



# APEX MINING CO., INC.

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO OUR STOCKHOLDERS:

Please be informed that the Annual Stockholders' Meeting of APEX MINING CO., INC. (the "Company") will be held on June 29, 2018 Friday at 3PM at the La Colina Function Room, **Valle Verde Country Club**, Capt. Henry Javier Street, Pasig City.

The order of business will be as follows:

1. Call to order;
2. Certification of notice and quorum;
3. Approval of the Minutes of the Stockholders' Meeting held on June 30, 2017;
4. Report of the President and Chief Executive Officer;
5. Approval of Annual Report and Audited Financial Statements for 2017;
6. Ratification of all acts of the Board of Directors and Management during the previous year;
7. Election of Directors;
8. Appointment of External Auditors;
9. Amendment of Articles of Incorporation for the extension of corporate life of the Company by another 50 years before its expiration in 2020.
10. Other matters;
11. Adjournment

The Board has fixed May 31, 2018 as the record date for the determination of stockholders entitled to the Notice of Meeting and to vote at the specified date.

If you cannot personally attend the meeting, you may appoint a proxy to represent you and sending the same to the following address:

OFFICE OF THE CORPORATE SECRETARY  
Apex Mining Co., Inc.  
3304B West Tower, PSE Centre, Exchange Road  
Ortigas Center, Pasig City 1605  
Tel. Nos.: 706-2805/ 706-2806

By order of the Board of Directors.

**SILVERIO BENNY J. TAN**  
Corporate Secretary

# COVER SHEET

SEC Registration Number

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## COMPANY NAME

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## PRINCIPAL OFFICE ( No. / Street / Barangay / City / Town / Province )

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Department requiring the report

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Secondary License Type, If Applicable

N	/	A	
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## COMPANY INFORMATION

Company's Email Address

rnmigrino@apexmining.com

Company's Telephone Number

706-2805

Mobile Number

N/A

No. of Stockholders

Annual Meeting (Month / Day)

6/30

Fiscal Year (Month / Day)

12/31

## CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Renato N. Migrino

Email Address

rnmigrino@apexmining.com

Telephone Number/s

706-2805

Mobile Number

N/A

## CONTACT PERSON'S ADDRESS

3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

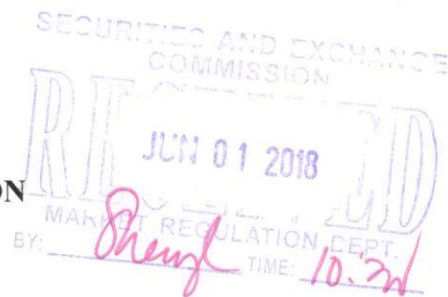
**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(B)  
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:  
☐ Preliminary Information Statement      ☒ Definitive Information Statement
2. Commission Identification Number: **40621**
3. BIR Tax Identification No.: **000-284-138**
4. Exact Name of Registrant as specified in its charter: **APEX MINING CO., INC.**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. Address of registrant's principal office: **3304B West Tower PSE Centre, Exchange Road, Ortigas Center, Pasig City,**  
 Postal Code: **1605**
8. Telephone number, including area code: **Tel. # (02) 706-2805 Fax # 706-2804**
9. Date, time and place of meeting of stockholders:  
 Date : **June 29, 2018**  
 Time : **3:00 PM**  
 Place : **Valle Verde Country Club, Capt. Javier St., Pasig City**
10. Approximate date on which the Information Statement is first to be sent or given to stockholders: **June 5, 2018**
11. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the Revised Securities Act (RSA)

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
<b>Common shares</b>	<b>6,227,887,491</b>
<b>Debt outstanding</b>	<b>₱3,919,179,896</b>

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**

**APEX MINING CO., INC. MANAGEMENT IS NOT SOLICITING PROXIES FOR THIS MEETING. PLEASE DO NOT SEND APEX MINING CO., INC. MANAGEMENT YOUR PROXY.**

## **INFORMATION REQUIRED IN INFORMATION STATEMENT**

### **A. GENERAL INFORMATION**

#### **Item 1. Date, Time and Place of Meeting of the Stockholders**

Date: June 29, 2018  
Time: 3:00 PM  
Place: Valle Verde Country Club Capt. Javier St., Pasig City  
Office: 3304B West Tower PSE Centre, Exchange Road, Ortigas Center, Pasig

This information statement shall be first sent or given to the stockholders on or before June 5, 2018.

#### **Item 2. Dissenters' Right of Appraisal**

The amendment of the articles of incorporation to extend the corporate life of the Company for another 50 years will be taken up in this Annual Stockholders' Meeting for which a stockholder may exercise the right of appraisal as provided in Title X of the Corporation Code of the Philippines (Batas Pambansa No. 68).

The Corporation Code (in Section 82) provides that the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within 30 days after the date on which the vote was taken, for payment of the fair value of his shares; provided, that the failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of 60 days from the date the corporate action was approved by the stockholders the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by the Company and the third by the two thus chosen. The findings of the majority of appraisers shall be final and their award shall be paid by the Company within 30 days after such award is made; provided that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

#### **Item 3. Interest of Certain Persons in or Opposition Matters to be Acted Upon**

No current director or officer of the Company or nominee for election as director of the Company nor any associate thereof has any substantial interest, direct or indirect, by stockholdings, or otherwise, in any matter to be acted upon, other than election to office.

No director has informed the Company in writing that he intends to oppose any action to be taken by the Company at this meeting.

## B. CONTROL AND COMPENSATION INFORMATION

### Item 4. Voting Securities and Principal Stockholders Thereof

As of April 30, 2018, there are 6,227,887,491 outstanding and voting common shares of stock of the Company. Each share of stock is entitled to one vote.

All stockholders of record as of May 31, 2018 are entitled to notice and to vote at the Annual Stockholders' Meeting.

At the stockholders meeting of the Company, every stockholder entitled to vote shall have one vote for each share of stock standing in his name on the books of the Company. For purposes of election of directors, the stockholders may vote such number of shares for as many persons there are Directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares equal, or may distribute them on the same principle among as many candidates as they shall see fit.

### Security Ownership of Certain Record and Beneficial Owners

The beneficial owners of more than 5% of voting common shares of the Company as of April 30, 2018 are as follows:

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner; Relation to Issuer	Citizenship	No. of Shares	%
Common	Prime Metroline Holdings, Inc. (PMHI) <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	PMHI <sup>1</sup> ; Majority stockholder	Filipino	2,511,329,207	40.32
Common	Mindanao Gold Ltd. (MGL) <i>Brumby Center, Lo42, Jalan Muhibbah 87000 Labuan F.T. Malaysia</i>	MGL <sup>2</sup> ; Stockholder	Malaysian	597,051,165	9.58
Common	Monte Oro Resources & Energy, Inc. (MORE) <i>3304B West Tower PSE Centre, Exchange Road, Ortigas Center, Pasig City</i>	MORE <sup>3</sup> ; Stockholder and Wholly-owned subsidiary	Filipino	555,132,448	8.91
Common	Lakeland Village Holdings, Inc. (LVHI) <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	LVHI <sup>4</sup> ; Stockholder	Filipino	474,613,599	7.62
Common	Devoncourt Estates, Inc. (DEI) <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	DEI <sup>4</sup> ; Stockholder	Filipino	423,904,339	6.81

(Footnotes are shown in the next page.)

- <sup>1</sup> PMHI is represented by Mr. Enrique K. Razon, Jr. (or a proxy that he may designate) who can exercise voting power on behalf of PMHI and decide how all its shares in the Company are to be voted.
- <sup>2</sup> MGL is represented by Mr. Val Christian R. Sultan who can exercise voting power on behalf of MGL and decide how all its shares in the Company are to be voted.
- <sup>3</sup> MORE is represented by Mr. Ramon Y. Sy who can exercise voting power on behalf of MORE and decide how all its shares in the Company are to be voted.
- <sup>4</sup> LVHI and DEI are represented by Mr. Jose Eduardo J. Alarilla who can exercise voting power on behalf of LVHI and DEI and decide how all their shares in the Company are to be voted.

To the best knowledge of the Company, there are no participants under the PCD account who own more than 5% of the Company's voting common shares as of April 30, 2018.

The total shares owned by foreigners as of April 30, 2018 is 833,333,932 or 13.38% of the total number of outstanding shares.

#### Security and Ownership of Directors and Management

The number of voting shares beneficially owned by the Members of the Board of Directors and named Officers as of April 30, 2018 follow:

Title of Class	Beneficial Owner	Nature of Ownership	Citizenship	Number of Shares	%
Common	Ramon Y. Sy	Direct	Filipino	44,598,312	0.72
Common	Walter W. Brown	Direct	Filipino	59,743,202	0.96
Common	Jose Eduardo J. Alarilla	Direct & Indirect	Filipino	1 898,517,938	0.00 14.43
Common	Dennis A. Uy	Direct	Filipino	1	0.00
Common	Joselito H. Sibayan	Direct	Filipino	299	0.00
Common	Graciano P. Yumul, Jr.	Direct	Filipino	1,501,000	0.02
Common	Modesto B. Bermudez	Direct & Indirect	Filipino	1 2,000,000	0.00 0.03
Common	Silverio Benny J. Tan	Direct	Filipino	17,506,747	0.28
Common	Gil A. Marvilla	Direct	Filipino	647,767	0.01
Common	Rodolfo C. Ramos	—	Filipino	—	—
Common	Rosemarie F. Padilla	—	Filipino	—	—
Common	Elisa R. Dungca	—	Filipino	—	—
Common	Renato N. Migrino	—	Filipino	—	—

\* Until December 31, 2017

#### Voting Trust

There are no voting trust holders of 5% or more of the Company's outstanding shares.

