

# COVER SHEET

SEC Registration Number

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## COMPANY NAME

A	P	E	X		M	I	N	I	N	G		C	O	.	,		I	N	C	.		A	N	D		S	U	B	S	
I	D	I	A	R	I	E	S																							

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

3	3	0	4	B		W	e	s	t		T	o	w	e	r	,		P	S	E		C	e	n	t	r	e	,		
E	x	c	h	a	n	g	e		R	o	a	d	,		O	r	t	i	g	a	s		C	e	n	t	e	r	,	
P	a	s	i	g		C	i	t	y																					

Form Type

1	7	-	A
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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

2,761

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

8706-2805

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 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF  
THE PHILIPPINES**

1. For the calendar year ended: **December 31, 2019**
2. Date of this report: **June 22, 2020**
3. Commission Identification Number: **40621**
4. BIR Tax Identification No.: **000-284-138**
5. Exact Name of Registrant as specified in its charter: **APEX MINING CO., INC.**
6. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
7. Industry Classification Code: (SEC Use Only)
8. Address of registrant's principal office: **3304B West Tower PSE Centre, Exchange  
Postal Code: 1605 Road, Ortigas Center, Pasig City,**
9. Telephone number, including area code: **Tel. # (02) 8706-2805 Fax # 8706-2804**
10. Former name, former address and former fiscal year, if changed since last report. **N/A**
11. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the  
RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
<b>Common shares</b>	<b>6,227,887,491</b>

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

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

**Philippine Stock Exchange / Common shares**

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

### **Item 1. BUSINESS**

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

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

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.

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

In 2005, Crew Gold Corporation (Crew Gold), a Canadian company, and its associated Philippine company, Mapula Creek Gold Corporation (Mapula), acquired 28% and 45% of the Company’s shares, respectively, from the Puyat group. 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 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 owned by Abracadabra Speculative Ventures, Inc. (ASVI) of Malaysia.

In November 2011, Monte Oro Resources & Energy, Inc. (MORE), a Philippine company, acquired an 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 merger of Teresa and the Company, with the Company as the surviving entity effective 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 shareholdings of Mindanao Gold and Mapula.

In June 2015, the Company acquired 98% of the shares 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 gold bullions and silver bullions. All of the Company's production are sold to 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
<b>2019</b>	<b>P627,841,722</b>	<b>P4,960,926,451</b>	<b>13%</b>
2018	222,940,955	4,658,242,792	5%
2017	494,516,560	4,122,188,125	12%

### 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, 2019 is 1,898. The table below summarizes the distribution of the Company's manpower count as to division and rank.

Division/Department	R&F	Supervisor	Manager	Total
Mine Division	656	149	19	824
Mill Division	149	37	10	196
Geology Division	128	45	4	177
PMES Division	123	31	5	159
Support Services & Admin	359	146	37	542
Total	1,415	408	75	1,898

## 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 (now called Davao de Oro). 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, 2019, 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.

#### *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. As of the report date, the MA is not yet consummated by both parties.

#### *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 of reporting date, the DOE, however, has not yet lifted the force majeure.

### **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, rehabilitate and introduce ecologically friendly technologies for waste disposal, recycling and energy generation 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.

#### Government Regulations and Approvals

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

#### Exploration and Development

Exploration and development are undertaken in-house and overseen by the Company's Vice President for Geology & Exploration, Dr. Eric S. Andal.

