



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 28, 2019 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 29, 2018;
4. Report of the President and Chief Executive Officer;
5. Approval of Annual Report and Audited Financial Statements for 2018;
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. Other matters;
10. Adjournment

The Board has fixed May 31, 2019 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 send the same to the following address on or before June 26, 2019:

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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Form Type

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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

2,763

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 28, 2019**
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 6, 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>
Common shares	6,227,887,491
Debt outstanding	₹3,919,179,896

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 MANAGEMENT YOUR PROXY.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

Date: June 28, 2019
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 6, 2019.

Item 2. Dissenters' Right of Appraisal

The Revised Corporation Code (in Section 81) 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.

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in the Title X of the Corporation Code.

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, 2019, 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, 2019 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, 2019 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 ¹ ; Majority stockholder	Filipino	2,511,329,207	40.32
Common	PCD Nominee Corporation <i>G/F Makati Stock Exchange Building, 6767 Ayala Avenue, Makati City</i>	PCD Nominee ² (Filipino); stockholder	Filipino	1,339,438,642	21.51
Common	Mindanao Gold Ltd. (MGL) <i>Bumby Center, Lo42, Jalan Muhibbah 87000 Labuan F.T. Malaysia</i>	MGL ³ ; Stockholder	Malaysian	597,051,165	9.58
Common	Monte Oro Resources & Energy, Inc. (MORE) <i>3rd Floor COB Extension Office, ICTSI Admin Building, MCIT, South Access Road, Manila</i>	MORE ⁴ ; 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 ⁵ ; Stockholder	Filipino	474,613,599	7.62
Common	Devoncourt Estates, Inc. (DEI) <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	DEI ⁶ ; Stockholder	Filipino	423,904,339	6.81

(Footnotes are shown in the next page.)

- ¹ 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.
- ² Net of the shares actually lodged with the PCD but are presented separately in the above list. PCD Nominee Corporation (“PCDNC”) is a wholly-owned subsidiary of PCD. The beneficial owners of such shares registered under the name of PCDNC are PCD’s participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares. Instead, the participants have the power to decide how the PCD shares in the Company are to be voted.
- ³ 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.
- ⁴ MORE is represented by Mr. Walter W. Brown who can exercise voting power on behalf of MOREI and decide how all its shares in the Company are to be voted.
- ⁵ 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, 2019.

The total shares owned by foreigners as of April 30, 2019 is 809,637,933 or 13.00% 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, 2019 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	Luis R. Sarmiento	Direct	Filipino	1	0.00
Common	Jose Eduardo J. Alarilla	Direct & Indirect	Filipino	1	0.00
				898,517,938	14.43
Common	Dennis A. Uy	Direct	Filipino	1	0.00
Common	Joselito H. Sibayan	Direct	Filipino	299	0.00
Common	Roel Z. Castro	Direct	Filipino	1	0.00
Common	Silverio Benny J. Tan	Direct	Filipino	17,506,747	0.28
Common	Graciano P. Yumul, Jr.	Direct	Filipino	1,501,000	0.02
Common	Gil A. Marvilla	Direct	Filipino	647,767	0.01
Common	Narciso V. Mutia	—	Filipino	—	—
Common	Rosemarie F. Padilla	—	Filipino	—	—
Common	Rodulfo A. Palma	—	Filipino	—	—
Common	Elisa R. Dungca	—	Filipino	—	—
Common	Renato N. Migrino	—	Filipino	—	—

Total direct and indirect shareholdings of directors and officers as group as of April 30, 2019 is 123,997,331 and 898,517,938 common shares, respectively.

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	88	Filipino
Walter W. Brown	Director	79	Filipino
Luis R. Sarmiento	Director	62	Filipino
Jose Eduardo J. Alarilla	Director	67	Filipino
Roel Z. Castro	Director	52	Filipino
Dennis A. Uy	Independent Director	45	Filipino
Joselito H. Sibayan	Independent Director	60	Filipino
<i>Officers</i>			
Walter W. Brown	President & CEO	79	Filipino
Luis R. Sarmiento	Senior EVP & COO	62	Filipino
Graciano P. Yumul, Jr.	EVP-Geology, Exploration, Risk Management & External Affairs	59	Filipino
Gil A. Marvilla	SVP-Corporate Operations	69	Filipino
Modesto B. Bermudez*	SVP-Project Development	78	Filipino
Narciso V. Mutia	VP-Resident Manager for Maco Operations	74	Filipino
Rosemarie F. Padilla	VP-Finance	54	Filipino
Rodulfo A. Palma	VP-Legal and Mine Compliance	50	Filipino
Renato N. Migrino	Treasurer & Compliance Officer	69	Filipino
Silverio Benny J. Tan	Corporate Secretary	62	Filipino
Elisa R. Dungca	Asst. Corp. Sec. & AVP-Corporate Affairs	62	Filipino

*Until January 31, 2019

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

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, and a Director of SPC Corporation, a publicly-listed company, Travelman, Inc., Asian Alliance Holding and Development Corp., Asian Alliance Investment Corp., Phil Equity, MORE, and ISRI.

Walter W. Brown, Director; President & CEO

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 of ABrown Company Inc. (ABCI), a publicly listed company, and 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) and MORE - Sierra Leone (Africa). Mr. Brown was former President of Philex Mining Corporation, a publicly-listed company, and National Grid Corporation of the Philippines.

Luis R. Sarmiento, Director; Senior EVP and COO

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

Jose Eduardo J. Alarilla, Director

Mr. Jose Eduardo J. Alarilla is the Chairman of Mega Equipment International Corp.; Vice Chairman of Bloomberry 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 Bloomberry Resorts and Hotels, Inc., MORE, and International Cleanenvironment Systems, Inc. He holds a Bachelor of Science degree in Mechanical Engineering from De La Salle University and a Master's degree in Business Management from the Asian Institute of Management.

Roel Z. Castro, Director

Roel Castro is the President and Chief Operating Officer of More Electric and Power Corporation. Previously, he was the President and CEO of ABCI, a publicly listed company, President of Palm Thermal Consolidated Holdings Corp., Palm Concepcion Power Corp., Peakpower Energy Inc. and Hydro Link Power Corp. He was Head of Corporate Affairs and Special Assistant to the President/CEO of National Grid Corporation of the Philippines

(NGCP). He finished BS Agricultural Business from UP Los Baños and Master's Degree at the Asian Institute of Management.