#### Changes in Control

None.

## Item 5. Directors and Officers

The members of the Board of Directors and Officers of the Company are as follows:

Name	Position	Age	Citizenship
<i>Directors</i>			
Ramon Y. Sy	Chairman of the Board	87	Filipino
Walter W. Brown	Director	78	Filipino
Jose Eduardo J. Alarilla	Director	66	Filipino
Graciano P. Yumul, Jr.	Director	58	Filipino
Modesto B. Bermudez	Director	77	Filipino
Dennis A. Uy	Independent Director	44	Filipino
Joselito H. Sibayan	Independent Director	59	Filipino
<i>Officers</i>			
Walter W. Brown	President & CEO	78	Filipino
Silverio Benny J. Tan	Corporate Secretary	61	Filipino
Graciano P. Yumul, Jr.	EVP-Geology, Exploration & External Affairs	58	Filipino
Modesto B. Bermudez	SVP-Operations & Projects Development	77	Filipino
Renato N. Migrino	Treasurer	68	Filipino
Gil A. Marvilla	SVP-Resident Manager	68	Filipino
Rodolfo C. Ramos*	VP-Asst. Resident Manager for Operations	74	Filipino
Rosemarie F. Padilla	VP-Asst. Resident Manager for Finance	54	Filipino
Elisa R. Dungca	Asst. Corp. Sec. & AVP-Corporate Affairs	61	Filipino

\* Until December 31, 2017

Below are summaries of the business experience and credentials of the Directors and the Officers of the Company. The terms of office of the Directors of the Company are for one year or until their successors are elected and qualified.

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

Mr. Ramon Y. Sy has been in the Board of Directors of the Company since October 2013. His knowledge and experience in the banking sector is beyond compare having been the Vice Chairman of Metropolitan Bank and Trust Corporation; Chairman and President of United Coconut Planters Bank; Philippine Country Manager of Bank of America; and President & CEO of International Exchange Bank. He is now the Vice Chairman of Asia United Bank Corporation, a publicly-listed company; President of Monte Oro Resources & Energy, Inc. (MORE); and a Director of SPC Corporation, a publicly-listed company, Travelman, Inc., Asian Alliance Holding and Development Corp., Asian Alliance Investment Corp., Phil Equity, and Itogon-Suyoc Resources, Inc. (ISRI).

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

Dr. Walter W. Brown has been in the Board of Directors of the Company since October 2013. He 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 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. (ABCI), a publicly-listed company; and Chairman of ISRI; and Chairman of Palm Concepcion Power Corporation, which has a 2x135 MW coal-fired power plant in Concepcion, Iloilo; a Director of MORE; and the President of Minas de Oro (Mongolia), MORE - Sierra Leone (Africa). Dr. Brown was former President of Philex Mining Corporation, a publicly-listed company, and National Grid Corporation of the Philippines.

**Jose Eduardo J. Alarilla, Director**

Mr. Jose Eduardo J. Alarilla is the Chairman of Mega Equipment International Corp.; Vice Chairman of Bloomerry Resorts Corporation, a publicly-listed company; President and CEO of Mega Subic Terminal Services, Inc.; and President of Manila Holdings and Management, Inc., LVHI, DEI, Eiffle House, Inc., Alpha Allied Holdings Ltd. and Sureste Properties, Inc. He is also a Director of Bloomerry Resorts and Hotels, Inc., MORE and International Cleanenvironment Systems, Inc. He holds a Bachelor of Science in Mechanical Engineering from De La Salle University and Masters in Business Management from the Asian Institute of Management (AIM).

**Dennis A. Uy, Independent Director**

Mr. Dennis A. Uy was elected as an Independent Director of the Company in March 2013. He is the founder of Phoenix Petroleum Philippines, Inc. (PPPI), a publicly-listed company, 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 Development Corporation, the ultimate parent company of PPPI. He is also the Chairman of Chelsea Logistics Holding Corp., a publicly-listed company which listed in the PSE in August 2017, 2Go Group, Inc., another publicly-listed company, 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, and the Presidential Adviser for Sports under President Duterte's Administration since July 2016. 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 in June 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; Philippine Country Manager for Credit Suisse First Boston; and Director of Philippine Postal Savings Bank. He has spent almost three decades in investment banking. He is concurrently an Independent Director of SM Prime Holdings, Inc., and a Director of A Brown Co., Inc, both publicly-

listed companies. He obtained his Masters degree from the University of California in Los Angeles and his BS Chemical Engineering from De La Salle University-Manila.

**Graciano P. Yumul, Jr.,** Director; EVP-Geology, Exploration & External Affairs

Dr. Graciano P. Yumul, Jr., who has been a director of the Company since July 2012, 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 National Academy of Science and Technology, recipient of University of the Philippines-Diliman Chancellor's Awards for Outstanding Researchers, Outstanding Teacher and Administrator, Philippine Jaycee's Young Filipino Awardee in Science and Technology. He was elected as Director of ISRI in June 2015.

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

Mr. Modesto B. Bermudez, who has been a Director of the Company since December 2013, is a licensed Mining Engineer, has had five decades of 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.

**Renato N. Migriño,** Treasurer

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, a publicly-listed company, and became its Senior Vice President for Controllershship prior to joining Philex Mining Corporation, another publicly-listed company, 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, a publicly-listed company, 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 a Director and Treasurer of MORE; an Independent Director of Mabuhay Vinyl Corporation, a publicly-listed company; and Treasurer of ISRI.

**Silverio Benny J. Tan,** Corporate Secretary

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 Partner in the law firm Picazo Buyco Tan Fider & Santos, and at one time its Managing Partner. He is the Chairman of the Board of Mapfre Insular Insurance Corporation. He is a Director and Corporate Secretary of PMHI, 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 Bloomberry Resorts Corporation, a publicly-listed company, Sureste Properties, Inc., BRHI, LVHI, DEI, Pilipinas Golf Tournaments, Inc., MORE and ISRI; and Assistant Corporate Secretary of International Container Terminal Services, Inc. (ICTSI), a publicly-listed company, and ICTSI Ltd.

**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, in Africa; Chief Finance Officer of MORE; 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 (until December 31, 2017)

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 MORE 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.

**Elisa R. Dungca**, Asst. Corporate Secretary & AVP-Corporate Affairs

Ms. Elisa R. Dungca served as Deputy Risk Officer and Division Manager for Risk Management & Export at Philex Mining Corporation (PMC), a publicly-listed company, and was the Corporate Secretary and Director of Fidelity Stock Transfers, Inc., a subsidiary of PMC, prior to joining the Company in April 2017. She was the former Chief Officer for Administration and Finance of JVS Asia, Inc. which owns Marithe & Francois Girbaud clothing brand; Senior Financial Associate at Lazaro Bernardo Tiu & Associates, Inc.; Group Manager for Accounting MIS and Budget of Benguet Corporation, another publicly-listed company; and Senior Programmer of the Natural Resources Management Center of the Department of Environment and Natural Resources. She is concurrently the Assistant Corporate Secretary of ISRI. She received her Bachelor of Science in Industrial Engineering from the University of the Philippines and her Masters in Business Administration from the Pamantasan ng Lungsod ng Maynila.

### Election to the Board of Directors

The Nomination Committee has screened the nominees and prepared the Final List of Candidates for election to the Board of Directors on the date of the Annual Stockholders' Meeting on June 29, 2018. The Nomination Committee determined that the candidates possess all the qualifications and none of the disqualifications for election as director or independent director as set forth in the Company's Manual of Corporate Governance, the Securities Regulation Code (SRC), the 2015 SRC Implementing Rules and Regulations, and the Code of Corporate Governance for Publicly-Listed Companies.

The Nomination Committee is currently composed of three members namely, Ramon Y. Sy, as the Committee Chairman, and Messrs. Walter W. Brown and Joselito H. Sibayan as its members.

### Nominees for Election at Annual Stockholders' Meeting

The following have been nominated for election to the Company's Board of Directors:

- Ramon Y. Sy
- Walter W. Brown
- Jose Eduardo J. Alarilla
- Luis R. Sarmiento
- Roel Z. Castro
- Dennis A. Uy (Independent Director)
- Joselito H. Sibayan (Independent Director)

The experience and background of the nominees are shown in Part B, Item 5, except for Messrs. Luis R. Sarmiento and Roel Z. Castro which are shown below.

