>	0.5	-
Consolidated other income (charges), before adjustments	<b>28.8</b>	53.8	(143.3)
Net effect of eliminating entries	-	(30.4)	-
Restatement as a result of final fair valuation of the acquired identifiable assets and liabilities of MOREI	-	-	203.4
	<b>P28.8</b>	P22.4	P60.1

Details of the significant elements of consolidated other income (charges) are discussed below.

- The Group recognized provision for inventory losses in in 2016 and 2014 of P18.6 million and P65.4 million, respectively, and reversal of allowance for inventory losses in 2015 of P13.0 million. The Group makes the assessment at each reporting date of the amount of allowance or reversal to be made in the financial statements to bring its inventory balance to its net realizable value.
- Foreign exchange losses in 2016 and 2015 were mainly due to the net foreign currency-denominated financial liabilities of the Group as of the end of both years.
- Final fair value of the net identifiable assets of ISRI resulted in a recognition of gain from acquisition in 2015 amounting to P48.8 million. The final fair valuation in 2015 of the net identifiable assets of MOREI resulted in the reversal of the P925.6 million goodwill in 2014, and the recognition of a P200.3 million gain from its acquisition by the Parent Company.

#### *Consolidated Other Comprehensive Income (Loss)*

Re-measurement gains on retirement plan in 2016, 2015 and 2014 amounted to P19.1 million gain, P93.2 million gain, and P95.8 million loss, respectively. Revaluation surplus, net of tax, from the 2015 appraisal of the Parent Company's property, plant and equipment was recognized amounting to P303.6 million was recognized 2015.

#### Consolidated Statement of Financial Position

##### *Consolidated Current Assets*

Total consolidated current assets decreased by P231.7 million to P1.6 billion as of December 31, 2016 from P1.8 billion as of December 31, 2015 essentially due to the following:

- Cash of the Group was reduced by P313.5 million to P237.5 million as of December 31, 2016 compared to the prior year cash of P551.0 million. Operating activities netted the Group P1.5 billion in 2016. Because of these, the Group was able to invest in P1.5 billion worth of fixed and long-term assets during the year, and settle P331.9 million in loans.

- Trade and other receivables increased by ₱87.0 million as of December 31, 2016 compared to the balance in the prior year mainly due to the unsold metal account balance as of yearend of the Parent Company with its refiner. This was eventually collected within the normal collection terms.
- Inventory grew by ₱39.0 million as of December 31, 2016 compared to the prior year due to the higher metals inventory in bullion and stockpile, and materials and supplies account.
- Prepayments and other current assets dropped by ₱44.4 million as of December 31, 2016 compared to the prior year on account of lower advances to suppliers. These advances, which are mainly for equipment, inventory and services purchased, are being offset against the actual billings are received.

#### *Consolidated Noncurrent Assets*

Total consolidated noncurrent assets grew by ₱350.7 million to ₱9.5 billion as of December 31, 2016 from ₱9.1 billion as of December 31, 2015 mainly because of the increase in the property, plant and equipment account by ₱317.2 million as of December 31, 2016 due to acquisitions, constructions and mine development activities during the year.

#### *Consolidated Current Liabilities*

Consolidated current liabilities were lower by ₱228.8 million to ₱5.6 billion as of December 31, 2016 from ₱5.8 billion as of December 31, 2015. The breakdown of the change in the consolidated current liabilities is detailed below.

- The Group was able to reduce its trade and other payables by ₱283.6 million, and its loans payable by ₱310.6 million.
- Advances from related parties grew by ₱366.2 million for working capital use.

#### *Consolidated Noncurrent Liabilities*

The Group's consolidated noncurrent liabilities went up by ₱8.6 million to ₱510.1 million as of December 31, 2016 from ₱501.5 million as of December 31, 2015 due to the additional provision for retirement expense of ₱16.1 million, but was slightly reduced by the decrease in provision for mine rehabilitation and decommissioning and deferred income tax liabilities of a combined ₱7.5 million.

#### *Consolidated Equity*

Consolidated equity was higher as of December 31, 2016 of ₱5.0 billion from December 31, 2015 of ₱4.7 billion on account of the total comprehensive income of ₱339.2 million earned in 2016.

### Key Performance and Financial Soundness Indicators

#### *Tonnes Mined and Milled*

Tonnage, ore grade and metal recovery determine production volume. The higher the tonnage, ore grade and recovery, the more metals are produced.