#### Operations

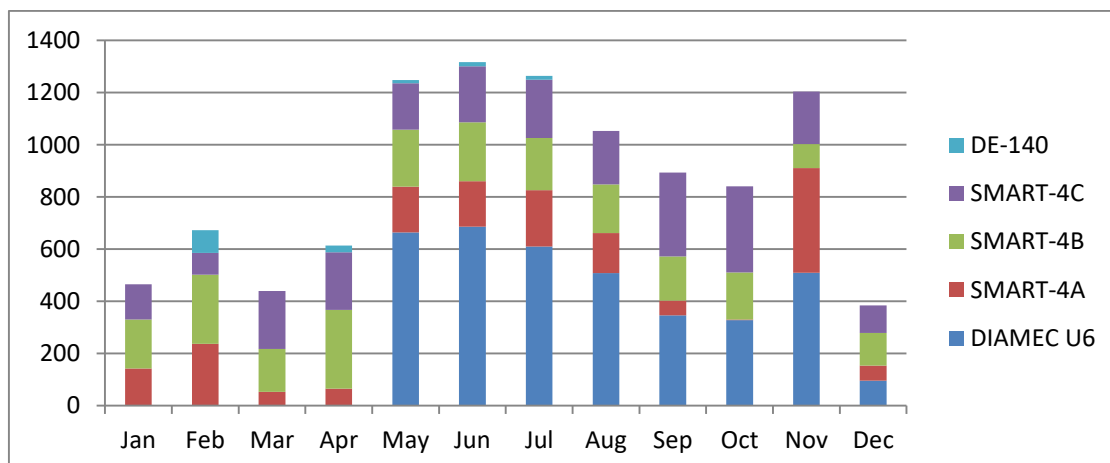
##### *Geology and Exploration*

Underground drilling focused on near-mine extensions of the gold-bearing quartz and breccia veins. One unit of DE-140 rig, three units of Smart-4 rigs, and one unit of Diamec U-6 by Drillcorp Contractor were dedicated to evaluate the continuity of the Masarita 2, Maria Inez and Sandy 2 parallel veins in terms of lateral and down dip extensions. A total of thirty holes were completed in 2019.

These holes have indicated additional resources which will guide further in-fill drilling to qualify for inclusion in the resource model. Total meters of diamond drilling achieved for the year 2019 was 10,393 meters from 30 holes in MPSA 225.

Below is the breakdown of the diamond drilling accomplishment for the year 2019 in meters advanced per drill rig.

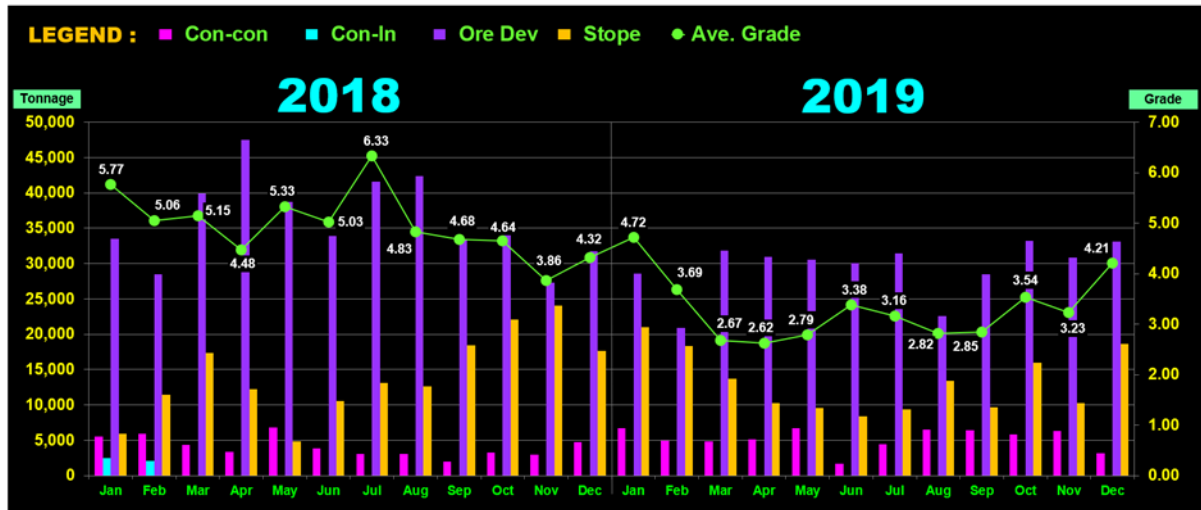
Rig	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DIAMEC U6					664	687	609	508	346	328	509	96
SMART-4A	142	236	53	65	176	174	217	153	56	2.	402	58
SMART-4B	188	266	164	302	219	226	200	187	169	180	91	125
SMART-4C	135	84	222	221	177	215	223	205	321	330	202	105
DE-140		87		26	12	15	15					
TOTAL	465	673	439	614	1,248	1,317	1,264	1,053	892	840	1,204	384



### Mining Operations

The total mine production in 2019 was 573,612 tonnes with an average grade of 3.74 grams per tonne (gpt) compared to 655,797 tonnes with an average grade of 4.94 grams per tonne (gpt) in 2018.