Dennis A. Uy, Independent Director

Dennis A. Uy has been as an Independent Director of the Company since 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, 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

Joselito H. Sibayan has been Independent Director of the Company since 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. He was Vice-Chairman of Investment Banking-Philippines; Philippine Country Manager for Credit Suisse First Boston; and Director of Philippine Postal Savings Bank. He is concurrently an Independent Director of SM Prime Holdings, Inc., and a Director of ABCI, both publicly-listed companies. He obtained Bachelor of Science in Chemical Engineering degree from De La Salle University-Manila and his Master's degree from the University of California in Los Angeles.

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

Graciano P. Yumul, Jr., was a Director of the Company from July 2012 until June 2018. He earned his Bachelor of Science (BS) degree in Geology from the University of the Philippines, and obtained his Masters and Doctoral degrees in Geology majoring in Igneous Petrology at the University of Tokyo. He 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, a recipient of University of the Philippines-Diliman Chancellor's Awards for Outstanding Researchers, an Outstanding Teacher and Administrator, and a Philippine Jaycee's Young Filipino Awardee in Science and Technology. He is a Director of ISRI since June 2015.

Gil A. Marvilla, SVP-Corporate Operations

A Certified Public Accountant, Gil A. Marvilla's professional expertise in mining began with Acoje Mining Co., Inc. that spanned for 24 years, and included several mining projects in Brixton Energy & Mining Corporation and Lascogon Mining Corporation. 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 ABCI, a publicly listed company.

Modesto B. Bermudez, SVP-Projects Development (until January 31, 2019)

Mr. Modesto B. Bermudez, who was a Director of the Company since December 2013 and the President of ISRI until his retirement from the Parent Company and ISRI, is a licensed Mining Engineer, and has had 47 years' involvement in the Philippine mining industry inclusive of six years stint in real property development and construction. His experience in mining covers the whole spectrum of mining operations from exploration to development to beneficiation of a wide range of minerals in both operational and managerial capacity. He is the President of CRAU Mineral Resources Corporation.

Narciso V. Mutia, VP-Resident Manager for Maco Operations

Narciso V. Mutia is a graduate of Bachelor of Science in Mining Engineering from Cebu Institute of Technology and has earned units in Master's Degree in Environmental Planning from the University of Mindanao. He has extensive experience in mining operations with several mining companies where he served under various capacity.

Rosemarie F. Padilla, VP- Finance

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

Rodulfo A. Palma, VP – Legal & Mine Compliance

Rodulfo A. Palma was an officer of the Natural Resources Development Corporation when he moved in 2003 to the Philippine Mining Development Corporation (PMDC), both GOCC attached to the DENR. He left PMDC in 2009 to engage in law practice and provided consulting works for firms engaged in mineral exploration and development, agribusiness development and export before joining the Company in 2013 as Legal Officer for Maco Operations. From 2016 up to present, he is the President of Alliance of Responsible Miners of Region XI, and the current President of Compostela Valley Provincial Business Chamber, and Business Chamber of Maco, Inc. He holds degrees in Bachelor of Arts, major in Public Administration, and Bachelor of Laws.

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., 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 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 degree 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 of Picazo Buyco Tan Fider & Santos, at one time was 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 the Assistant Corporate Secretary of International Container Terminal Services, Inc. (ICTSI), a publicly-listed company, and of ICTSI Ltd.

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 as Corporate Secretary and Director of Fidelity Stock Transfers, Inc., prior to joining the Company in April 2017. She was the former Chief Officer for Administration and Finance of JVS Asia, Inc.; a Senior Financial Associate at Lazaro Bernardo Tiu & Associates, Inc.; Group Manager for Accounting MIS and Budget of Benguet Corporation, another publicly-listed company; and a Senior Programmer of the Natural Resources Management Center of the DENR. She is the Assistant Corporate Secretary of ISRI. She completed her Bachelor of Science degree in Industrial Engineering from the University of the Philippines and her Master's degree 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 28, 2019. The Nomination Committee has 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 Committee Chairman, and Messrs. Walter W. Brown and Joselito H. Sibayan as 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
- Luis R. Sarmiento
- Roel Z. Castro

- Jose Eduardo J. Alarilla
- Joselito H. Sibayan (Independent Director)
- Valentino S. Bagatsing (Independent Director)

The experience and background of the nominees are shown in Part B, Item 5, except for Mr. Valentino S. Bagatsing which is shown below:

Valentino S. Bagatsing, 60, Filipino

Valentino S. Bagatsing was Principal Investment Officer for the International Finance Corporation (IFC), the private sector investment arm of the World Bank Group. Mr. Bagatsing was in-charge of Real sectors business development and relationship management for the Philippines. Prior to his return to Manila, he served as Resident Representative and Country Head for Nepal where he was concurrently Program Leader for Nepal Hydropower Joint Implementation plan of the World Bank group. Previously, he led IFC investment teams through landmark transactions in the Philippines and Lao PDR. He worked at the World Bank group from June 2006 to April 2019. He has also served various senior capacities in Investment, Mortgage and Commercial banking in the Philippines (1993-2006) and in the United States (1982-1992). A Certified Public Accountant, Mr. Bagatsing earned his MBA in Finance at the McLaren School of Business, University of San Francisco and his accounting degree at San Beda College, Manila. He is also a member of the Society of Fellows of the Institute of Corporate Directors (ICD) and the Financial Executives Institute of the Philippines (FINEX).