Please refer to the “Operations” section of Part I, Item I of this report for details on tonnes mine and milled, and production highlights.

*Financial Ratios*

Management has identified the following financial ratios as significant in assessing the Group’s performance:

Financial Ratio	Formula	December 31	
		2016	2015
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	<b>23.4%</b>	17.1%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	<b>2.9%</b>	0.7%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	<b>6.4%</b>	1.5%
Debt service coverage ratio	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	<b>7.6:1</b>	3.5:1
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>0.3:1</b>	0.3:1
Debt-to-equity	$\frac{\text{Total debt}}{\text{Total equity}}$	<b>1.22:1</b>	1.35:1
Asset-to-equity	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>2.22:1</b>	2.35:1

The higher gross profit margin, return on assets, return on equity and debt service coverage ratios was a result of the higher net earnings of the Group in 2016.

The utilization of its current assets, especially cash generated from operations, for not only current liabilities and loans, but also for capital expenditures, resulted in a lower debt-to-equity and asset-to-equity ratios.

Item 7. FINANCIAL STATEMENTS

The audited consolidated financial statements are presented in Part V, Exhibits and Schedules.

## Item 8. INFORMATION ON INDEPENDENT ACCOUNTANTS AND OTHER RELATED MATTERS

### External Audit Fees and Services

#### Audit and Audit-Related Fees

In 2016 and 2015, the audit was basically engaged to express an opinion on the financial statements of the Company and its Subsidiaries. In addition, the audit included providing assistance to the Company in the preparation of its income tax return in as far as agreement of the reported income and costs and expenses with the recorded amounts in the books. The procedures conducted include those that are necessary under Philippine Financial Reporting Standards. This, however, did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses.

The audit fees for the foregoing services were ₱3.3 million and ₱2.8 million in 2016 and 2015, respectively.

#### Tax Fees

Professional fees paid for tax advisory services were nil and ₱0.5 million in 2016 and 2015, respectively.

#### All Other Fees

There were no other services rendered by external auditors other than the audit services and tax advisory services mentioned above.

#### Audit Committee's Approval Policies and Procedures

Prior to the commencement of the work of external auditors, the external auditors present their audit program and schedule to the Company's Board Audit Committee.

#### Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and/or disagreements with independent accountants/external auditors on accounting and financial disclosure and no change in the Company's independent accountants during the two most recent fiscal years or any subsequent interim period.

## Part III – CONTROL AND COMPENSATION INFORMATION

### Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

The names, positions, ages and citizenship of all directors and executive officers of the Company are as follows:

Name	Position	Age	Citizenship
<i>Directors</i>			
Ramon Y. Sy	Chairman of the Board	86	Filipino
Walter W. Brown	Director	77	Filipino
Graciano P. Yumul, Jr.	Director	57	Filipino
Noel V. Tanglao*	Director	59	Filipino
Modesto B. Bermudez	Director	76	Filipino
Dennis A. Uy	Independent Director	43	Filipino
Joselito H. Sibayan	Independent Director	58	Filipino
<i>(Forward)</i>			



Name	Position	Age	Citizenship
<i>Officers</i>			
Ramon Y. Sy	Chairman of the Board	86	Filipino
Walter W. Brown	President & CEO	77	Filipino
Graciano P. Yumul, Jr.	EVP-Geology, Exploration & Operations	57	Filipino
Noel V. Tanglao*	EVP-Corporate Services	59	Filipino
Modesto B. Bermudez	SVP-Projects Development	76	Filipino
Gil A. Marvilla	SVP-Resident Manager	67	Filipino
Rodolfo C. Ramos	VP-Asst. Resident Manager for Operations	73	Filipino
Rosemarie F. Padilla	VP-Asst. Resident Manager for Finance	53	Filipino
Silverio Benny J. Tan	Corporate Secretary**	60	Filipino
Rosanna A. Parica	Corp. Sec. & Corp. Information Officer**	51	Filipino
Renato N. Migrino	Treasurer & Corporate Information Officer**	67	Filipino

*\*Until March 31, 2017*

*\*\*Ms. Rosanna A. Parica resigned from the Company and its affiliates on November 8, 2016. On November 9, 2016, Atty. Silverio Benny J. Tan took over as the Corporate Secretary and Mr. Renato N. Migrino as the Corporate Information Officer on top of being the Company's Treasurer.*

### Profile

Below is the profile of each of the Company's directors and officers. The directors of the Company whose terms of office are for one year or until their successors are elected and qualified.