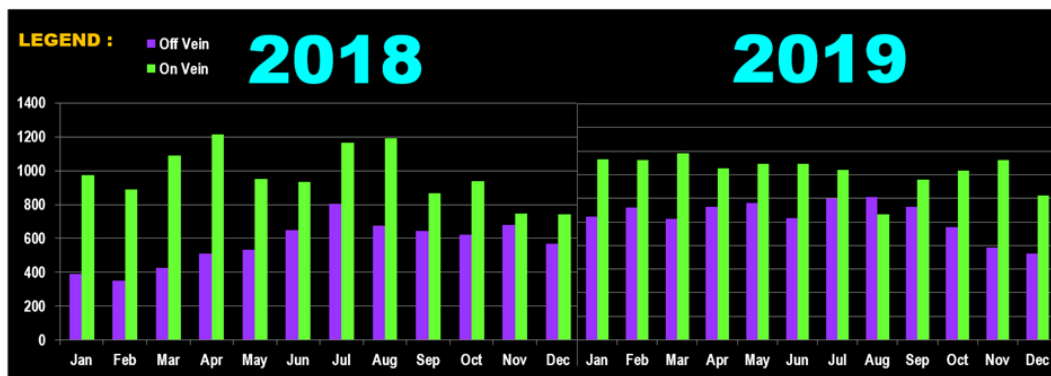
Below is the summary of ore sources production and average grade of mine ore:



Below is the summary of ore sources production and average grade of mined ore.

Ore sources	2019			2018		
	Tonnage	Gpt of gold	% to Total	Tonnage	Gpt of gold	% to Total
Ore development	316,923	3.36	55%	416,501	4.43	64%
Stoping	158,509	4.46	28%	170,208	5.81	26%
Conventional - Contract	62,645	4.16	11%	48,656	6.78	7%
Conventional - In-house	-	-	-	4,552	3.11	1%
Incidental ore	35,535	3.17	6%	15,879	4.05	2%
	573,612	3.74	100%	655,797	4.94	100%

In 2019 and 2018, off-vein mine development for access drives advanced 6,255 and 6,846 meters, respectively, while on-vein mine development for ore advanced 8,560 and 11,717 meters, respectively.





### *Mill Operations*

Below is the summary of the mill production metrics in 2019 with comparative 2018 and 2017 figures.

	2019	2018	Change	2017	Change
Tonnage:					
Total	<b>711,788</b>	609,604	+17%	578,893	+5%
TPD	<b>2,063</b>	1,789	+15%	1,693	+6%
Mill head grade (gpt):					
Gold	<b>3.19</b>	4.25	-25%	3.90	+9%
Silver	<b>20.47</b>	25.56	-20%	23.99	+7%
Recovery percentage:					
Gold	<b>85.46</b>	84.76	+1%	82.81	+2%
Silver	<b>75.50</b>	65.63	+15%	70.91	-7%
Ounces produced:					
Gold	<b>62,468</b>	70,564	-11%	60,185	+17%
Silver	<b>353,627</b>	328,797	+8%	315,525	+4%

### *Mineral Resource and Ore Reserves update*

As of December 31, 2019, the estimated mineral resource amounted to 2.47 million tonnes at a grade of 5.4 gpt, while the estimated ore reserves amounted to 1.37 million tonnes at a grade of 7.1 gpt both from respective Competent Person (CP) reports dated August 2017 and July 2017, respectively.

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

Below is the summary of the estimated mineral resources and ore reserves covering certain veins/areas of the Maco mine as reported by independent competent person compliant with the Philippine Mineral Reporting Code (PMRC). The ore reserves are derived from and not additional to the declared mineral resources.

#### Estimated Mineral Resources @ Cut-Off Grade of 1.5 gpt

Category	Grade (gpt)	Tonnes	Estimated gold (in ounces)
Inferred	4.9	1,130,000	179,503
Indicated	5.4	910,000	159,159
Measured	6.5	430,000	90,138
Total / Average	5.4	2,470,000	428,800

The above figures were lifted from the technical report duly notarized on August 11, 2017 on the exploration results and mineral resources covering Bonanza/Masarita, Maria Inez, Sandy/Masarita2, Wagas and Bibak veins, prepared and submitted by Mr. Rolando Pena, a registered Geologist with License No. 068 and is an accredited CP on Exploration Results and Mineral Resource Estimation with the PMRC/Geological Society of the Philippines CP Registration No. 07-08-08.