Independent Director

Mr. Joselito H. Sibayan was nominated as independent director by Mr. Ramon Y. Sy while Mr. Valentino Bagatsing was nominated as independent director by Mr. Joselito Sibayan. They are not employees of the Company and do not have relationships with the Company, nor with the person who nominated them, which would interfere with the exercise of independent judgment in carrying out the responsibility of an independent 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 Bagatsing have served less than the maximum cumulative nine-year term recommended by the Revised Manual of Corporate Governance. Certificate of Qualification as Independent Director is 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 degree, either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

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

- bankruptcy petition filed by or against any business of which such persons was 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. 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 that may arise 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, 2019 and as of December 31, 2018. Please refer to Note 16 of the Audited Consolidated Financial Statements and Note 5 of the 2019 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 remunerated with 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 2018 and 2017 to the Officers and Members of the Board of Directors of the Company are as follows (in millions):

	<u>Year</u>	<u>Total</u> <u>(in Million ₱)</u>
Directors	2018	4.0
	2017	2.7
CEO and Four Most Highly Compensated Officers as a Group	2018	80.0
	2017	80.3
Aggregate Compensation of All Officers and Directors as a Group	2018	131.8
	2017	124.0

The aggregate compensation for the CEO and four most highly compensated officers as a group paid in 2018 and 2017 are for Walter W. Brown (CEO), Graciano P. Yumul Jr., Modesto B. Bermudez, Gil A. Marvilla and Renato N. Migrino. The estimated amount expected to be paid in 2019 are for Walter W. Brown (CEO), Luis R. Sarmiento, Graciano P. Yumul Jr., 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 employer-employee. The remuneration the Officers receive 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 28, 2019 Annual Stockholders' Meeting.

For the calendar years 2018, 2017 and 2016, 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)(IV).

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

External Audit Fees and Services

Audit and Audit-Related Services

In 2018 and 2017, the audit was basically engaged for the purposes of expressing an opinion on the financial statements of the Company and its Subsidiaries, including providing assistance to the Company in the preparation of its income tax return in as far as for the agreement of the reported income and costs and expenses with the recorded amounts in the books. The procedures conducted included those that are necessary under Philippine Financial Reporting Standards, but did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses.

The total audit fees for the foregoing services were ₱5.8 million and ₱4.8 million in 2018 and 2017, respectively.

Tax Fees

Professional fees paid for tax advisory services were ₱0.3 million and ₱0.5 million in 2018 and 2017, respectively.

All Other Fees

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

Audit Committee's Approval Policies and Procedures

Prior to the commencement of their audit, the external auditors present their audit program and schedule to the Company's Audit Committee. The external auditors then present the audited financial statements of the Company to the Audit Committee after the completion of the audit.

As of December 31, 2018, the Company's Audit Committee is composed of Mr. Joselito H. Sibayan as Committee Chairman, and Messrs. Dennis A. Uy and Jose Eduardo J. Alarilla as members.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no disagreements with the independent accountants/external auditors on accounting and financial disclosure. There was no change in the Company's independent accountants during the two most recent fiscal years and subsequent interim periods.

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

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 any 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 2018 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 29, 2018, summarized as follows:
 - a. Approval of the minutes of the Stockholders' Meeting held last June 30, 2017;
 - b. Approval of the Company's audited financial statements as of December 31, 2017 embodied in the 2017 Annual Report on SEC Form 17-A;
 - c. Ratification of the acts of Directors, Committees and Officers of the Company for the year 2017;
 - d. Amendment of Articles of Incorporation for the extension of corporate life of the Company by another 50 years before its expiration in 2020.
 - e. Election of the Directors of the Company, including Independent Directors; and
 - f. Appointment of SGV & Co. as external auditors for the year 2018.
2. Approval of the Company's audited financial statements as of December 31, 2018 embodied in the 2018 Annual Report on SEC Form 17-A;
3. Ratification of the acts of Directors, Committees, and Officers of the Company for the year 2018;
4. Election of Directors; and
5. Appointment of external auditors for the year 2019.

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 significance having been covered by appropriate disclosures such as:

- Membership in the relevant committees such as 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:

- 2018 Annual Report on SEC Form 17-A
- Audited Consolidated Financial Statements as of December 31, 2018
- First Quarter Report on SEC Form 17-Q for the period ended March 31, 2019

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

There are no matters or actions to be taken up in the meeting that will require amendment of the Company's Charter, By-Laws or Other Documents.

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 since the last annual stockholders' meeting. 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 2018 annual report.

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.

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	13 years
SM Prime Holdings, Inc.	Independent Director	7 years
A Brown Co., Inc.	Director	2 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 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 16th day of May 2019, at Pasig City, Philippines.


JOSELITO H. SIBAYAN
Affiant

SUBSCRIBED AND SWORN to before me on _____ at
MANDALUYONG 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.

Doc. No. 128
Page No. 27
Book No. 66
Series of 2019.


ATTY. JAMES K. ABUGAN
NOTARY PUBLIC
Appt. No. 9442-19
Until Dec 31, 2020
IBP No. 051567 Sept. 23, 2018
Roll No. 36393 L. Madrazo
MCLE No. VI-0012875 Until 4/14/2022
TIN No. 116-239-956
PTR No. 3811514/1-3-2019
Tel No. 631-40-90

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **VALENTINO SEVILLA BAGATSING**, Filipino, of legal age and a resident of # 14 Santa Anita Loop, Alabang 400 Village, Muntinlupa 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.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Annie's Farm, Inc.	Director/Treasurer	Since 1998
Annie's Land, Inc.	Director/ Treasurer	Since 1998

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 & 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.
5. To the best of my knowledge, I am not 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 above-mentioned information within five days from its occurrence.

Done this 28th day of May 2019, at Muntinlupa City, Philippines

VALENTINO SEVILLA BAGATSING
Affiant

MAY 28 2019

SUBSCRIBED AND SWORN to before me on _____ at **MUNTINLUPA**, Philippines, affiant personally appeared before me and exhibited to me his Passport ID with P1674111A issued on January 19, 2017 at DFA MANILA with expiry date January 18, 2022.

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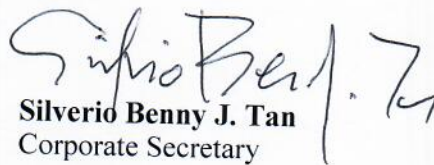
ATTY. JOCELYN B. LU
NOTARY PUBLIC
UNTIL DEC. 31, 2020
ROLL NO. 59502 / NC 19-008
IBP LIFE NO. 09928
PTR NO. 3244613/1-3-19 MUNTINLUPA CITY

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 Makati on May 30, 2019.

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. Dunga
AVP-Corporate Affairs

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

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 Co., 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 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. As such, 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 being informed of such change.

Done this 30th day of May 2019 at Pasig City.


SILVERIO BENNY J. TAN

SUBSCRIBED AND SWORN to before me this 30th day of May 2019 at Pasig City, affiant personally appeared before me and exhibited to me his Passport No. EC 5225365, issued by DFA in Manila on 6 September 2015.