#### **Luis R. Sarmiento, 61, Filipino**

Mr. Luis Ramos Sarmiento is the President of Orica Explosives Philippines, Inc., a global publicly-listed mining services company headquartered in Melbourne, Australia. He has served Orica in various capacities for 34 years now and has become its highest ranking Filipino officer. He is the President of Orica Nitrates, Inc. and a Director of Nitro Asia Company, Inc. A licensed mining engineer, Mr. Sarmiento is the current President of the Philippine Mine Safety and Environment Association, the President of the Philippine Association of Industrial Explosive, Inc., and a Director of the Chamber of Mines of the Philippines. Prior to joining Orica, he was with the Mining Group Machinery Division of Engineering Equipment, Inc. He was conferred as Outstanding Mapuan Awardee in the field of mining engineering in 2005, as Outstanding Mining Engineer Awardee by the Philippine Society of Mining Engineers in 2008, and as Outstanding Mining Engineer of the Year Awardee by the Professional Regulation Commission in 2012. Mr. Sarmiento is a graduate of the Mapua Institute of Technology with a degree of Bachelor Science in Mining Engineering in 1979.

**Roel Z. Castro, 51, Filipino**

Mr. Roel Z. Castro is the President and Chief Executive Officer of ABCI. He is also the President of the following companies: Palm Thermal Consolidated Holdings Corp., Palm Concepcion Power Corporation, Peakpower Energy, Inc., Peakpower Soccargen, Inc., Peakpower San Francisco, Inc., Peakpower Bukidnon, Inc., Hydro Link Projects Corp., companies that are engaged in power generation and the development of hydro power. He is also the President of Brownfield Holdings Inc. He was the Head of the Corporate Affairs Department and Concurrent Special Assistant to the President/CEO of National Grid Corporation of the Philippines. He was appointed as the Chief Finance Officer of MORE and Monte Oro Grid Resources Corporation, holding also various posts in other local power consulting companies. He rose from various positions and became the Mindanao Development Bank Assistant Vice President of the Corporate Support Division. Mr. Castro finished his Bachelor of Science in Agricultural Business degree at the University of the Philippines - Los Baños in 1988 and earned his Masters in Management at the AIM with commendation from the faculty in 1997.

**Independent Director**

Messrs. Joselito H. Sibayan and Dennis A. Uy are nominees as independent directors nominated by Mr. Ramon Y. Sy. They are not employees of the Company and do not have relationships with the Company, nor with the persons who nominated them, which would interfere with the exercise of independent judgment in carrying out the responsibility of a director.

In approving the nominations for independent directors, the Nominations Committee considered the guidelines on the nomination of independent directors prescribed in SRC Rule 38 and the Company's Revised Manual of Corporate Governance.

Both Messrs. Sibayan and Uy have each served less than the maximum cumulative nine year term recommended by the Revised Manual of Corporate Governance. The Certificates of Qualification as Independent Director of Messrs. Sibayan and Uy are attached to this Information Statement.

**Significant Employees**

While all employees are expected to make significant contributions to the Company, there is no one particular employee, not an officer, who is anticipated to make a significant contribution to the business of the Company on its own.

**Family Relationships**

There are no family relationships among the officers of the Company. None of the Directors and Officers of the Company are related up to the fourth civil degree, either by consanguinity or affinity.

**Involvement in Certain Legal Proceedings**

The Company is not aware of any legal cases which occurred during the past five years that are material to an evaluation of the ability of any of its directors, executive officers or controlling persons, including:

- bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and
- order, or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him to have violated a securities or commodities law or regulation.

Due to the nature of the business of the Company, it is involved in various legal proceedings, both as plaintiff/petitioner and defendant/respondent, from time to time. Management and Company legal counsels believe that the Company has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material impact on the Company's financial position and results of operations.

#### Certain Relationships and Related Transactions

The Company's significant related party transactions and account balances pertain to working capital advances from the Company's majority stockholder, PMHI, which amounted to ₱976.0 million as of March 31, 2018 and December 31, 2017 and 2016. Please refer to Note 15 of the Audited Consolidated Financial Statements and Note 5 of the 2018 First Quarter SEC Form 17-Q Report.

There are no ongoing contractual or other commitments with PMHI as a result of the working capital advances, or with any other related party.

The Company or its related parties have no material transaction with parties falling outside the definition of "related parties" under Philippine Accounting Standards 24, *Related Party Disclosures*, which are not available for other, more clearly independent parties on an arm's length basis.

### **Item 6. Compensation of Directors and Officers**

#### 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 regular and special meeting of the Board or of the stockholders as passed, and approved during the special meeting of the Board of Directors on November 13, 2012.

### Compensation of Officers

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 additional remuneration, 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 2017 and 2016, and estimated to be paid in 2018 to the Officers and Members of the Board of Directors of the Company are as follows (in millions):

#### Directors

<u>Year</u>	<u>Director's Fee</u>
2018 (Estimated)	₱3.7
2017	₱2.7
2016	₱3.4

#### CEO and Four Most Highly Compensated Officers as a Group

<u>Year</u>	<u>Salary</u>
2018 (Estimated)	₱80.0
2017	₱80.3
2016	₱80.0

#### Aggregate Compensation of All Officers and Directors as a Group

<u>Year</u>	<u>Salary</u>
2018 (Estimated)	₱110.4
2017	₱114.2
2016	₱107.5

The aggregate amount of compensation for the CEO and the four most highly compensated officers as a group paid in 2017 and 2016 and estimated amount expected to be paid in 2018, as presented in the above table, are for Walter W. Brown (CEO), Graciano P. Yumul Jr., Modesto B. Bermudez, Gil A. Marvilla and Renato N. Migrino.

### 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 7. Independent Public Accountant**

The auditing firm of Sycip Gorres Velayo & Co. (SGV & Co) has been the Company's Independent Public Accountant since 2011. SGV & Co. is nominated as the Company's Independent Public Accountant for the ensuing year in the June 29, 2018 Annual Stockholders' Meeting.

For the calendar years 2017, 2016 and 2015, Mr. Jose Pepito E. Zabat III signed the Company's Audited Financial Statements, a copy of which is attached to this Information Statement. Mr. Zabat III has been designated as the certifying partner of SGV & Co. to the Company in compliance with SRC Rule 68.1 (3)(b)(III).

Representatives of SGV & Co. are expected to be present at the stockholders meeting and will have the opportunity to make a statement if they desire to do so and will be available to answer appropriate questions from the stockholders.

### External Audit Fees and Services

#### *Audit and Audit-Related Services*

In 2017 and 2016, 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 ₱3.5 million and ₱3.3 million in 2017 and 2016, respectively.

#### *Tax Fees*

Professional fees paid for tax advisory services were nil and ₱0.5 million in 2017 and 2016, respectively.

#### *All Other Fees*

There were no other services rendered by the 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 their work, the external auditors present their audit program and schedule to the Company's Audit Committee.

As of December 31, 2017, the Company's Audit Committee is composed of Mr. Joselito H. Sibayan as the Committee Chairman, and Messrs. Dennis A. Uy and Jose Eduardo J. Alarilla as its members.

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

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

**Item 8. Compensation Plans**

There is no action intended to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed to the Directors and Officers of the Company.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

**Item 9. Authorization or Issuance of Securities Other than for the Exchange**

No action is to be taken with respect to the authorization or issuance of securities of the Company other than for the Exchange.

**Item 10. Modification of Exchange Securities**

No action is to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities in exchange for outstanding securities of another class.

**Item 11. Financial and Other Information Related to Items 9 and 10**

As stated above, no action is to be taken with respect to the matters under Items 9 and 10.

**Item 12. Mergers, Consolidations and Acquisitions and Similar Matters**

No action is to be taken with respect to any merger, consolidation, acquisitions, other similar matters.

**Item 13. Acquisition or Disposition of Property**

No action is to be taken with respect to the acquisition or disposition of property.

**Item 14. Restatement of Accounts**

No action is to be taken with respect to a restatement of accounts.

**D. OTHER MATTERS**

**Item 15. Action with Respect to Reports**

The Company will seek approval by the stockholders of the 2017 Operations and Financial Information contained and discussed in the annual report attached and made part of the Information Statements. Approval of the reports will constitute approval and ratification of the acts of the Board of Directors and of management.

Actions for this Meeting are to be taken on the approval of the following:

1. Approval of the Minutes of the Stockholders' Meeting held on June 30, 2017, summarized as follows:
  - a. Approval of the minutes of the Stockholders' Meeting held last June 30, 2016;
  - b. Approval of the Company's audited financial statements as of December 31, 2016 embodied in the 2016 Annual Report on SEC Form 17-A;
  - c. Ratification of the acts of Directors, Committees and Officers of the Company for the year 2016;
  - d. Election of the Directors of the Company, including Independent Directors; and
  - e. Appointment of SGV & Co. as external auditors for the year 2017.
2. Approval of the Company's audited financial statements as of December 31, 2017 embodied in the 2017 Annual Report on SEC Form 17-A;
3. Ratification of the acts of Directors, Committees, and Officers of the Company for the year 2017;
4. Election of Directors; and
5. Appointment of external auditors for the year 2018.

The items covered with respect to the ratification of the acts of the Board of Directors and Officers for the past year are those items entered into the ordinary course of business, with those of significance having been covered by appropriate disclosures such as:

- Membership in the relevant committees such as the Nomination, Compensation, Audit, Enterprise Risk Management and Related Party Transactions;
- Designation of authorized signatories;
- Financing activities;
- Funding support for projects; and
- Appointments in compliance with corporate governance policies

Together with this report is a compact disc containing a copy of the following reports:

- 2017 Annual Report on SEC Form 17-A
- Audited Consolidated Financial Statements as of December 31, 2017
- First Quarter Report on SEC Form 17-Q for the period ended March 31, 2018

#### **Item 16. Matters Not Required to be Submitted**

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders.