#### **Ramon Y. Sy, Chairman of the Board**

Mr. Ramon Y. Sy's knowledge and experience in the banking sector is beyond compare. He was formerly the Philippine Country Manager of Bank of America; and President & CEO of United Coconut Planters Bank (UCPB) and I-Bank. He is now the Vice Chairman of Asia United Bank; President and Chairman of the Executive Committee of MOREI; and a Director of ISRI. He has been in the Board of Directors of the Company since October 2013.

#### **Walter W. Brown, Director; President & CEO**

Dr. Walter W. Brown earned his Doctorate degree in Geology, Major is Geochemistry, from Stanford University after finishing his Masters degree in Economic Geology in the University of the Philippines. His experience, however, encompasses a wide spectrum of industries from mining to the energy & power sector all the way to real estate business. Aside from his roles in the Company, he is also the Chairman Emeritus of A Brown Company Inc., a publicly listed company; and Chairman of ISRI and Palm Concepcion Power Corporation, a 2x135 MW coal-fired power plant in Concepcion, Iloilo; a Director of MOREI; and the President of Minas de Oro (Mongolia), MOREI - Sierra Leone (Africa). Dr. Brown was former President of Philex Mining Corporation and National Grid Corporation of the Philippines.

**Graciano P. Yumul, Jr.**, Director; EVP-Geology, Exploration and Operations

Dr. Graciano P. Yumul, Jr. is a multi-awarded researcher and administrator and earned his Bachelor of Science (BS) degree in Geology from the University of the Philippines. He earned his Masters and Doctoral degrees in Geology majoring in Igneous Petrology at the University of Tokyo. He also took Postdoctoral degrees as a Fellow at the University of Bretagne Occidentale in France. He was named Outstanding Young Scientist in Geology by NAST, recipient of UPD Chancellor's Awards for Outstanding Researchers, Outstanding Teacher and Administrator, Philippine Jaycee's Young Filipino Awardee in Science and Technology. He has been a director of the Company since July 2012 and was elected as Director of ISRI in June 2015.

**Noel V. Tanglao**, Director; EVP-Corporate Services (up to March 31, 2017)

Aside from general management, Mr. Noel V. Tanglao, a Chemical Engineer, was involved at Petron Corporation with the different trades such as energy, both conventional and renewable, downstream petroleum industry, procurement and logistics, information technology, distribution, retail and non-fuel business of Petron such as convenience store retailing, quick serve restaurants and other retailing formats. He served as President of Lift Logistics Resources, Inc., Vice President for Business Development of the Leonio Group of Companies and Managing Director of Rising Stars Philippines. He has also been the General Manager of Petron Marketing Corporation, Petron Freeport Corporation and Retail Trade. Mr. Tanglao at one time was President of Apex. Currently he is Apex's Executive Vice President for Corporate Services.

**Modesto B. Bermudez**, Director; SVP-Projects Development

Mr. Modesto B. Bermudez, a licensed Mining Engineer, has had 47 years involvement in the Philippine mining industry inclusive of six years stint in real property development and construction. His experience in mining covers the whole spectrum of mining operations from exploration to development to beneficiation of a wide range of minerals in both operational and managerial capacity. He is concurrently Director and President of ISRI, and the President of CRAU Mineral Resources Corporation.

**Dennis A. Uy**, Independent Director

Mr. Dennis A. Uy was elected as Director of the Company last March 19, 2013. He is the founder of Phoenix Petroleum Philippines, Inc. (PPPI) and has served as President and CEO since its inception. He is the Chairman and President of Phoenix Petroleum Holdings, Inc., the holding company of PPPI, and Udenna Corporation, the ultimate parent company of PPPI; and recently a Director and President of 2Go Group, Inc. He is also the Chairman of F2 Logistics, Phoenix Philippines Foundation, Inc., and Udenna Foundation, Inc. He is a member of the Young Presidents Organization-Philippine Chapter and the Philippine Business for Social Progress. Mr. Uy is the Honorary Consul of Kazakhstan to the Philippines since November 2011. He is a graduate of De La Salle University with a degree in Business Management.