Doc No. 277 :
Page No. 57 :
Book No. 64 :
Series of 2019


ATTY. JAMES K. ABUGAN
NOTARY PUBLIC
Appt. No. 0442-19
Until Dec 31, 2020
IBP No. 051567 Sept. 28, 2018
Roll No. 26890 Lifetime
MCLE No. VI-0012875 Until 4/14/2022
TIN No. 116-239-956
PTR No. 3811514/1-3-2019
Tel No. 631-40-90

Corporate Information and Business Development

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

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

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

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

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

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

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

In November 2011, Monte Oro Resources & Energy, Inc. (MORE), 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, MORE management was voted to take over management of the operation of the Company by the stockholders. In April 2014, MORE acquired substantial ownership in the Company held by Mapula. At this point, MORE became the significant shareholder, controlling 46.5%, of the Company.

In October 2014, the Company acquired 100% ownership of MORE, and Prime Metroline Holdings, Inc. (PMHI) and other MORE shareholders used the proceeds of the sale of their shares in MORE 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.

In June 2015, the Company acquired 98% of the total outstanding capital stock of Itogon-Suyoc Resources, Inc. (ISRI), a Philippine company. The Company acquired the remaining 2% of ISRI in August 2016.

Business of Issuer

Products

The Company's mine produces bullions containing gold and silver. All of the Company's production are 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 a mining license, such as Mineral Production Sharing Agreement (MPSA) from the government. A mining company with no MPSA, mining patents or other forms of tenement will not be able to operate.

Development Activities

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

Year	Development Cost	Revenue	Percentage
2018	₱222,940,955	4,658,242,792	5%
2017	494,516,560	₱4,122,188,125	12%
2016	526,137,775	3,522,050,654	15%

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, 2018 is 1,963. The table below summarizes the distribution of the Company's manpower count as to department and rank.

Division/Department	R&F	Supervisor	Manager	Total
Head Office	4	12	14	30
Mine Division	917	163	16	1,096
Mill Division	154	36	12	202
Power & Electrical.	162	29	5	196
Technical Services Group	73	34	3	110
Admin & Support Services	194	107	28	329
Total	1,504	381	78	1,963

Status of Operations

A. Mining Properties

Maco Mine

On December 22, 2005, the Mines and Geosciences Bureau (MGB) approved the 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 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, 2018, the Company holds valid and subsisting MPSA Nos. 225-2005-XI and 234-2007-XI, which have terms of 25 years from the effective date.

ISO Certification

The Company's Maco Mines has three certifications:

- ISO 9001:2015 for Quality Management System
- ISO 14001:2015 for Environmental Management System, and
- OHSAS 18001:2007 for Occupational Health and Safety Assessment Series

granted in March 2018 by Certification International. The scope of the certifications includes exploration underground mining, milling and recovery of gold and silver using carbon-in-leach process; mine waste and mill trails management; and all support services, valid for three years until March 2021 subject to satisfactory results of annual audits.

Department of Environment and Natural Resources (DENR) Audit

On October 18, 2016 the 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 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 Company's Maco mine can continue with its operations together with the other mines that have not been suspended.

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

Itogon Mines

ISRI is the holder of four (4) Patented Mineral Claims covering the Sangilo Mine in Itogon, Benguet and MPSA No. 152-2000-CAR covering the Suyoc Mine in Mankayan, Benguet.

The Sangilo mine is currently under rehabilitation and refurbishment, while the Suyoc Mine is undergoing resource validation.

ISO Certification

The Sangilo and Suyoc mines are ISO 14001:2015 certified for environmental management system granted by TUV Rheinland in April 2017 valid until 2020. The scope of the certification for the Sangilo Mine is for exploration, mining and mine processing; while the Suyoc Mine is for mining exploration and project development.

Paracale Gold Project

MORE 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. BMRC 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 MORE, and 49% by Erdenejas LLC, a Mongolian exploration company. The project is currently under continued care and maintenance.

Sierra Leone Project

The Gori Hills project located in the Republic of Sierra Leone in West Africa is owned by MORE through Monte Oro Mining Co., Ltd. (MOMCL) which holds the tenements for the project and MORE Minerals SL (MMSL), previously engaged in artisanal mining and gold trading.

MORE has an interest in Gold Mines of Uganda Ltd. (GMU) in the form of advances made to this company. GMU owns significant gold related assets and gold resources in Uganda. GMU and MORE has a Memorandum of Agreement whereby both parties agree to combine their mineral interest in Africa and work towards creating a mining company that will be listed and marketed to international investors, and to enable GMU raise capital funding through the listing.

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.

B. Oil and Gas

Service Contract (SC)

MORE has a 30% participating interest in SC 72, a service contract for gas located in the West Philippine Sea covering the Sampaguita offshore gas field northwest of Palawan. Forum (GSEC 101) Ltd. holds the remaining 70% participating interest and is the operator of the SC.

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 12, 2019, 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 and the Secretary of Foreign Affairs) 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, MORE, and ultimately the Company, will benefit as holder of 30% participating interest in SC 72.

C. Others

Solid Waste Management

MORE owns 52% of International Cleanvironment Systems, Inc. (ICSI) which has a Build-Operate-Transfer contract with the Philippine government through the DENR to manage, provide a sanitary landfill, and introduce ecologically friendly technologies for waste disposal and recycling of municipal waste for Metro Manila which agreement is yet to be put in operation

ICSI is a subject of an agreement to sell between MORE and A. Brown Co., Inc. (ABCI) whereby MORE shall sell an 52% ownership in ICSI to ABCI upon fulfilment of certain conditions.

Market for Registrant Common Equity and Related Stockholders Matters

Market Information

The Company's common shares are traded in the Philippine Stock Exchange carrying the symbol "APX".

The high and low stock prices per share for each quarter in 2018 and 2017, and for the interim quarter from January 1 to March 31, 2019 were as follows:

Year	Period	Listed Common Shares	
		High	Low
2019	January 1 - March 31	₱1.73	₱1.39
2018	January 1 - March 31	2.08	1.48
	April 1 - June 30	2.00	1.41
	July 1 - September 30	1.71	1.40
	October 1 - December 31	1.93	1.27

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

The Company's stock was last traded at a price of P 1.11 per share on May 29, 2019.

Stockholders

As of March 31, 2019, the Company has 2,763 shareholders with 6,227,887,491 total issued and outstanding common shares.