#### **Item 17. Amendment of Charter, By-Laws or Other Documents**

Action will be taken to amend the Company's Articles of Incorporation to extend its 50-year corporate life expiring in 2020 for another 50 years. The Board of Directors approved on March 22, 2018 the resolution to amend the Fourth Article of the Amended Articles of Incorporation to read as follows: "The term for which the Corporation is to exist is extended by another fifty (50) years from 15 February 2020 before the expiration of its first corporate term." This resolution needs to be approved by stockholders representing at least two-thirds (2/3) of the outstanding capital stock to be approved.

#### **Item 18. Other Proposed Actions**

##### Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the Last Annual Stockholders' Meeting

As a matter of corporate policy, management seeks the approval and ratification by the stockholders of all acts, contracts, investments and resolutions of the Board of Directors and management in 2017. These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission, and to the Philippine Stock Exchange, and in the Company's 2017 annual reports.

#### **Item 19. Voting Procedures**

Votes may be cast and counted by show of hands, by viva voce or, upon motion duly approved, by balloting.

The Chairman will announce each proposal to the floor, which shall be voted upon separately. In the absence of any objection from the floor, the Chairman shall instruct the Corporate Secretary to enter a vote of approval except for the votes indicated in proxies with specific voting instruction. If there is an objection, the Chairman will call for a division of the house. The votes of shareholders present in person or by proxy will be counted by hand, and the Chairman will then announce the result of the voting.

#### **Item 20. Proxies**

Not applicable.

## **E. SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report are true, complete and correct. This report is signed in the City of Pasig on May 31, 2018.

For and in behalf of the Board of Directors of  
**Apex Mining Co., Inc.**

By:



**Silverio Benny J. Tan**  
Corporate Secretary

### **Undertaking to Provide Annual Reports**

Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of the Company's Annual Report on SEC Form 17-A, as filed with the SEC free of charge. Any written request shall be addressed to:

**Ms. Elisa R. Dungca**  
AVP-Corporate Affairs

**Apex Mining Co., Inc.**  
3304B West Tower Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City

## CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **DENNIS A. UY**, Filipino, of legal age and a resident of 168 Tulip Lane, Garden Heights, Ladislawa Village, Buhangin, Davao City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Apex Mining Co., Inc. and have been its independent directors since 2013.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Phoenix Petroleum Holdings, Inc.	Chairman & President	12 year
Phoenix Petroleum Philippines, Inc.	President & CEO	16 years
Udenna Corporation	Chairman & President	16 years
2Go Group, Inc.	Director & President	1 year
F2 Logistics	Chairman	12 years
Phoenix Philippines Foundation, Inc.	Chairman	11 years
Udenna Foundation, Inc.	Chairman	11 years
Chelsea Logistics Holding Corp.	Chairman	2 months
Udenna Development Corp	Chairman & President	11 years
Udenna Environmental Services, Inc.	President	8 years
Chelsea Shipping Corporation	President & CEO	12 years
Chelsea Logistics Corporation	Chairman	11 years
Global Synergy Trade and Distribution Corp.	President	12 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Apex Mining Co., Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable) –  
NOT APPLICABLE

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

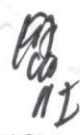
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.


6. I was appointed Presidential Adviser for Sports by President Rodrigo Duterte. However, this is an honorific position and I receive no salary and I have no official duties. I am not a public official nor a government employee. So I am not covered by Office of the President Memorandum Circular No. 17, s. 1986 and Section 12, Rule XIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.
8. I shall inform the Corporate Secretary of Apex Mining Co., Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this 17th day of May 2018, at Pasig City, Philippines.

  
**DENNIS A. UY**  
Affiant

**SUBSCRIBED AND SWORN** to before me this MAY 18 2018 at PASAY CITY, Philippines, affiant personally appeared before me and exhibited to me his Passport No. P5257129A issued on December 6, 2017 at DFA Manila with expiry on December 5, 2022.

Doc. No.   
Page No.  
Book No.  
Series of 2018.

  
**ATTY. HENRY D. ADASA**  
NOTARY PUBLIC CITY OF PASAY  
UNTIL DECEMBER 31, 2018  
NOTARIAL COMMISSION 17-23  
KNIGHT OF RIZAL BLDG.,  
GROUND FLOOR BESIDE PASAY CITY HALL  
IBP NO. 022811 / 01/03/2018 PASIG  
PTR NO. 5826667 / 01/03/2018 P.C.  
MCLE COMPLIANCE NO. VI-0002830 - 4/14/2022  
ROLL OF ATTORNEYS NO. 29679  
②③ TIN: 172-528-620-000

## CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **JOSELITO H. SIBAYAN**, Filipino, of legal age and a resident of #3 Montesque St., LaVista, Quezon City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Apex Mining Co., Inc. and have been its independent directors since 2014.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Mabuhay Capital Corporation	President and CEO	12 years
SM Prime Holdings, Inc.	Independent Director	6 years
A Brown Co., Inc.	Director	1 year

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Apex Mining Co., Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable) – NOT APPLICABLE

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
NOT APPLICABLE		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not affiliated with any government agency or GOCC, nor rendering service in any level of government.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.

8. I shall inform the Corporate Secretary of Apex Mining Co., Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this 10th day of May 2018, at Pasig City, Philippines.


  
**JOSELITO H. SIBAYAN**  
Affiant

**MAY 18 2018**

**SUBSCRIBED AND SWORN** to before me on \_\_\_\_\_ at **PASAY CITY**, Philippines, affiant personally appeared before me and exhibited to me his Passport ID with No. P3735973A issued on July 20, 2017 at DFA Manila with expiry date on July 19, 2022.

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*Handwritten initials: PB, CO, BB*

  
**ATTY. HENRY D. ADASA**  
NOTARY PUBLIC CITY OF PASAY  
UNTIL DECEMBER 31, 2018  
NOTARIAL COMMISSION 17-23  
KNIGHT OF RIZAL BLDG.,  
GROUND FLOOR BESIDE PASAY CITY HALL  
IBP NO. 022811 / 01/03/2018 PASIG  
PTR NO. 5826667 / 01/03/2018 P.C.  
MCLE COMPLIANCE NO. VI-0002830 - 4/14/2022  
ROLL OF ATTORNEYS NO. 29679  
② TIN: 172-528-620-000

## CERTIFICATION

I, **Silverio Benny J. Tan**, Filipino, of legal age and with office address at the Penthouse, Liberty Center, 104 H.V. dela Costa St. Salcedo Village, Makati City, after having been duly sworn do hereby certify that:

1. I am the incumbent corporate secretary of Apex Mining Company Inc. (the "Corporation"). I was elected to this position in November 2016, and has been re-elected to this position every year.

2. In my capacity as corporate secretary, I have looked at the records of the Corporation and have inquired with the directors and officers of the Corporation on whether or not they work for the government or in any of its agencies.

3. I certify that none of the directors or officers of the Corporation currently work for the government or any of its agencies.

4. Independent Director Dennis Uy was appointed Presidential Adviser for Sports by President Rodrigo Duterte. However, this is an honorific position and he is working without service credit and without pay, and he is not a public official nor a government employee. So he is not covered by Office of the President Memorandum Circular No. 17, s. 1986 and Section 12, Rule XIII of the Revised Civil Service Rules.

5. I shall inform the SEC and PSE of any changes in the abovementioned information within five days from me being informed of such change.

Done, this 31st day of May 2018 at Makati City.

  
SILVERIO BENNY J. TAN

SUBSCRIBED AND SWORN to before me this 31st day of May 2018 at Makati City, MANDALUYONG CITY  
affiant personally appeared before me and exhibited to me his Passport No. EC 5225365, issued by DFA in Manila on 6 September 2017.

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Series of 2018.

**ATTY. JAMES K. ABUGAN**  
**NOTARY PUBLIC**  
Until Dec. 31, 2018  
IBP No. 021498/ 1-5-2018  
Rizal Chapter  
Roll No. 26890  
MCLE No. V-0004484-10/31/2014  
PTR # 3369955 -- 01/05/2018  
Mandaluyong City  
TIN # 116-239-956  
Tel. 631-40-90

## **Corporate Information and Business Development**

Apex Mining Co., Inc. (the “Parent 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 Parent Company’s present name, Apex Mining Co., Inc.

The Parent 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 Parent Company currently operates the Maco Mines in Maco, Compostela Valley.

On March 7, 1974, the Parent 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 Parent Company was considered the second largest gold producer in the Philippines.

In 1991, the Parent 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 Parent 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 Parent 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 was voted to take over management of the operation of the Company by the stockholders. In April 2014, MOREI acquired substantial ownership in the Company held by Mapula. At this point, MOREI became the significant shareholder, controlling 46.5%, of the Company.

In October 2014, the Company acquired 100% ownership of MOREI, and Prime Metroline Holdings, Inc. (PMHI) and other MOREI shareholders used the proceeds of the sale of their shares in MOREI to subscribe to new shares in the Company and in the process acquire control of the Company, diluting to a small minority the ownership of Mindanao Gold and Mapula.

## Business of Issuer

### Products

The Parent Company's mine produces bullions containing gold and silver. All of the Parent Company's production, as well as the incidental production of its wholly-owned subsidiary, ISRI, in 2017 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. The competition is in obtaining such Mineral Production Sharing Agreement (MPSA) from the government. A mining company with no MPSA, mining patents or other tenement will not be able to operate.