**Joselito H. Sibayan**, Independent Director

Mr. Joselito H. Sibayan became Independent Director of the Company last June 16, 2014. He is the President and CEO of Mabuhay Capital Corporation, a firm which provides financial advisory services and capital raising solutions to its clients. Prior to forming Mabuhay Capital, he was Vice-Chairman of Investment Banking-Philippines and the Philippine Country Manager for Credit Suisse First Boston. He has spent almost three decades in investment banking. He is concurrently an Independent Director of SM Prime Holdings, Inc., a publicly listed company, and Director of Philippine Postal Savings Bank. He obtained his Masters degree from the University of California in Los Angeles and his BS Chemical Engineering from De La Salle University-Manila.

**Gil A. Marvilla**, SVP-Resident Manager

A Certified Public Accountant, Mr. Gil A. Marvilla's experience in the mining industry spans several decades. His professional expertise in mining was also involved in several mining projects of Brixton Energy & Mining Corporation and Lascogon Mining Corporation. At one time, he was the Country Manager for Philex Mining's project in Madagascar. He also served as the Country Manager of Monte Oro Mining Co., Ltd. based in Sierra Leone, South Africa; Chief Finance Officer of MOREI; and Managing Director and VP for Finance & Administration in PT Brown Indonesia and A Brown Co., Inc.

**Rodolfo C. Ramos**, VP-Asst. Resident Manager for Operations

Engr. Rodolfo C. Ramos received his degree in Mining Engineering from the Mapua Institute of Technology. A licensed mining engineer, he supervised various large scale surface mining in Benguet and Zambales. He was also involved in exploration and mining operations in Misamis Oriental and Dinagat Islands. Having extensive knowledge and vast experience in the field, he acted as consultant for several mining operations. He was Senior Mining Engineer for a gold project in Myanmar for MOREI and later on part of the technical team of Prime Metroline Holdings, Inc. for a project in Bicol Region, Philippines.

**Rosemarie F. Padilla**, VP-Asst. Resident Manager for Finance

Ms. Rosemarie F. Padilla, a licensed Certified Public Accountant, has had decades of progressive industry experience in Mining Finance. She has held positions as Budget Manager and Finance Manager of Philex Mining Corporation, Financial Controller in Olympus Pacific Minerals Ltd. Vietnam and Masbate Gold Project, and as Administration Superintendent of Greenstone Resources Corporation.

**Silverio Benny J. Tan**, Corporate Secretary (from November 9, 2016)

Atty. Silverio Benny J. Tan holds a Bachelor of Laws degree, cum laude, from the University of the Philippines College of Law and a Bachelor of Arts Major in Political Science, cum laude, from the University of the Philippines College Iloilo. He placed third in the 1982 Philippine Bar exams. He is a senior partner in the law firm Picazo Buyco Tan Fider & Santos, and at one time its Managing Partner. He is a Director and Corporate Secretary of Prime Metroline Holdings, Inc., Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., OSA Industries Philippines Inc. and Negros Perfect Circles Food Corp. He is also a Director of Celestial Corporation, Skywide Assets Ltd., Monte Oro Minerals (SL) Ltd., and Dressline Holdings Inc. and its subsidiaries and affiliates. He is the Corporate Secretary of Mapfre Insular Insurance Corporation, Sureste Properties, Inc., Bloomberry Resorts and Hotels Inc., Lakeland Village Holdings Inc., Devoncourt Estates Inc., Pilipinas Golf Tournaments, Inc., MOREI and ISRI; and Assistant Corporate Secretary of ICTSI and ICTSI Ltd.

**Rosanna A. Parica**, Corporate Secretary (up to November 8, 2016)

Ms. Rosanna A. Parica served as the Corporate Secretary of the Company since May 2010 to November 2016. She was also the Corporate Secretary of Mapula Creek Gold Corporation. Apart from the above, she was the Administrative Manager of the Company, and was the Asst. Corporate Secretary of ISRI.

**Renato N. Migriño**, Treasurer & Corporate Information Officer

Also a Certified Public Accountant, Mr. Renato N. Migriño's experience in the mining industry spans more than 40 years from his days at Sycip, Gorres & Velayo where a significant number of his accounts were mining companies. He moved to Benguet Corporation and became its Senior Vice President for Controllershship prior to joining Philex Mining Corporation where he later on served as its Treasurer, Chief Financial Officer, Senior Vice President for Finance, and Compliance Officer. He was Director and Chief Financial Officer of Philex Gold Inc., and Director of Philex Petroleum Corporation., Director and Treasurer of FEC Resources, Inc., Director of Silangan Mindanao Mining Co., Inc., Brixton Energy & Mining Corporation and Lascogon Mining Corporation. He is concurrently an Independent Director of Mabuhay Vinyl Corporation and is the Treasurer of ISRI.