Estimated Ore Reserves @ Cut-Off Grade of 3.0 gpt

Category	Grade (gpt)	Tonnes	Estimated gold (in ounces)
Probable	6.9	1,100,068	242,811
Proven	8.1	268,663	69,735
Total / Average	7.1	1,368,731	312,546

The above figures were lifted from the technical report duly notarized on July 20, 2017 on the economic assessment and ore reserve estimation covering the same veins enumerated above excluding Bibak prepared and submitted by Mr. Raul B. Cesar, a registered Mining Engineer with License No. 1709 and is an accredited CP with PMRC with CP Registration No. EM 01709-20/11.

On June 2, 2020, the Parent Company disclosed the updated mineral resource and reserves of Maco mine compliant with the PMRC as reported by accredited competent persons, which indicated higher tonnages and improved ore grades of 5.92 million tonnes at a grade of 5.0 gpt for resources as of October 1, 2019 and 1.9 million tonnes at a grade of 6.3 gpt for reserves as of March 31, 2020, as shown in the following table:

Estimated Mineral Resources @ Cut-Off Grade of 1.5 gpt

Category	Grade (gpt)	Tonnes	Estimated gold (in ounces)
Inferred	4.8	2,320,000	358,000
Indicated	5.0	3,220,000	517,000
Measured	5.8	380,000	70,000
Total / Average	5.4	5,920,000	945,000

The above figures were lifted from the technical report duly notarized on February 18, 2020 on the exploration results and mineral resources covering veins in MPSA-225-2005-XI, prepared and submitted by Mr. Carlito A. Ausa, a registered Geologist with License No. 779 and is an accredited CP on Exploration Results and Mineral Resource Estimation with the PMRC/Geological Society of the Philippines CP Registration No. 19-01-01.

Estimated Ore Reserves @ Cut-Off Grade of 3.0 gpt

Category	Grade (gpt)	Tonnes	Estimated gold (in ounces)
Probable	6.3	1,629,000	328,000
Proven	6.9	286,000	63,000
Total / Average	6.3	1,915,000	391,000

The above figures were lifted from the technical report duly notarized on May 28, 2020 on the 2019 report for economic assessment and ore reserve estimation of the gold vein deposits of Maco mines within MPSA-225-XI-2005 and MPSA 234-XI-2007 prepared and submitted by Mr. Raul B. Cesar, a registered Mining Engineer with License No. 1709 and is an accredited CP with PMRC with CP Registration No. EM 01709-20/11.

*Community Development Projects Update*

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

Actual and budgeted SDMP in 2019 and 2018, and the breakdown between DHNC, IEC and DMTG are shown below, in millions of PHP:

	Budgeted SDMP	Actual DHNC	Actual IEC	Actual DMTG	Actual SDMP
<b>2019</b>	<b>P61.7</b>	<b>P45.2</b>	<b>P8.5</b>	<b>P5.6</b>	<b>P59.3</b>
2018	50.8	43.7	7.7	5.2	56.6

*Environmental Protection and Enhancement Program (EPEP) Update*

A total of P87.8 million was spent in the implementation of various EPEP activities compared to the approved 2018 EPEP budget of P54.4 million. These activities were carried out to mitigate the negative impact of mining operations to the environment.

Below is the summary of the activity areas with corresponding costs.

Activity areas	2019
Land resources	P44,658,474
Water resources and quality	34,538,580
Air quality	1,390,608
Environmental research	725,000
Noise monitoring	34,037
Conservation values	61,552
Multi-partite monitoring team/mine rehabilitation fund committee activity and other capital outlay	6,407,100
<b>Total</b>	<b>P87,815,351</b>

### Power Supply and Utilization Update

Below is the table showing the summary of the utilization of power for the year 2019 and 2018.