The top 20 stockholders of the Company as of March 31, 2019 follows:

	Stockholder	Number of shares	% of ownership
1	Prime Metroline Holdings, Inc.	2,511,329,207	40.32
2	PCD Nominee Corp.*	1,008,204,609	16.19
3	Mindanao Gold Ltd.	597,051,165	9.59
4	Monte Oro Resources & Energy, Inc.	555,132,448	8.91
5	Lakeland Village Holdings, Inc.	474,613,599	7.62
6	Devoncourt Estates, Inc.	423,904,339	6.81
7	PCD Corporation (non-Filipino)	240,131,654	3.86
8	A Brown Co., Inc.	139,742,698	2.24
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

* Net of the shares actually lodged with the PCD but are presented separately in this list.

As of March 31, 2019, the public ownership level of the Company is at 34.34%.

Dividends

The Company has not declare any dividend in the past three years ended December 31, 2018, and the interim period ended March 31, 2019.

The Company has not established any restriction that would limit its ability to pay dividends on common nor does it have any plan of setting any restrictions on the matter in the immediate future.

Recent Sales of Unregistered or Exempt Securities

No securities were sold by the Company in the past three years ended December 31, 2018, and in the interim period ended March 31, 2019 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 2018, 2017 and 2016

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 ₱239.4 million in 2018, a 44% decrease from the ₱428.8 million consolidated net income in 2017, and a 26% decrease from the ₱322.0 million consolidated net income in 2016.

The Parent Company net income in 2018 amounted to ₱331.7 million compared to the ₱502.7 million and ₱440.5 million net income in 2017 and 2016, respectively.

Consolidated Revenues

The consolidated revenues in 2018, 2017 and 2016 amounted to ₱4.7 billion, ₱4.1 billion and ₱3.5 billion, respectively, or an increase of ₱536.1 million in 2018 compared to 2017, and ₱600.1 million in 2017 compared to 2016. 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 2018, 2017 and 2016 is as follows:

	2018	2017	Change	2016	Change
Volume in ounces	70,564	60,185	+17%	54,681	+10%
Realized price/ounce, in USD	\$1,260	\$1,265	+0%	\$1,255	+1%

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

	2018	2017	Change	2016	Change
Volume in ounces	328,797	315,525	+4%	309,623	+2%
Realized price/ounce, in USD	\$15.49	\$17.10	-9%	\$17.5	-2%

The weighted average USD to PHP foreign exchange rates on the Parent Company revenues in 2018, 2017 and 2016 were ₱52.97, ₱50.36 and ₱47.59, 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, 2018, 2017 and 2016 of the Group are as follows:

Variance	2018 versus 2017 (in thousands of PHP)			2017 versus 2016 (in thousands of PHP)		
	Gold	Silver	Total	Gold	Silver	Total
Volume (sold)	₱373,845	₱(10,454)	₱363,391	₱328,729	₱4,909	₱333,637
Price	(14,488)	(25,597)	(40,085)	27,401	(6,233)	21,168
Exchange rate	198,710	14,082	212,792	229,883	15,449	245,332
Consolidated revenue	₱558,067	₱(21,969)	₱536,098	₱586,013	₱97,831	₱600,137

The positive volume variance was a direct result of the Parent Company milling 28% more ore in 2018 than in 2017, and also in 2017 than in 2016. New record established in operating parameters this year contributed to the increase in metal production. Milling throughput of 609,604 tonnes, equivalent to a daily average of 1,789 tonnes, bested the previous record of

578,893 tonnes or 1,693 tonnes per day in 2017 and 452,948 or 1,373 tonnes per day in 2016. Mill recovery rate was at its highest at 84.8%, as compared to the 82.8% record established in 2017 and 80.3% in 2016. Ore grade likewise averaged higher at 4.25 grams from 3.90 grams per tonne of gold a year ago, but slightly lower than 4.68 grams per tonne in 2016.

The average metal prices in 2018 were slightly lower compared to 2017, resulting in a negative price variance. However, the price of gold is higher compared to 2016, offsetting the negative price variance effect of lower silver price.

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 2018, 2017 and 2016, all of which pertains solely to the Parent Company cost of production, amounted to ₱3.6 billion, ₱3.2 billion and ₱2.7 billion, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization expense increased by 17% or ₱162.1 million in 2018 compared to 2017, and by 48% or ₱341.3 million in 2017 compared to 2016.

In detail, depreciation surged by 13% or ₱69.6 million in 2018 versus 2017, and by 37% or ₱139.2 million in 2017 versus 2016, as a result of higher capital expenditures made in 2018 and 2017. Depletion, on the other hand, rose by 26% or ₱110.6 million in 2018 compared to 2017, and by 62% or ₱161.6 million in 2017 compared to 2016, on account of higher tonnage milled and depletion rate in comparative periods. The higher depletion rate in 2018 and 2017 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 ₱189.9 million in 2018 compared to 2017, and by ₱16.2 million in 2017 compared to 2016. As materials cost is mainly driven by throughput production, the increase in cost is attributable to the 5% and 28% increase in milling throughput in 2018 and 2017, respectively, versus its respective prior year comparative numbers.
- Personnel cost went up by 6% and 9% in 2018 and 2017, respectively, versus the comparative year due to higher salary rates. Contracted services increased by ₱61.1 million due to higher number of bus trips contracted by the Company during the year, as well as increase in rates with security and manpower services.
- Utilities expense declined by 8% or ₱21.5 million in 2018 versus 2017, but grew by 9% or ₱21.4 million in 2017 versus 2016. The changes in utilities expenses, which essentially pertains to power costs, can be attributable to the kilowatt-hour consumption in 2018, 2017 and 2016 of 80.1 million, 77.5 million and 70.7 million, respectively, at an average cost per kilowatt-hour of ₱4.84, ₱5.01 and ₱5.08, respectively.

Consolidated Excise Taxes

Consolidated excise taxes are excise taxes on the market value of metals produced which amounted to ₱200.2 million, ₱83.9 million and ₱72.3 million in 2017, 2017 and 2016,

respectively. The increase in all comparative years was a result of the increase in consolidated revenues and the increase in tax rate from 2% to 4% effective January 1, 2018.