Significant Employees

There is no particular employee of the Company not an executive officer expected to make a significant contribution to the business on his own.

Family Relationships

There are no relationships among officers and directors of the Company.

Involvement in Certain Legal Proceedings

To the knowledge and information of the Company, none of its present members of the Board of Directors and its officers are presently or during the last five years involved in any material proceeding, affecting, involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere. To the knowledge of the Company, none of the members of its board of directors and executive officers has been convicted by

final judgment of any offense punishable by laws of the Republic of the Philippines or of the laws of any other country.

#### Item 10. EXECUTIVE COMPENSATION

The officers of the Company are regular employees of the Company and are remunerated with a compensation package consisting of a 13-month base pay. They also receive whatever, if any, that the Board of Directors of the Company may approve and extend to its managerial, supervisory and regular employees.

The aggregate compensation paid or incurred in 2016 and 2015, and estimated to be paid in 2017 to the officers and members of the Board of Directors of the Company are as follows (in millions):

CEO and Top Most Compensated Officers are the following:

Ramon Y. Sy  
Walter W. Brown  
Graciano P. Yumul, Jr.  
Noel V. Tanglao\*  
Modesto B. Bermudez  
Gil A. Marvilla  
Renato N. Migriño

*\*Until March 31, 2017*

	2017 (Estimated)	2016 (Actual)	2015 (Actual)
CEO and Top Most Compensated Officers	₱96.5	₱92.5	₱71.0
All Directors and Officers as a Group	114.0	107.5	75.6

#### Compensation of Members of the Board of Directors

The members of the Board of Directors of the Company are paid ₱80,000, net of withholding tax, as per diem for each meeting (whether regular or special) of the board or of the stockholders as passed and approved during the special meeting of the Board of Directors on November 13, 2012. Apart from the foregoing, there are no arrangements regarding the compensation (whether direct or indirect) of the members of the Board of Directors for their services.

#### Employment Contracts and Termination of Employment and Change-In-Control Arrangements

The contractual relationship between the officers and the Company are as that of an employer-employee. The remuneration the officers received from the Company is solely in the form of salaries and, if any, bonuses.

#### Warrants and Options Outstanding: Repricing

The directors and officers of the Company do not hold any outstanding warrants or options.

**Item 10. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS**

As of March 31, 2017, the following owns at least five percent (5%) of the issued and outstanding common shares of the Company:

Name of Record Owner	Name of Beneficial Owner	Citizenship	No. of Shares	%
Prime Metroline Holdings, Inc.	Prime Metroline Holdings, Inc.	Filipino	2,511,329,207	40.32
PCD Nominee Corp.	PCD participants	Filipino	849,808,221	13.64
Mindanao Gold Ltd.	Mindanao Gold Ltd.	Malaysian	597,051,165	9.58
MOREI	MOREI	Filipino	564,730,109	9.07
Lakeland Village Holdings, Inc.	Lakeland Village Holdings, Inc.	Filipino	474,613,599	7.62
Devoncourt Estates, Inc.	Devoncourt Estates, Inc.	Filipino	423,904,339	6.81
A Brown Company, Inc.	A Brown Company, Inc.	Filipino	388,694,698	6.24

Except for the beneficial owners mentioned above, there is no other person or group known to the Company to be the beneficial owner of more than 5% of its voting securities. There is also no voting trust agreement involving shares of the Company.

**Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The number of voting common shares beneficially owned by the members of the board of directors and named officers follows:

Name of Beneficial Owner	Citizenship	No. of Shares	%
Ramon Y. Sy	Filipino	44,598,312	0.72
Walter W. Brown	Filipino	62,743,202	1.01
Graciano P. Yumul, Jr.	Filipino	1,501,000	0.02
Noel V. Tanglao*	Filipino	1,000,001	0.02
Modesto B. Bermudez	Filipino	2,000,001	0.03
Dennis A. Uy	Filipino	1	0.00
Joselito H. Sibayan	Filipino	299	0.00
Gil A. Marvilla	Filipino	647,767	0.01
Rodolfo C. Ramos	Filipino	—	—
Rosemarie F. Padilla	Filipino	—	—
Silverio Benny J. Tan	Filipino	17,506,747	0.28
Rosanna A. Parica	Filipino	—	—
Renato N. Migrino	Filipino	—	—

**Item 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

In the normal course of business, the Company transacted with companies that are considered related parties. A summary of the more significant transactions with related parties is shown in Note 15 of the audited consolidated financial statements for the year ended December 31, 2016.