### Development Activities

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

Year	Development Cost	Revenue	Percentage
<b>2017</b>	<b>₱494,516,560</b>	<b>₱4,122,188,125</b>	<b>12%</b>
2016	526,137,775	3,522,050,654	15%
2015	809,884,075	2,430,097,329	33%

### 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, 2017 is 1,861. The table below summarizes the distribution of the Parent Company's manpower count as to department and rank.

Division/Department	R&F	Supervisor	Manager	Total
Head Office	4	10	10	24
Mine Division	849	148	18	1,015
Mill Division	147	32	10	189
Power & Electrical.	139	26	4	169
Technical Services Group	113	40	6	159
Admin & Support Services	179	100	26	305
<b>Total</b>	<b>1,431</b>	<b>356</b>	<b>74</b>	<b>1,861</b>

## 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, 2017, 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.

#### *ISO Certification*

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.

#### *Department of Environment and Natural Resources (DENR) Audit*

On October 18, 2016 the Parent Company received a letter dated October 3, 2016 from the DENR furnishing a copy of the report on the mine audit conducted by the agency of the Parent Company's Maco mine in August 2016 pursuant to DENR Memorandum Order No. 2016-01 regarding "Audit of All Operating Mines and Moratorium on New Mining Projects" issued on July 8, 2016. Along with other minor findings, the report recommended to allow the continued operation of the mine which confirms the earlier press releases made by the DENR, the Parent Company's Maco mine can continue with its operations together with the other mines that have not been suspended.

The continuation of the Parent Company's operations was reaffirmed by the DENR in its press conference on February 2, 2017.

#### *Itogon Mines*

ISRI, an entity incorporated in the Philippines, is a holder of four (4) Patented Mineral Claims, MPSA No. 152-2000-CAR, pending application for the 3rd renewal of its Exploration Permit, APSA No. 0103-CAR, APSA No. 0067-CAR, EXPA No. 031, EXPA No. 030, and EXPA-000048-V. Also, ISRI owns the mining facilities in Sangilo, Itogon, Benguet, which suspended operations and was on care and maintenance since 2013.

Following the acquisition of ISRI by the Parent Company in June 2015, the rehabilitation and refurbishment of the Sangilo mine commenced in October 2015 and is currently in progress.

### *ISO Certification*

In a letter dated April 27, 2017, TÜV Rheinland Philippines Inc., awarded the Company a Certificate of Registration to ISO 14001:2015 with the following scope: “Exploration, Mining and Mineral Processing” and “Provision of Mining Exploration and Project Development Activities”. The certificate is valid until March 30, 2020, subject to satisfactory results of annual surveillance audits. As a certified organization, the Company is required to maintain its environmental management system and comply with the other conditions of the certification by TÜV Rheinland Philippines Inc.

### *Paracale Gold Project*

MOREI wholly owns Paracale Gold Limited (PGL), a British Virgin Islands (BVI) company, which wholly owns Coral Resources Philippines, Inc. (CRPI) and has a 40% interest in Bulawan Mineral Resources Corporation (BMRC). PGL has advances to, and an option to buy over the other 60% shareholdings, in BMRC. These include qualifying shares which are recorded in the names of nominee directors.

The mine project of PGL is located in Jose Panganiban, Camarines Norte. BMRC handles all tenements while CRPI is the owner/operator of a mineral processing plant.

As at December 31, 2017, BMRC currently holds 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 Khar At Uui Gold Project is registered under the joint venture company Erdeneminas LLC, which is owned 51% by Minas de Oro Mongol LLC (Minas), a wholly-owned subsidiary of MOREI, and 49% by Erdenejas LLC, a Mongolian exploration company.

As at April 10, 2018, the project is currently under continued care and maintenance until such a time when it can be presented to potential buyers.

### *Sierra Leone Project*

The Gori Hills project is located in the Republic of Sierra Leone in West Africa. MOREI, through its 90%-owned subsidiaries Monte Oro Mining Co., Ltd. (MOMCL) and MORE Minerals SL (MMSL), has been conducting artisanal mining and exploration activities in the project areas since 2010.

The project activities were suspended in 2014 due to the outbreak of the Ebola virus crisis. Following the declaration by the World Health Organization of the end of the Ebola crisis in 2015, MOMCL obtained in November 2017 the exploration license certificate to conduct exploration on the project area for a period of four years and any renewal thereof.

### *Myanmar Project*

The Modi Tuang Gold Project is located in the Yementhin Township, Mandalay Division, south east of Mandalay and north of Yangon, Myanmar. The Project is controlled by National Prosperity Gold Production Group Ltd. in which the Company has a 3.92% equity interest.

### *Uganda Project*

MOREI has interest in the Gold Mines of Uganda Ltd. (GMU) in the form of advances amounting to \$2,025,000 made to this company.

GMU owns significant gold related assets and gold resources in Uganda. In May 2016, GMU and MORE entered into a Memorandum of Agreement whereby both parties agreed to combining their Africa mineral interests and working toward creating a mining company that will be listed and marketed to international investors and enabling GMU to raise capital funding through the listing. There has been no further development in the regard as at April 10, 2018.

## **B. Oil and Gas**

### *Service Contract (SC)*

MOREI 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. holds the remaining 70% participating interest and is the operator of the SC. The transfer of 30% participating interest in SC 72 from Forum (GSEC 101) Ltd. to MOREI was approved and confirmed by the Department of energy (DOE) on October 5, 2015 (see Note 30).

In February 2015, Forum Energy Plc, the parent company of Forum (GSEC 101) Ltd., received a letter from the DOE confirming the suspension of offshore exploration activities in the disputed areas of the West Philippine Sea while the arbitration case between the Philippines and China remains pending. The force majeure became effective from December 15, 2014 to remain until the date when the DOE notifies Forum (GSEC 101) Ltd. to resume operations. On July 12, 2016, the United Nations International Tribunal for the Law of the Sea (ITLOS) ruled that Reed bank, where SC 72 is located, is within the Philippines' Exclusive Economic Zone as defined under the United Nations Convention on the Law of the Sea. As at April 10, 2018, the DOE, however, has not yet lifted the force majeure.

The administration of President Rodrigo Roa Duterte has embarked on a mission to improve diplomatic and business relationship with China. The government has de-emphasized the Philippine's victory in the ITLOS and instead started direct talk with China for economic cooperation. This has led to active talk from the Executive Department (the President, the Secretary of Foreign Affairs, and the Presidential Spokesman) about "joint exploration" in the South China Sea/West Philippine Sea. If China and the Philippines are able to arrive at a mutually acceptable arrangement for the exploration, development and exploitation of gas resources at the South China Sea/West Philippine Sea, MOREI, and ultimately the Parent Company, will benefit as holder of 30% participating interest in SC 72.

## **C. Others**

### *Solid Waste Management*

MOREI owns 52% of International Cleanenvironment Systems, Inc. (ICSI) which has a Build-Operate-Transfer agreement with the Philippine government through the DENR to manage, rehabilitate and introduce ecologically friendly technologies for waste disposal of municipal solid waste in Metro Manila. The contract is for a period of 25 years starting from the completion of the Philippine government of its deliverables to ICSI with the option to renew for another 25 years. As at April 10, 2018, ICSI has not yet started operations.

## Market for Registrant Common Equity and Related Stockholders Matters

### Market Price Information

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

The high and low stock prices per share for each quarter in 2017 and 2016, and for the interim quarter from January 1 to March 31, 2018 is as follows:

Year	Period	Listed Common Shares	
		High	Low
2018	January 1 - March 31	₱1.85	₱1.49
2017	January 1 - March 31	3.09	1.45
	April 1 - June 30	2.04	1.44
	July 1 - September 30	2.20	1.57
	October 1 - December 31	1.95	1.49
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

The Company's stock was last traded at a price of ₱1.58 per share on May 30, 2018.

### Stockholders

As of March 31, 2018, the Parent Company has 2,769 shareholders with 6,227,887,491 total issued and outstanding common shares.

The top 20 stockholders of the Parent Company as of March 31, 2018 follows:

Stockholder	Number of shares	% of ownership
1. Prime Metroline Holdings, Inc.	2,511,329,207	40.32
2. Mindanao Gold Ltd.	597,051,165	9.59
3. Monte Oro Resources & Energy, Inc.	555,132,448	8.91
4. Lakeland Village Holdings, Inc.	474,613,599	7.62
5. Devoncourt Estates, Inc.	423,904,339	6.81
6. A Brown Co., Inc.	310,729,698	4.99
7. PCD Nominee Corp.	267,202,039 <sup>(1)</sup>	4.29
8. PCD Corporation (non-Filipino)	212,908,016	3.42
9. Mapula Creek Gold Corporation	115,326,533	1.85
10. Walter W. Brown	59,743,202	0.96
11. Ramon Y. Sy	44,598,312	0.72
12. Silverio Benny J. Tan	17,506,747	0.28
13. Jacinto C. Ng	14,725,217	0.24
14. CRAU Resources, Inc.	2,000,000	0.03
15. Graciano P. Yumul, Jr.	1,501,000	0.02
16. Rexlon Industrial, Corp.	1,006,525	0.02
17. Gil A. Marvilla	647,767	0.01
18. Lucio W. Yan and/or Clara Yan	485,525	0.01
19. Jalandoni, Jayme, Adams & Co., Inc.	484,892	0.01
20. Ignacio R. Ortigas	311,665	0.01

<sup>(1)</sup> Net of the shares actually lodged with the PCD but are presented separately in the above list.