Consolidated General and Administrative Expenses

Consolidated general and administrative (G&A) expense in 2018, 2017 and 2016 amounted to ₱187.2 million, ₱219.6 million and ₱226.0 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:

	2018	2017	2016
Parent Company	₱131.0	₱162.3	₱141.1
MORE and Subsidiaries	18.1	34.0	49.3
ISRI	38.1	23.3	35.6
	₱187.2	₱219.6	₱226.0

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

- Personnel cost decreased by 4% or ₱5.3 million, but increased by 8% or ₱13.5 million in 2018 and 2017, respectively, versus the same comparative figures the year before. Despite higher salary rates, 2018 personnel cost is lower due to transfer of existing MORE employees to other companies not related to Parent Company.
- Taxes and licenses in 2018 were lower by 47% or ₱17.9 compared to 2017 despite higher business taxes coming from the growth in the revenue level. Parent Company paid documentary stamp taxes on new bank loans obtained in 2017 as well as one-time payment of the Parent Company of listing fees to the Philippine SEC.
- Fewer activities of repairs and maintenance of head office and vehicles were incurred in 2018 compared to 2017 resulting to a decrease of 88% or ₱6.2 million.

Consolidated Finance Costs

Consolidated finance costs in 2018, 2017 and 2016 of the Group amounted to ₱234.2 million ₱201.9 million and ₱163.3 million, respectively. The higher finance cost in 2018 versus 2017, and 2017 versus 2016, were primarily due to the additional short-term loans availed of by the Parent Company in various dates in 2018, and term loan in January 2017.

Consolidated Other Income (Charges)

Consolidated other income (charges) in 2018, 2017 and 2016 amounted to ₱70.0 million other charges, ₱7.9 million other charges, and ₱28.8 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:

	2018	2017	2016
Parent Company	₱(56.6)	(₱9.3)	(₱39.7)
MORE and Subsidiaries	8.8	(12.8)	11.0
ISRI	(0.1)	0.7	(0.1)
Consolidated other income (charges), before adjustments	(47.9)	(21.4)	(28.8)
Net effect of eliminating entries	(22.1)	13.5	—
Consolidated other income (charges)	(₱70.0)	(₱7.9)	(₱28.8)

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

- Net foreign exchange losses were recorded in 2018 and 2016 for ₱18.4 million and ₱8.1 million, respectively, and net foreign exchange gains in 2017 for ₱4.1 million due to effects of fluctuation in exchange rate of US Dollar against Philippine Peso in Group's foreign currency denominated net financial liabilities.
- The Group recognized provision for possible tax obligations in 2017 of ₱86.1 million pertaining to the taxable years 2011 and 2012.
- The Group recognized provision for inventory losses in 2018 and 2016 of ₱11.3 and ₱18.6 million, respectively, and a reversal of its provision for inventory losses and obsolescence in 2017 for ₱60.8 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.
- The Group recognized provision for impairment losses on its other receivable in 2018, 2017 and 2016 amounting to ₱16.1 million, ₱0.2 million and ₱3.9 million, respectively, based on management's assessment of collectability of individual receivable accounts. The Parent Company has also written-off ₱24.9 million income tax credit of Teresa transferred to the Parent Company's books during the merger but not carried over in applicable years' income tax returns.

Consolidated Provision for Income Tax

The Group's current income tax ballooned to ₱199.5 million and ₱100.0 million in 2018 and 2017, respectively, compared to ₱17.0 million 2016. The significant increase is attributable to the Parent Company being subjected to the regular corporate income tax (RCIT) rate of 30% after utilizing all of its remaining carried over prior period operating losses starting 2017. 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)

MORE's investment in National Prosperity Gold Production Group Ltd., a private entity in Myanmar, in which the Group holds a 3.92% ownership interest costing ₱344.6 million is classified as financial asset at fair value through other comprehensive income (FVOCI). The shares do not have quoted market price in an active market and the fair value cannot be measured reliably. As at December 31, 2018, the fair value of the financial asset at FVOCI amounted to nil, resulting in the recognition of re-measurement loss on financial asset at ₱344.6 million in the consolidated other comprehensive income (loss).

Re-measurement loss on retirement plan in 2018 amounted to ₱6.2 million and re-measurement gains in 2017 and 2016 amounted to ₱21.1 million and ₱19.1 million, respectively, which arises out of the change in the assumptions used by an independent, third-party actuary.

Consolidated Statement of Financial Position

Consolidated Current Assets

Total consolidated current assets increased by ₱143.7 million to ₱2.5 billion as of December 31, 2018 from ₱2.3 billion as of December 31, 2017 essentially due to the following:

- Cash of the Group grew by ₱113.5 million to ₱537.4 million as of December 31, 2018 compared to the prior year cash of ₱423.9 million. Operating and financing activities netted the Group ₱2.2 billion and ₱25.7 million in 2018. Because of these, the Group was able to invest in ₱2.1 billion worth of fixed and long-term assets in the same year.
- Trade and other receivables decreased by ₱595.1 million as of December 31, 2018 compared to the balance in the prior year mainly due to the Parent Company's unsold metal account balance in 2017 with its refiner. This was subsequently sold and collected in 2018. The Group also adopted PFRS 15, *Revenue from Contracts with Customers*, beginning January 1, 2018, which resulted in lower amount of receivable and higher amount of gold and silver bullions and in circuit inventories recognized as of year-end.
- Net assets of ICSI amounting to ₱361.4 were classified to assets held for sale under current assets in 2018 based on an agreement on August 28, 2018 between MORE and A Brown Co., Inc ("ABCI") where MORE shall sell its 52% ownership in ICSI to ABCI within 12 months under certain conditions.
- Prepayments and other current assets rose by ₱95.1 million as of December 31, 2018 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 ₱270.6 million to ₱10.1 billion as of December 31, 2018 from ₱9.8 billion as of December 31, 2017 despite recognition of ₱344.6 million re-measurement loss on financial asset at FVOCI and reclassification of ₱361.4 net assets of ICSI to asset held for sale under current assets, mainly because of the increase in deferred exploration cost of ₱260.8 million, and property, plant and equipment of ₱548.0 million due to acquisitions, constructions and mine exploration and development activities during the year. These activities resulted in an increase in deferred input VAT by ₱26.7 million during the year. Investment in associate amounted to ₱49.03 million in December 31, 2018 and nil in December 31, 2017 which represents the subscription by MORE of 250,000,000 shares or 25% interest in MORE Electric and Power Corporation (MEPC).