#### 2019

		PROJECTED 2019			ACTUAL 2019		
	COST CENTERS	kW-Hr	Php (4.982 /kW-Hr)	%	kW-Hr	Php 4.749 /kW-Hr)	%
		x 1,000	x 1,000		x 1,000	x 1,000	
	<b>Mine Operation Areas</b>						
	Ventilation	32,194.16	160,384.75	36.50%	32,903.69	156,270.43	39.80%
	Dewatering	8,381.96	41,757.24	9.50%	10,740.23	51,008.86	12.99%
	Jumbo Drills	11,194.72	55,769.84	12.69%	6,945.31	32,985.58	8.40%
	Air Compressors	6,677.17	33,264.30	7.57%	4,515.46	21,445.39	5.46%
	<b>Mill Plant Area</b>	28,902.30	143,985.36	32.77%	26,681.46	126,719.02	32.27%
	<b>Maintenance Areas</b>	347.00	1,728.69	0.39%	320.88	1,523.96	0.39%
	<b>Admin, Offices and Staff House</b>	501.49	2,498.30	0.57%	567.56	2,695.51	0.69%
	<b>Annual kW-Hr</b>	88,198.80	439,388.47	100.00%	82,674.59	392,648.75	100.00%

#### 2018

		PROJECTED 2018			ACTUAL 2018		
	COST CENTERS	kW-Hr	(Php 4.73/kW-Hr)	%	kW-Hr	(Php 4.84/kW-Hr)	%
		x 1,000	x 1,000		x 1,000	x 1,000	
	<b>Mine Operations Areas</b>						
	Ventilation	37,288.88	176,327.92	43.75%	34,182.35	165,490.18	42.65%
	Dewatering	12,142.93	57,420.28	14.25%	10,880.35	52,676.05	13.58%
	Jumbo Drill	1,483.56	7,015.29	1.74%	1,615.24	7,820.02	2.02%
	Air Compressor	4,919.55	23,263.08	5.77%	5,404.44	26,165.01	6.74%
	<b>MILL PLANT AREA</b>	28,394.92	134,271.03	33.32%	27,106.54	131,233.40	33.82%
	<b>MAINTENANCE (Motorpool/L4 AREAS)</b>	454.81	2,150.67	0.53%	434.18	2,102.02	0.54%
	<b>Admin, Offices and Staff House</b>	544.15	2,573.10	0.64%	519.46	2,514.89	0.65%
	<b>ANNUAL kW-Hr</b>	85,228.80	403,021.39	100.00%	80,142.56	388,001.57	100.00%

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

### Safety Development Update

The Safety Department of the Company takes a proactive approach in ensuring that the well being of all stakeholders is prioritized. This means a work place where no one gets hurt or injured and everyone goes home safe during operation of its business. Management plays a major role in the safety management system within the company. Programs are put in place to eliminate or minimize hazards and risks in the area, and all workers are encouraged to be responsible for their own safety and the safety of others.

The Company had 17 non-lost time accidents; 10 lost time accidents which are non-fatal; and 110 incidents of property damage in 2019, compared to 25 , 10 and 88, respectively, in 2018.

### *Related Party Transactions*

Please refer to Note 16 of the Notes to the Consolidated Audited Financial Statements as of December 31, 2019. Part III, Item 13 of this report also discusses related party transactions.

### Major Business Risks

#### *Regulatory Change*

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

#### *Mineral Resources or Mineral Reserves*

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

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

#### *Exploration, Development and Operating Risks*

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

#### *Security Risks*

The operation of the mines of the Company may also be affected by insurgency and peace and order conditions in the geographical area and the surrounding communities where the mines are located.

#### *Price Risks*

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

#### *Foreign Exchange Rates*

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

## Item 2. PROPERTIES

The Company owns mining facilities and administrative support facilities in its Maco mine site. Machinery and equipment are acquired month to month as needed usually through direct cash purchase or under suppliers' credit terms.

The principal office of the Company in Pasig City is being leased with an annual rental fee of P3.1 million.

## Item 3. LEGAL PROCEEDINGS

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

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

There are no matters submitted during the year 2019 covered by this 17-A report for submission to a vote of security holders.