As of March 31, 2018, the public ownership level of the Parent Company is at 34.31%.

#### Dividends

The Parent Company did not declare any dividend in the past three years ended December 31, 2017, and the interim period ended March 31, 2018.

The Parent 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 Parent 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 Parent Company in the past three years ended December 31, 2017, and in the interim period ended March 31, 2018 which were not registered under the Securities Regulation Code. There was also no sale of reacquired securities during the same period.

### **Management Report for the Years 2017, 2016 and 2015**

#### Consolidated Statement of Income

##### *Consolidated Net Income*

The consolidated net income of Apex Mining Co., Inc. (the “Parent Company”) and Subsidiaries (collectively referred to as the “Group”) was ₱428.8 million in 2017, a 33% increase from the ₱322.0 million consolidated net income in 2016, and a six-fold increase from the ₱71.4 million consolidated net income in 2015.

The Parent Company net income in 2017 amounted to ₱502.7 million compared to the ₱440.5 million and ₱169.3 million net income in 2016 and 2015, respectively.

##### *Consolidated Revenues*

The consolidated revenues in 2017, 2016 and 2015 amounted to ₱4.1 billion, ₱3.5 billion and ₱2.4 billion, respectively, or an increase of ₱600.1 million in 2017 compared to 2016, and ₱1.1 billion in 2016 compared to 2015. 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 2017, 2016 and 2015 is as follows:

	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>2015</b>	<b>Change</b>
Volume in ounces	<b>60,185</b>	54,681	+10%	43,048	+27%
Realized price/ounce, in USD	<b>\$1,265</b>	\$1,255	+1%	\$1,158	+8%

Information on the Parent Company volume of silver produced and realized prices in 2017, 2016 and 2015 is as follows:

	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>2015</b>	<b>Change</b>
Volume in ounces	<b>315,525</b>	309,623	+2%	224,479	+38%
Realized price/ounce, in USD	<b>\$17.1</b>	\$17.5	-2%	\$16.0	+9%

The weighted average USD to PHP foreign exchange rates on the Parent Company revenues in 2017, 2016 and 2015 were ₱50.36, ₱47.59 and ₱45.56, 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, 2017, 2016 and 2015 of the Group are as follows:

Variance	2017 versus 2016 (in thousands of PHP)			2016 versus 2015 (in thousands of PHP)		
	Gold	Silver	Total	Gold	Silver	Total
Volume	₱328,729	₱4,909	₱333,637	₱613,739	₱62,067	₱675,806
Price	27,401	(6,233)	21,168	241,653	20,820	262,473
Exchange rate	229,883	15,449	245,332	138,730	14,944	153,674
Consolidated revenue	₱586,013	₱97,831	₱600,137	₱994,122	₱97,831	₱1,091,953

The positive volume variance was a direct result of the Parent Company milling 28% more ore in 2017 than in 2016, and also in 2016 than in 2015. Notwithstanding lower grades, the Parent Company was still able to produce 10% and 2% more ounces of gold and silver, respectively, in 2017 compared to 2016, and 27% and 38%, respectively, in 2016 compared to 2015. Higher tonnage and improved recovery, at least for gold, compensated for the decrease in the grades.

The average metal prices in 2017 compared to 2016 were relatively flat compared to the modest improvement in 2016 compared to 2015. Nevertheless, the Parent Company was still able to generate positive revenue from its price variance in both yearly comparisons.

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

#### *Consolidated Cost of Production*

Consolidated cost of production incurred in 2017, 2016 and 2015, all of which pertains solely to the Parent Company cost of production, amounted to ₱3.2 billion, ₱2.7 billion and ₱2.0 billion, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization expense increased by 48% or ₱301.0 million in 2017 compared to 2016, and by 117% or ₱341.3 million in 2016 compared to 2015.

In detail, depreciation surged by 37% or ₱139.2 million in 2017 versus 2016, and by 116% or ₱200.3 million in 2016 versus 2015, as a result of capital expenditures made from the second quarter to the end of 2015. Depletion, on the other hand, rose by 62% or ₱161.6 million in 2017 compared to 2016, and by 119% or ₱141.0 million in 2016 compared to 2015, on account of higher tonnage milled and depletion rate in comparative periods. The higher depletion rate in 2017 and 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.

- Materials used in mining and milling rose by ₱16.2 million in 2017 compared to 2016, and by ₱155.6 million in 2016 compared to 2015. As materials cost is mainly driven by throughput production, the increase in cost is attributable to the 28% and 43% increase in milling throughput in 2017 and 2016, respectively, versus its respective prior year comparative numbers. The Company was able to contain the increase in the cost of materials to just 2% and 23% in 2017 and 2016, respectively, despite the record-breaking tonnage levels in those years.
- Personnel cost went up by 9% and 12% in 2017 and 2016, respectively, versus the comparative year due to higher salary rates.
- Utilities expense grew by 9% or ₱21.4 million in 2017 versus 2016, and by 30% or ₱57.3 million in 2016 versus 2015. The rise in utilities expenses, which essentially pertains to power costs, can be attributable to the kilowatt-hour consumption in 2017, 2016 and 2015 of 77.5 million, 70.7 million and 64.3 million, respectively, at an average cost per kilowatt-hour of ₱5.01, ₱5.08 and ₱5.54, respectively.

#### *Consolidated Excise Taxes*

Consolidated excise taxes are excise taxes on the market value of metals produced which amounted to ₱83.9 million, ₱72.3 million and ₱48.6 million in 2017, 2016 and 2015, 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 2017, 2016 and 2015 amounted to ₱219.6 million, ₱226.0 million and ₱187.0 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:

	2017	2016	2015
Parent Company	<b>₱162.3</b>	₱141.1	₱107.4
MOREI and Subsidiaries	<b>34.0</b>	49.3	69.9
ISRI	<b>23.3</b>	35.6	9.7
	<b>₱219.6</b>	₱226.0	₱187.0

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

- Personnel cost increased by 13% or ₱13.5 million, and 8% or ₱8.0 million in 2017 and 2016, respectively, versus the same comparative figures the year before due to higher salary rates.
- Taxes and licenses in 2017 were higher by 59% or ₱14.1 million in 2017 compared to 2016 on account of higher business taxes coming from the growth in the revenue level, and documentary stamp taxes on new bank loans obtained by the Parent Company in 2017. Meanwhile, taxes and licenses in 2016 were also higher than the comparative figure in 2015 by 145% or ₱14.2 million 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 2017, 2016 and 2015 of the Group amounted to ₱201.9 million ₱163.4 million and ₱146.0 million, respectively. The higher finance cost in 2017 versus 2016, and 2016 versus 2015, were primarily due to the additional loan availed of by the Parent Company in January 2017, and another loan in the second quarter of 2015 which was outstanding the whole year of 2016.

*Consolidated Other Income (Charges)*

Consolidated other income (charges) in 2017, 2016 and 2015 amounted to ₱7.9 million other charges, ₱28.8 million other charges, and ₱23.1 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:

	2017	2016	2015
Parent Company	(₱9.3)	(₱39.7)	₱37.1
MOREI and Subsidiaries	(12.8)	11.0	16.2
ISRI	0.7	(0.1)	0.5
Consolidated other income (charges), before adjustments	(21.4)	(28.8)	53.8
Net effect of eliminating entries	13.5	—	(30.7)
Consolidated other income (charges)	(₱7.9)	(₱28.8)	₱23.1

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

- The Group recognized provision for income tax assessments in 2017 of ₱86.1 million pertaining to the taxable years 2011 and 2012.
- The Group recognized a reversal of its provision for inventory losses and obsolescence in 2017 and 2015 of ₱60.8 million and ₱13.0 million, respectively, and provision for inventory losses in 2016 of ₱18.6 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.

*Consolidated Benefit from (Provision for) Income Tax*

The Group's current income tax ballooned ₱100.0 million in 2017 compared to just ₱17.0 million and ₱11.5 million in 2016 and 2015, respectively. This is attributable to the Parent Company now being subjected to the regular corporate income tax (RCIT) rate of 30% after utilizing all of its remaining carried over prior period operating losses. In the past, the Parent Company was only subjected to the minimum corporate income tax (MCIT) rate of 2% as, according to the tax law, the Parent Company's computed MCIT were higher than the RCIT.

The benefit from deferred income tax came from the utilization of the carryover net operating loss and the tax credits from MCIT payments in prior periods.

*Consolidated Other Comprehensive Income (Loss)*

Re-measurement gains on retirement plan in 2017, 2016 and 2015 amounted to ₱21.1 million, ₱19.1 million and ₱93.2 million, respectively, which arises out of the change in the assumptions used by an independent, third-party actuary. Revaluation surplus, net of tax, from the 2015 appraisal of the Parent Company's property, plant and equipment was recognized amounting to ₱303.6 million.