Consolidated Current Liabilities

Consolidated current liabilities were higher by ₱686.4 million to ₱4.4 billion as of December 31, 2018 from ₱3.7 billion as of December 31, 2017. The breakdown of the change in the consolidated current liabilities is detailed below.

- Trade and other payables increased by ₱458.9 million due to higher purchases made in the later part of the year to support its operations and on-going long-term capacity upgrade.

- Current portion of loans payable increased by ₱171.2 million due to reclassification of maturing loan amortization from noncurrent loans. During the year, the Group availed a total of ₱986.5 borrowings, ₱300.0 million of which is the initial drawdown from the ₱550.0 million five-year term loan of ISRI, and Parent Company's trust receipts agreement with an average term of 180 days. The Group paid a total of ₱960.8 during the year for the amortization of long-term loan and maturing trust receipts agreement.
- Income tax payable decreased by ₱7.2 million as of December 31, 2018 which mainly comprise of the Group's income tax due for the fourth quarter of 2018 at the RCIT rate.

Consolidated Noncurrent Liabilities

The Group's consolidated noncurrent liabilities went down by ₱149.3 million to ₱2.7 billion as of December 31, 2018 from ₱2.9 billion as of December 31, 2017 which primarily due to the following reasons:

- Reclassification of amortized portion of noncurrent loans of the Parent Company to current portion amounting to ₱523.8 million, despite ISRI's long-term loan drawdown of ₱300.0 million in 2018.
- Although there is a material increase in Group's provision for retirement benefits by ₱53.8 million to ₱234.6 million based on annual actuarial valuation, deferred income tax liabilities decreased by ₱52.7 million to ₱182.3 million due to movement in revaluation surplus on property, plant and equipment. 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 lower by ₱122.7 million to ₱5.3 billion as of December 31, 2018 from ₱5.5 billion as of December 31, 2017 mainly on the net income earned in 2018 of ₱239.3 million and effects of other comprehensive losses of ₱362.0 million.

Key Performance and Financial Soundness Indicators

Tonnes Mined and Milled

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

	2018	2017	Change	2016	Change
Tonnage:					
Total	609,604	578,893	+5%	452,948	+28%
TPD	1,789	1,693	+6%	1,373	+23%
Mill head grade (gpt):					
Gold	4.25	3.90	+9%	4.68	-17%
Silver	25.56	23.99	+7%	29.98	-20%
Recovery percentage:					
Gold	84.76	82.81	+2%	80.25	+3%
Silver	65.63	70.91	-7%	71.74	-1%
Ounces produced:					
Gold	70,564	60,185	+17%	54,681	+10%
Silver	328,797	315,525	+4%	309,623	+2%

Financial Ratios

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

Financial Ratio	Formula	December 31	
		2018	2017
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	23.5%	22.6%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	1.9%	3.5%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	4.5%	7.8%
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.5 : 1	0.6 : 1
Debt-to-equity ratio	$\frac{\text{Total debt}}{\text{Total equity}}$	1.3 : 1	1.2 : 1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.3 : 1	2.2 : 1
Debt service coverage ratio	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	1.7 : 1	2.1 : 1

The gross profit margin in 2018 remains at almost the same level despite lower realized metal price as the appreciation of the USD, being the currency used in the sale of gold and silver, against the PHP increased the revenue compared to 2017.

The lower return on assets and return on equity was a result of the lower net earnings of the Group in 2018 than in 2017.

The current ratio in 2018 slightly declined compared to 2017 due to higher trade payables and reclassification of maturing loan amortization from noncurrent loans.

Debt service coverage ratio decreased as the Parent Company's loan principal and interest payments in 2018 is higher compared to 2017.

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 of the Company;
- 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 except for the corporate guarantee issued by the Company to secure a bank loan of ISRI; 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 2017 Integrated Annual Corporate Governance Report (I-ACGR) to the Philippine SEC on May 30, 2018 and is posted in the Company website. The I-ACGR for 2018 will be filed with the SEC before May 30, 2019.

Attendance of Directors During Board Meetings

Name of Director	No. of Meetings Present	Total No. of Meetings	% Present
Ramon Y. Sy	9	9	100
Walter W. Brown	9	9	100
Graciano P. Yumul Jr. (*)	4	5	80
Modesto B. Bermudez (*)	5	5	100
Jose Eduardo J. Alarilla	9	9	100
Dennis A. Uy	1	9	11
Joselito H. Sibayan	8	9	89
Luis R. Sarmiento (**)	4	4	100
Roel Z. Castro (**)	3	4	75

* Until June 29, 2018

** From June 29, 2018

Management Discussion and Analysis of Financial Position and Results of Operations for the First Quarter ended March 31, 2019 and 2018

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 ₱75.6 million in the first quarter of 2019, which was 24% lower than the ₱100.0 million consolidated net income in the same period in 2018.

The Parent Company net income in the first quarter of 2019 and 2018 amounted to ₱86.2 million and ₱122.0 million, respectively.

Consolidated Revenues

The consolidated revenues in the first quarter of 2019 and 2018 amounted to ₱1.3 billion and ₱1.2 billion, respectively, an increase of ₱94.6 million or 8.1% in 2019 compared to 2018. The consolidated revenues of the Group pertain to the Parent Company revenues in all comparative periods.

Information on the Parent Company sales volume and realized prices for both gold and silver in the first quarter of 2019 and 2018 is as follows:

	Gold			Silver		
	2019	2018	%	2019	2018	%
Volume in ounces	17,215	15,771	+9%	103,345	83,129	+24%
Realized price/ounce, in USD	\$1,311	\$1,335	-2%	\$16	\$16	—

The weighted average United States Dollar (USD) to Philippine Peso (PHP) foreign exchange rates on the Parent Company revenues in the first quarter of 2019 and 2018 were ₱52.22 and ₱52.08, to one USD, respectively, or an appreciation of the USD of 0.3% 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, 2019 and 2018 follows:

Variance (on account of):	Gold	Silver	Total
Volume	₱ 100,415,185	₱ 17,368,164	₱ 117,783,349
Price	(21,610,980)	(4,823,879)	(26,434,859)
Exchange rate	3,097,051	175,302	3,272,353
Total	₱ 81,901,256	₱ 12,719,587	₱ 94,620,843

Milling throughput of 167,200 tonnes bested previous quarterly record, averaging 1,958 tonnes per day. This was 19% higher than the 140,250 tonnes milled in 2018, and 9% higher than the 1,789 tonnes average per day for the whole of 2018. The higher tonnage offset the lower ore grades per tonne of 3.67 grams per tonne for gold and 23.79 grams per tonne for silver, down by 11% and 5% from 4.13 grams per tonne and 24.94 grams per tonne in the previous quarter. Mill recovery rate for gold of 84.0% was a bit lower than the 84.6% achieved last year, although for silver the recovery was 3% higher at 75.9% from 73.5%.