Purchases and expense from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free and settlement occurs either in cash or through offsetting of accounts. There have been no guarantees provided for any related party receivables and payables. For the years ended December 31, 2016 and 2015, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examining the financial position of the related parties and the market in which the related parties operate.

#### **Part IV – CORPORATE GOVERNANCE**

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

Based on SEC Memo Circular 20 Series of 2016, publicly-listed companies shall not be required to post on their websites the Consolidated Changes in the ACGR for 2016 on or before January 10, 2017. Likewise, they shall not be required to attach the same to their 2016 Annual Report (SEC Form-17A)

#### **Part V – EXHIBITS AND SCHEDULES**

##### **Item 13. EXHIBITS AND REPORTS ON SEC FORM 17-C**

###### **A. Exhibits**

- i. Statement of Management Responsibility for Financial Statements
- ii. Report of Independent Auditors
- iii. Audited Consolidated Financial Statements and Notes for the year ended December 31, 2016
- iv. Supplementary Schedules


###### **B. Reports on SEC Form 17-C in 2016**


<u>Date Filed</u>	<u>Particulars</u>
April 14	BOD Approval of the 2015 Financial Statements
April 14	Press release: 2015 Full-Year Results of Operations
May 16	Notice of Annual Stockholders' Meeting
May 16,	Press release: First Quarter Results of Operations
May 16	Disclosure on Quasi Organization
July 1	Results of Annual Stockholders' Meeting
July 1	Results of Organizational Meeting of the Board of Directors
July 1	Clarification of News Report
August 9	Press release: Second Quarter Results of Operations
August 10	Approval of the new members of the Retirement Committee
August 11	Amendment to the Second Quarter Report
August 15	Amendment to the Quasi Organization disclosure
October 11	Disclosure on obtaining ISO 14001 Certification
October 12	SEC Approval of Quasi Restructuring
November 9	Appointment and Resignation of Officers
November 9	Press release: Third Quarter Results of Operations

**SIGNATURES**

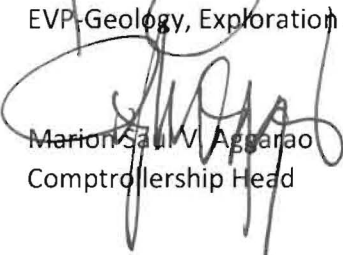
Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April \_\_, 2017.

By:

  
Walter W. Brown  
President & CEO

  
Graciano P. Yumul, Jr.  
EVP-Geology, Exploration and Operations

  
Renato N. Migrino  
Treasurer

  
Marion Saul V. Aggarao  
Comptrollership Head

  
Silverio Benny J. Tan  
Corporate Secretary

APR 27 2017

SUBSCRIBED AND SWORN to before this \_\_\_\_ day of \_\_\_\_\_, affiant (s) exhibiting to me their respective valid IDs, as follows:

Names	Identification Nos.
Walter W. Brown	123-918-226
Graciano P. Yumul, Jr.	126-427-230
Renato N. Migrino	102-118-145
Silverio Benny J. Tan	138-005-178
Marion Saul V. Aggarao	266-525-298

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Series of 2017



**ATTY. JOSE B. DULNUAN**  
**NOTARY PUBLIC**  
FOR THE CITY OF MANDALUYONG  
Until December 31, 2017  
COMMISSION NO. 458-16  
IBP LIFETIME NO. 0995268 / IFUGAO  
PTR NO. 69252527, 1-3-17, Cainta, Rizal  
ROLL NO. 33304  
MCLE COMP. NO. V-0022171, 6-15-16  
Valid until 04-14-2019  
072-AB GUVENTVILLE II, D.M. GUEVARA ST.  
NEWWAY, MANDALUYONG CITY  
TEL: 072-5838 5634564  
e-mail: jbdulnuan@gmail.com