Consolidated Statement of Financial Position

*Consolidated Current Assets*

Total consolidated current assets increased by ₱692.7 million to ₱2.3 billion as of December 31, 2017 from ₱1.6 billion as of December 31, 2016 essentially due to the following:

- Cash of the Group grew by ₱186.4 million to ₱423.9 million as of December 31, 2017 compared to the prior year cash of ₱237.5 million. Operating and financing activities netted the Group ₱691.4 million and ₱742.0 million in 2017. Because of these, the Group was able to invest in ₱1.2 billion worth of fixed and long-term assets in the same year.
- Trade and other receivables increased by ₱427.5 million as of December 31, 2017 compared to the balance in the prior year mainly due to the Parent Company's unsold metal account balance as of yearend with its refiner. This was subsequently collected.
- Prepayments and other current assets rose by ₱108.1 million as of December 31, 2017 compared to the prior year on account of higher input VAT and advances to suppliers. The input VAT are from local purchases and importations for capital expenditures and operating expenses. On the other hand, the advances, which are mainly for equipment, inventory and services purchased, are being offset against the actual billings received from suppliers and contractors.

*Consolidated Noncurrent Assets*

Total consolidated noncurrent assets grew by ₱335.3 million to ₱9.8 billion as of December 31, 2017 from ₱9.5 billion as of December 31, 2016 mainly because of the increase in deferred exploration cost of ₱198.5 million, and property, plant and equipment of ₱127.8 million due to acquisitions, constructions and mine exploration and development activities during the year.

*Consolidated Current Liabilities*

Consolidated current liabilities were lower by ₱1.8 billion to ₱3.7 billion as of December 31, 2017 from ₱5.6 billion as of December 31, 2016. 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 ₱173.1 million as it continues to generate ample cash from operations.
- Current portion of loans payable decreased by ₱1.7 billion by way of reclassification from current to noncurrent liabilities as the Parent Company was able to refinance its short term, one-year loan, to a seven-year long-term one.
- Income tax payable increased by ₱49.5 million as of December 31, 2017 for the income tax due from the Parent Company for the fourth quarter of 2017 at the RCIT rate.

### *Consolidated Noncurrent Liabilities*

The Group's consolidated noncurrent liabilities went up by ₱2.4 billion to ₱2.9 billion as of December 31, 2017 from ₱510.1 million as of December 31, 2016 which primarily pertains to the noncurrent portion of the seven-year long-term loan of the Parent Company.

There is also a decrease of ₱68.4 million in the Group's deferred income tax liabilities as of December 31, 2017 compared to the balance as of December 31, 2016 due to the recognition of deferred income tax assets (DTA) amounting to ₱63.0 million by the Parent Company. The DTA is from deductible temporary differences arising from provisions for retirement benefits and mine rehabilitation and decommissioning. Deferred income tax assets are recognized to the extent that sufficient future taxable income will be available for which the deductible temporary differences can be utilized.

### *Consolidated Equity*

Consolidated equity was higher by ₱473.3 million to ₱5.5 billion as of December 31, 2017 from ₱5.0 billion as of December 31, 2016 mainly on the net income earned in 2017 of ₱428.8 million.

### Key Performance and Financial Soundness Indicators

#### *Operating Performance Indicators*

Tonnage mined and milled, ore grade and mill recovery determine metal production volume. The higher the tonnage, ore grade and mill recovery, the more metals are produced. Below are the mine and mill data that determined the production of the Maco mine of the Parent Company.

	2017	2016	Change	2015	Change
Tonnes Mined	<b>509,066</b>	514,327	-1%	438,425	+15%
Mine grade (gpt)	<b>5.24</b>	6.06	-14%	5.61	+8%
Tonnes Milled:					
Total	<b>578,893</b>	452,948	+28%	316,147	+43%
TPD	<b>1,693</b>	1,373	+23%	1,073	+28%
Mill head grade (gpt):					
Gold	<b>3.90</b>	4.68	-17%	5.38	-13%
Silver	<b>23.99</b>	29.98	-20%	34.47	-13%
Recovery percentage:					
Gold	<b>82.81</b>	80.25	+3%	78.55	+2%
Silver	<b>70.91</b>	71.74	-1%	63.48	+13%
Ounces produced:					
Gold	<b>60,185</b>	54,681	+10%	43,048	+27%
Silver	<b>315,525</b>	309,623	+2%	224,479	+38%

*Financial Soundness Indicators*

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

A. Profitability Ratio

	Formula	December 31	
		2017	2016
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	<b>22.6%</b>	23.4%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	<b>3.5%</b>	2.9%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	<b>7.8%</b>	6.5%
Debt service coverage ratio	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	<b>2.1 : 1</b>	3.6 : 1

The lower gross profit margin can be pinpointed to the lower mill grade in 2017 than in 2016. The appreciation of the USD against the PHP slightly countered the decrease brought about by the decline in mill grade.

Debt service coverage ratio decreased as the Parent Company moves towards repaying its loans payable.

B. On Liquidity and Leverage

	Formula	December 31	
		2017	2016
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>0.6 : 1</b>	0.3 : 1
Debt-to-equity ratio	$\frac{\text{Total debt}}{\text{Total equity}}$	<b>1.2 : 1</b>	1.2 : 1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>2.2 : 1</b>	2.2 : 1

The higher return on assets and return on equity was a result of the higher net earnings of the Group in 2017 than in 2016.

The improved current ratio in 2017 versus 2016 is due to the refinancing of the Parent Company's short-term loans payable to long-term.

### Material Event/s and Uncertainties

To the best of the Company's knowledge, there are:

- a. no known trends, events or uncertainties that would have any material impact on liquidity and revenue;
- b. no known events which may trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;
- c. no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period; and
- d. no material commitments for capital expenditures, general purpose of such commitments, and expected sources of funds for such expenditures.
- e. no significant elements of the items of income and expenses in the financial performance of the Company other than those described in the Company's audited financial statements.
- f. no seasonal aspects of the Company's operations that have a material effect on the Company's financial statements. There is no one period materially significant, whether higher or lower, than the periods during the year.

### **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.

The Parent Company filed a copy of its 2016 Code of Corporate Governance to the Philippine SEC on June 1, 2017 and is posted in the Company website. The Integrated Annual Corporate Governance Report (I-ACGR) for 2017 was filed with the SEC on May 30, 2018 and also posted in the website.

There are no known material deviations from the Company's Revised Manual on Corporate Governance.

### Attendance of Directors During Board Meetings

Name of Director	No. of Meetings Present	No. of Possible Meetings	% Present
Ramon Y. Sy	10	10	100
Walter W. Brown	10	10	100
Graciano P. Yumul, Jr.	10	10	100
Modesto B. Bermudez	10	10	100
Jose Eduardo J. Alarilla*	5	6	83
Dennis A. Uy	8	10	80
Joselito H. Sibayan	10	10	100
Noel V. Tanglao**	1	1	100

\* Elected on May 22, 2017

\*\* Resigned on March 31, 2017

## **Management Discussion and Analysis of Financial Position and Results of Operations for the First Quarter ended March 31, 2018 and 2017**

### Consolidated Statement of Income

#### *Consolidated Net Income*

The consolidated net income of Apex Mining Co., Inc. (the “Parent Company”) and Subsidiaries (collectively referred to as the “Group”) was ₱120.7 million in the first quarter of 2018, which was 20% higher than the ₱100.3 million consolidated net income in the same period in 2017.

The Parent Company net income in the first quarter of 2018 and 2017 amounted to ₱122.0 million and ₱112.2 million, respectively.

#### *Consolidated Revenues*

The consolidated revenues in the first quarter of 2018 and 2017 amounted to ₱1.2 billion and ₱991.5 million, respectively, an increase of ₱176.5 million or 18% in 2018 compared to 2017. The consolidated revenues of the Group pertain to the Parent Company revenues in all comparative periods.

Information on the Parent Company production volume and realized prices for both gold and silver in the first quarter of 2018 and 2017 is as follows:

	Gold			Silver		
	<b>2018</b>	2017	%	<b>2018</b>	2017	%
Volume in ounces	<b>15,771</b>	14,969	+5%	<b>83,129</b>	75,359	+10%
Realized price/ounce, in USD	<b>\$1,335</b>	\$1,234	+8%	<b>\$16.5</b>	\$17.7	-7%

The weighted average United States Dollar (USD) to Philippine Peso (PHP) foreign exchange rates on the Parent Company revenues in the first quarter of 2018 and 2017 were ₱52.08 and ₱50.06, to one USD, respectively, or an appreciation of the USD of 4% against the PHP.

An analysis of the consolidated revenue variance, which comprises of volume, price and exchange rate variances between the comparative first quarters ended March 31, 2018 and 2017 follows:

Variance (on account of):	Gold	Silver	Total
Volume	₱49,521,398	₱6,897,742	₱56,419,140
Price	79,899,393	(5,151,408)	74,747,985
Exchange rate	42,532,569	2,770,059	45,302,628
Consolidated revenue	₱171,953,361	₱4,516,393	₱176,469,754

The Parent Company’s throughput increased by just 3% from quarter to quarter, but the positive volume variance for gold production of the Parent Company is mainly on the back of record-high recovery percentage at 84.6% in the first quarter of 2018 versus 82.1% in the same period in 2017.

The positive price variance was a result of an 8% improvement in the average gold price in 2018 compared to 2017, despite the drop in the average silver price.