The negative price variance was a result of 2% and 5% decline in the average gold and silver price, respectively, in 2019 compared to 2018.

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 ₱978.9 million and ₱822.0 million, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization were higher by ₱53.6 million while materials and supplies used in mining and milling rose by ₱42.9 million as tonnage milled increased by 19% in the first quarter of 2019 compared to 2018.
- Contracted services rose by 26% or ₱17.5 million in the first quarter of 2019 compared to 2018. 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 8% to ₱58.7 million on account of lower cost per kilowatt-hour (kwh) at ₱4.77 in the first quarter of 2019 versus ₱4.83 in the same period in 2018. Total kilowatt-hour consumption in the first quarter in 2018 and 2017 was slightly higher at ₱20.0 million and 18.8 million, respectively.

Consolidated Excise Taxes

Consolidated excise taxes of the Group amounted to ₱45.4 million in 2019 from ₱48.6 million in 2018. Excise taxes of the of metal sold in January 2019 were already accrued in December 2018.

Consolidated General and Administrative Expenses

Consolidated general and administrative (G&A) expense in the first quarter of 2019 and 2018 amounted to ₱53.7 million and ₱45.3 million, respectively due to increase in personnel cost, head office business taxes and other expenses in the first quarter of 2019.

Consolidated Finance Cost and Other Income/Charges

The consolidated finance cost and other income/charges of the Group amounted to ₱72.1 million and ₱79.0 million in the first quarter of 2019 and 2018, respectively. The decrease of ₱6.9 million is due to lower unrealized foreign exchange losses recognized by the Parent Company from its net foreign currency denominated liabilities.

Consolidated Provision for Current Income Tax

The provision for current income tax in 2019 is lower at ₱37.0 million or 30% compared to 2018 due to lower consolidated taxable income during the period.

Consolidated Statement of Financial Position

Consolidated Current Assets

Total consolidated current assets dropped by ₱205.6 million to ₱2.2 billion as of March 31, 2019 mainly due to the following:

- Cash of the Group dropped by ₱201.4 million to ₱336.0 million as of March 31, 2019 from ₱537.4 million as of December 31, 2018, primarily from the cash used by the Parent Company in settlement of its trade and other payables of ₱183.8 million during the three-month period and expenditures for long-term assets of ₱492.2 million. This is despite the net availment of short-term loan of Parent Company during the first quarter of ₱209.2 million.
- Trade and other receivables increased by ₱74.1 million to ₱101.0 million as of March 31, 2019 compared to December 31, 2018 mainly due to the shipped but unsold bullion of the Parent Company and incidental production of subsidiary, Itogon-Suyoc Resources, Inc. These receivables are collected immediately after the sale.
- Prepayments and other current assets was reduced by ₱62.4 million as of March 31, 2019 versus the comparative balance as of December 31, 2018 due to refund of input value-added tax accruing on local purchases and on importations and other reclassifications.

Consolidated Noncurrent Assets

Total consolidated noncurrent assets were reduced by ₱100.9 million to ₱9.9 billion as of March 31, 2019 from ₱10.1 billion as of December 31, 2018 due to depreciation of fixed assets and depletion of mine and mining properties, net of acquisition of new equipment.

Consolidated Current Liabilities

Consolidated current liabilities were lower by ₱183.8 million to ₱4.2 billion as of March 31, 2019 from ₱4.4 billion as of December 31, 2018 mainly because of the significant payment made by the Group's trade and other payables during the quarter.

Consolidated Noncurrent Liabilities

The Group's consolidated noncurrent liabilities dropped by ₱198.6 million to ₱2.5 billion as of March 31, 2019 due to reclassification to current portion of a bank term loan, net of recognition of additional provision for retirement benefits of ₱10.7 million.

Consolidated Equity

Consolidated equity increased by ₱75.6 million contributed by the total comprehensive income earned in the three months ended March 31, 2019.

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		
	2019	2018	Change
Tonnes mined	145,054	156,793	-7%
Tonnes milled	167,200	140,250	+19%
Mill head grade (g/t)			
Gold	3.67	4.13	-11%
Silver	23.79	24.94	-5%
Mill recovery			
Gold	84.00%	84.60%	-1%
Silver	75.93%	73.52%	+3%

Financial Soundness Indicators

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

A. Profitability Ratios

		Three-Month Period Ended March 31	
	Formula	2019	2018
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	16.94%	29.62%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	0.62%	0.98%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	1.39%	2.16%
Debt service coverage ratio (DSCR)	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	2.70 : 1	2.64 : 1

The decrease in the gross profit margin in the first quarter of 2019 compared to the same period in 2018 can be attributed to the higher cost of production and lower gold price. The gross profit margin would have been slightly higher had it not been also for the lower mill grade in the current quarter compared to last year.

Return on assets and return on equity decreased mainly from the lower net income in the first quarter of 2019 than in 2018.

B. On Liquidity and Leverage

	Formula	March 31, 2019	March 31, 2018
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.53 : 1	0.55 : 1
Asset-to-equity	$\frac{\text{Total assets}}{\text{Total equity}}$	2.25 : 1	2.34 : 1
Debt-to-equity	$\frac{\text{Total debts}}{\text{Total equity}}$	1.25 : 1	1.34 : 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, 2019 compared to the current ratio as of December 31, 2018. On the other hand, the growth of the Group's total stockholders' equity was higher than the increase in its total assets and liabilities, 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:

- no known trends, events or uncertainties that would have any material impact on liquidity and revenue of the Company;
- 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;
- 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 except for the corporate guarantee issued by the Company to secure a bank loan of ISRI; and
- no material commitments for capital expenditures, general purpose of such commitments, and expected sources of funds for such expenditures.
- 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.
- 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 reporting period.