

# **APEX MINING CO., INC.**

Minutes of the Annual Meeting of the Stockholders  
Held on 30 June 2016, 3:30 PM  
at Valle Verde Country Club, Pasig City

## **I. CALL TO ORDER**

The meeting was called to order by the Chairman, Mr. Ramon Y. Sy. The Corporate Secretary, Atty. Rosanna A. Parica, certified that all the stockholders were duly notified of the annual meeting and that stockholders representing 4,861,153,573 shares out of 6,227,887,491 outstanding shares, or 78.05% of the outstanding capital stock of the Corporation were present or represented in this meeting and that was therefore a quorum to transact business.

## **II. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS HELD ON JUNE 30, 2015**

Upon motion duly made and seconded, the stockholders approved the minutes of the annual meeting of the stockholders held on June 30, 2015.

## **III. REPORT OF THE CHAIRMAN AND THE PRESIDENT**

The President Walter W. Brown, introduced Dr. Graciano P. Yumul, Jr., EVP for Geology Exploration and Operations, for the presentation of a report on Geology, Exploration, Development and Status of Operations of the Corporation.

In a slide presentation, Dr. Yumul showed photos of the forest and the various mines facilities and processes, production equipment, heavy ground support equipment, underground water and gas issues and drainage and ventilation, the mill and the tailings dam, the power plant expansion, the MPSA location, the targeted ore sources, at the Maco minesite. He showed how production has grown from 20.8k of gold and 80 k of silver in 2009 up to 43.0k of gold and 224k of silver in 2015, and 26.1k of gold and 128k of silver for the first 5 months of 2016. The way to go Dr. Yumul said is to explore and drill, open new mining grounds, prepare for new tailings dam, prepare for new mill and secure power supply and capacity.

After the Dr. Yumul delivered his report, the President introduced Mr. Renato N. Migriño, Treasurer, to deliver the financial reports on the Corporation.

Mr. Migrino reported that the Company had record production and revenue levels in 2015. It generated net earnings. It also acquired Itogon Suyoc Resources Inc. to add to the mineral resource base of the Company. The Company milled 316,148 tonnes of ore averaging more than a thousand tonnes per day, which is more than in the previous two years. The ore grades averaged 5.4 grams of gold and 34.0 grams of silver per tonne, which again are better than the mill head grades in the previous two years. The higher tonnage and grade produced a record metal output of 43 thousand ounces of gold and 224 thousand ounces of silver. However metal prices declined from the previous two years

level with gold averaging US\$ 1,158 per ounce and silver averaging at US\$ 16 per ounce. Gross revenue grew by 40% to P 2.430 Billion from last year. The consolidated cash operating cost went up to P 1.952 Billion because of higher milling tonnage. However on a per tonne basis, the cash operating cost went down to US\$ 136 per tonne. The consolidated cash operating income was P 478 million against P 87.5 million in 2014 and a loss of P 18 million in 2013. The parent company bottom line has now turned black at P 169 million. On a consolidated basis, the net income amounted to P 71.4 million.

The Company spent P 40 Million on social development and management program which included education, health, livelihood, infrastructure expenditures for the surrounding communities and religious projects, aside from expenses for environment upkeep and maintenance. This is proof that the Company is a responsible miner aware of and committed to its obligations to mother earth and to society.

The Company acquired 98% ownership of Itogon-Suyoc Resources, Inc. (ISRI) which has two major mines, the Sangilo Mine in Itogon and the Suyoc Mine in Mankayan, both in Benguet province. These two mines operated since the 1920s and the 30s but suspended operations, Suyoc in 1977 and Sangilo in 1996, largely because of unfavorable metal prices then. While under rehabilitation now, ISRI was able to produce 558 ounces of gold which were shipped out in May 2016.

The Company's momentum for growth has continued. Total assets increased 46% over 2014 which increased 55% from 2013 level. While liabilities also grew, stockholders' equity grew even faster, now more than double 2014. Book value per share has increased to 72 centavos from 44 centavos last year.

The Chairman thanked Dr. Yumul and Mr. Migriño for the presentation of their respective reports.

#### **IV. APPROVAL OF THE 2015 AUDITED FINANCIAL STATEMENTS**

On motion duly made and seconded, Financial Statements for the year ended 31 December 2015 were approved.

#### **V. APPROVAL/RATIFICATION OF ALL ACTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT DURING THE PREVIOUS YEAR**

On motion duly made and seconded, all of the acts, contracts, investments, and resolutions of the Board of Directors and Management since after the Annual Stockholders' Meeting of June 30, 2015, as they appear in the minutes of the Board meetings and in disclosures made to the Securities and Exchange Commission and the Philippine Stock Exchange, were approved.

#### **VI. APPROVAL OF QUASI-REORGANIZATION OR EQUITY RESTRUCTURING**

Upon the request of the Chairman, Mr. Migriño provided the stockholders with background information on the Quasi-Reorganization Plan for the Corporation.

Mr. Migriño reported that the Board of Directors, in their meeting dated May 11, 2016, approved the Corporation's plan to eliminate from its Parent Company Balance Sheet as of March 31, 2016 the Deficit of P2,959,743,932 against the Additional Paid-In Capital of P3,027,029,976.

Mr. Migriño explained that once the stockholders approves the Quasi-Reorganization or Equity Restructuring Plan (the "Plan"), it will be submitted to the Securities and Exchange Commission (SEC) for filing and approval. Once the SEC approves the Plan, it will be implemented through an accounting entry in the Corporation's books of accounts by offsetting the Deficit (a debit balance) against the Additional Paid-In Capital (a credit balance). The end-result will reduce the Deficit to zero and leave the Additional Paid-In Capital with a balance of Sixty-Seven Million, Two Hundred Eighty-Six Thousand Forty-Four Pesos (P67,286,044.00).

Mr. Migriño added that the foregoing Plan, being simply the application of additional paid-in capital against the deficit, will not affect any of the other equity accounts in the Corporation's balance sheet, such as the Capital Stock and its pertinent composition such as par value and number of outstanding or issued shares.

On motion duly made and seconded, the Quasi-Reorganization Equity Restructuring earlier approved by the Board of Directors on May 11, 2016 was approved.

## **VI. ELECTION OF DIRECTORS**

Upon their nominations, and since there are no other nominees for the 7 board seats, the following were elected as members of the Board of Directors:

1. Ramon Y. Sy
2. Walter W. Brown
3. Graciano P. Yumul, Jr.
4. Noel V. Tanglao
5. Modesto B. Bermudez

and as Independent Directors:

6. Dennis A. Uy
7. Joselito H. Sibayan

## **VII. APPOINTMENT OF THE EXTERNAL AUDITOR**

On motion duly made and seconded, Sycip Gorres Velayo and Company was appointed as external auditor for the year 2016.

## **IX. ADJOURNMENT**

There being no other matters to discuss, on motion duly made and seconded, the meeting was adjourned.

Certified:

**SILVERIO BENNY J. TAN**  
Corporate Secretary<sup>1</sup>

The minutes of the 2016 Annual Stockholders' Meeting is subject for approval of the stockholders in the 2017 Annual Stockholders' Meeting.

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<sup>1</sup> Atty. Rosanna A Parica resigned as Corporate Secretary on November 9, 2016. Atty. Silverio Benny J. Tan was appointed from Assistant Corporate Secretary to Corporate Secretary on November 9, 2016.