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

#### *Consolidated Cost of Production*

Consolidated cost of production incurred in the first quarter of 2018 and 2017, all of which pertains solely to the Parent Company cost of production, amounted to ₱822.0 million and ₱779.3 million, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization were flat from quarter to quarter as tonnage milled increased just 3% in the first quarter of 2018 compared to 2017.
- Materials and supplies used in mining and milling rose by ₱24.8 million in 2018 compared to 2017 mainly for parts and fuel of the new fleet of equipment that arrived during the last quarter of 2017 and first quarter of 2018.
- Personnel cost was a little higher at ₱137.7 million in 2018 compared to ₱131.8 million in 2017 due to higher salary rates.
- Contracted services rose by 12% or ₱7.0 million in the first quarter of 2018 compared to 2017. Outsourced preventive maintenance services for equipment increased in the current period with the arrival of new fleet of equipment. Furthermore, to supplement the increased throughput production, the Parent Company ramped up operations from most of its working mining areas, including those being operated by contractors, to be able to have ample ore to feed to the mill plant.
- Utilities cost, mainly pertaining to power, dropped by 5% to ₱63.9 million on account of lower cost per kilowatt-hour (kwh) at ₱4.83 in the first quarter of 2018 versus ₱5.12 in the same period in 2017. Total kilowatt-hour consumption in the first quarter in 2018 and 2017 was virtually the same at 18.8 million and 18.7 million, respectively.
- Indigenous People (IP) surface rights royalty & IP royalty and taxes, licenses and permits, as a group, accounted for a 15% or ₱5.3 million increase in the first quarter of 2018 compared to the same period last year. IP surface rights royalty and business taxes, which form part of taxes and licenses, increased as these costs are based on the Parent Company's revenue, which has grown 18% and 28% in the first quarter of 2018 and 2017, respectively. IP royalty, on the other hand, also contributed to the overall increase in the group as its computation is gross income-based.

#### *Consolidated Excise Taxes*

Consolidated excise taxes of the Group more than doubled to ₱48.6 million in 2018 from ₱20.1 million in 2017 due to the increase in the excise tax rate from 2% to 4% of the net revenue, beginning January 1, 2018 as provided for in the Tax Reform for Acceleration and Inclusion (TRAIN) program of the government.

#### *Consolidated General and Administrative Expenses*

Consolidated general and administrative (G&A) expense in the first quarter of 2018 and 2017 amounted to ₱45.3 million and ₱48.7 million, respectively. Details of the significant elements of the consolidated G&A expenses are discussed below.

- Personnel cost increased by 19% or ₱5.0 million in 2018 versus the comparative quarter in 2017 due to higher salary rates.
- Taxes and licenses decreased due to a one-time documentary stamp tax transaction in the first quarter of 2017 relating to a loan that was availed of by the Parent Company.

#### *Consolidated Finance Cost and Other Income/Charges*

The consolidated finance cost and other income/charges of the Group amounted to ₱79.0 million and ₱39.3 million in the first quarter of 2018 and 2017, respectively. The increase of ₱39.7 million is due to the additional bank loan availed of by Parent Company in refinancing its short-term loan bearing a 5.75% interest rate per annum in December 2017, with a seven-year term loan with another bank bearing a 6.45% interest rate per annum.

#### *Consolidated Provision for Current Income Tax*

The provision for current income tax in 2018 pertains to the regular corporate income tax (RCIT) of 30% of taxable income, while the provision in the same period in 2017 pertains to the minimum corporate income tax of 2% of gross income for the meantime that the Parent Company, to which all the provision for current income tax pertains to, is legally utilizing its net loss carryovers. The Parent Company fully exhausted its loss carryovers and tax credits by the third quarter of 2017. It has been subject to RCIT since then.

#### Consolidated Statement of Financial Position

##### *Consolidated Current Assets*

Total consolidated current assets gained ₱35.8 million to ₱2.3 billion as of March 31, 2018 mainly due to the following:

- Cash of the Group grew by ₱203.9 million to ₱627.8 million as of March 31, 2018 from ₱423.9 million as of December 31, 2017, primarily from the cash generated by the Parent Company from operations and financing during the three-month period, net of expenditures for long-term assets.
- Trade and other receivables was reduced by ₱205.8 million to ₱416.2 million as of March 31, 2018 compared to December 31, 2017 due to the collection of trade receivables from the gold bullion shipments of the Parent Company and incidental production of subsidiary, Itogon-Suyoc Resources, Inc.
- Prepayments and other current assets rose by ₱25.1 million as of March 31, 2018 versus the comparative balance as of December 31, 2017 on account of more input value-added tax accruing on local purchases and on importations.

##### *Consolidated Noncurrent Assets*

Total consolidated noncurrent assets climbed by ₱144.8 million to ₱9.9 billion as of March 31, 2018 from ₱9.8 billion as of December 31, 2017 due to capital expenditures on fixed assets and deferred mine exploration and mine development costs.

### *Consolidated Current Liabilities*

Consolidated current liabilities were higher by ₱91.6 million to ₱3.8 billion as of March 31, 2018 from ₱3.7 billion as of December 31, 2017. Details are shown below.

- The Group was able to reduce its trade and other payables by ₱57.8 million due to payment of trade payables with suppliers,
- Current loans payable increased by ₱97.2 million on account of short-term loan line re-availments by the Parent Company amounting to ₱83.2 million, and ₱14.0 million new Trust Receipts payable to a bank with 180-day term.
- Income tax payable increased by ₱52.3 million pertaining to the RCIT payable of the Group for the first quarter of 2018. The income tax payable as of December 31, 2017 amounting to ₱54.1 million was settled by the Group after March 31, 2018 in April 2018.

### *Consolidated Noncurrent Liabilities*

The Group's consolidated noncurrent liabilities was reduced by ₱31.8 million to ₱2.9 billion as of March 31, 2018 on account of the ₱41.7 million reclassification to current portion of a bank term loan amounting to, net of recognition of additional provision for retirement benefits of ₱9.9 million.

### *Consolidated Equity*

Consolidated equity increased by ₱120.7 million contributed by the Total comprehensive income earned in the three months ended March 31, 2018.

### Key Performance and Financial Soundness Indicators

#### *Operating Performance Indicators*

Tonnage mined and milled, ore grade and mill recovery determine metal production volume. The higher the tonnage, ore grade and mill recovery, the more metals are produced. Below are the mine and mill data that determined the production of the Maco mine of the Parent Company.

	Three-Month Period Ended March 31		
	2018	2017	Change
Tonnes mined	<b>156,793</b>	135,787	+15%
Mine grade (grams/tonne; g/t)	<b>5.31</b>	5.62	-6%
Tonnes milled	<b>140,250</b>	135,904	+3%
Mill head grade (g/t)			
Gold	<b>4.13</b>	4.17	-1%
Silver	<b>24.94</b>	26.76	-7%
Mill recovery			
Gold	<b>84.60%</b>	82.14%	+3%
Silver	<b>73.52%</b>	65.89%	+12%

*Financial Soundness Indicators*

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

A. Profitability Ratios

	Formula	Three-Month Period Ended March 31	
		2018	2017
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	<b>29.62%</b>	21.41%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	<b>0.98%</b>	0.88%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	<b>2.16%</b>	1.97%
Debt service coverage ratio (DSCR)	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	<b>2.64 : 1</b>	3.93 : 1

The significant improvement in the gross profit margin in the first quarter of 2018 compared to the same period in 2017 can be attributed to the higher realized gold price and appreciation of the USD against the PHP. The gross profit margin would have been slightly higher had it not been for the lower mill grade in the current quarter compared to last year.

Return on assets and return on equity increased mainly from the higher net income in the first quarter of 2018 than in 2017.

The inclusion of the principal payments due from the seven-year term loan with a local bank, which was entered into by the Parent Company in December 2017 to fully pay its short-term loan with another local bank (see Note 4 of the Notes to Consolidated Financial Statements), caused the decrease in the 2018 DSCR versus 2017.

B. On Liquidity and Leverage

	Formula	March 31, 2018	December 31, 2017
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>0.61 : 1</b>	0.62 : 1
Asset-to-equity	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>2.20 : 1</b>	2.21 : 1
Debt-to-equity	$\frac{\text{Total debts}}{\text{Total equity}}$	<b>1.20 : 1</b>	1.21 : 1

The increase in the current liabilities of the Group was faster than that of its current assets with the utilization of the Trust Receipts facility with a local bank for capital and operating expenditures resulting in slightly lower current ratio as of March 31, 2018 compared to the current ratio as of December 31, 2017. On the other hand, the growth of the Group's total stockholders' equity was greater than the increase in its total liabilities, also slightly decreasing its Asset-to-equity and Debt-to-equity ratios.

Material Event/s and Uncertainties

To the best of the Company's knowledge, there are:

- a. no known trends, events or uncertainties that would have any material impact on liquidity and revenue;
- b. no known events which may trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;
- c. no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period; and
- d. no material commitments for capital expenditures, general purpose of such commitments, and expected sources of funds for such expenditures.
- e. no significant elements of the items of income and expenses in the financial performance of the Company other than those described in the Company's audited financial statements.
- f. no seasonal aspects of the Company's operations that have a material effect on the Company's financial statements. There is no one period materially significant, whether higher or lower, than the periods during the year.