## Part II – OPERATIONAL AND FINANCIAL INFORMATION

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

#### Market Information

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

The high and low stock prices per share for each quarter in 2019 and 2018, and for the interim quarter from January 1 to March 31, 2020 were as follows:

Year	Period	Listed Common Shares	
		High	Low
2020	January 1 - March 31	₱1.18	₱0.55
2019	January 1 - March 31	1.73	1.39
	April 1 - June 30	1.43	1.06
	July 1 - September 30	1.40	1.08
	October 1 - December 31	1.17	0.89
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

### Stockholders

As of March 31, 2020, the Company has 2,759 shareholders with 6,227,887,491 total issued and outstanding common shares.

The top 20 stockholders of the Company as of March 31, 2020 follows:

	Stockholder	Number of shares	% of ownership
1	Prime Metroline Holdings, Inc.	2,511,329,207	40.32
2	PCD Nominee Corp.*	1,219,132,879	19.58
3	Mindanao Gold Ltd.	597,051,165	9.59
4	Monte Oro Resources & Energy, Inc.	555,133,447	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)	135,668,954	2.18
8	Mapula Creek Gold Corporation	115,326,533	1.85
9	A Brown Co., Inc.	64,125,698	1.03
10	Ramon Y. Sy	44,598,312	0.72
11	Walter W. Brown	30,743,202	0.49
12	Silverio Benny J. Tan	17,606,747	0.28
13	Jacinto C. Ng	14,725,217	0.24
14	CRAU Resources, Inc.	2,000,000	0.03
15	Rexlon Industrial, Corp.	1,006,525	0.02
16	Gil A. Marvilla	647,767	0.01
17	Lucio W. Yan and/or Clara Yan	485,525	0.01
18	Jalandoni, Jayme, Adams & Co., Inc.	484,892	0.01
19	Ignacio R. Ortigas	311,665	0.01
20	Ansaldo, Godinez & Co., Inc.	298,448	0.00

\* 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 34.83%.

### Dividends

The Company has not declared any dividend in the past three years ended December 31, 2019, and the interim period ended March 31, 2020.

The Company has not established any restriction that would limit its ability to pay dividends on common shares 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, 2019, and in the interim period ended March 31, 2020 which were not registered under the Securities Regulation Code. There was also no sale of reacquired securities during the same period.

## Item 6. MANAGEMENT DISCUSSION ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS 2019, 2018 AND 2017

### Consolidated Statement of Income

#### *Consolidated Net Income*

The consolidated net income of Apex Mining Co., Inc. (the “Parent Company”) and Subsidiaries (collectively referred to as the “Group”) was ₱305.9 million in 2019, a 28% increase from the ₱239.4 million consolidated net income in 2018, and a 29% decrease from the ₱428.8 million consolidated net income in 2017.

The Parent Company net income in 2019 amounted to ₱350.8 million compared to the ₱331.7 million and ₱502.7 million net income in 2018 and 2017, respectively.

#### *Consolidated Revenues*

The consolidated revenues in 2019, 2018 and 2017 amounted to ₱5.0 billion, ₱4.7 billion and ₱4.1 billion, respectively, or an increase of ₱302.7 million in 2019 compared to 2018, and ₱536.1 million in 2018 compared to 2017. 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 2019, 2018 and 2017 is as follows:

	2019	2018	Change	2017	Change
Volume in ounces	<b>62,468</b>	70,564	-11%	60,185	+17%
Realized price/ounce, in USD	<b>\$1,389</b>	\$1,260	+10%	\$1,265	+0%

Information on the Parent Company volume of silver produced and realized prices in 2019, 2018 and 2017 is as follows:

	2019	2018	Change	2017	Change
Volume in ounces	<b>353,627</b>	328,797	+8%	315,525	+4%
Realized price/ounce, in USD	<b>\$16.14</b>	\$15.49	+4%	\$17.10	-9%

The weighted average USD to PHP foreign exchange rates on the Parent Company revenues in 2019, 2018 and 2017 were ₱51.71, ₱52.97 and ₱50.36, 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, 2019, 2018 and 2017 of the Group are as follows:

	2019 versus 2018 (in thousands of PHP)			2018 versus 2017 (in thousands of PHP)		
Variance	Gold	Silver	Total	₱373,845	₱(10,454)	₱363,391
Volume (sold)	₱(86,167)	₱54,339	₱(31,828)	(14,488)	(25,597)	(40,085)
Price	451,176	10,460	461,636	198,710	14,082	212,792
Exchange rate	(121,219)	(5,905)	(127,124)	₱558,067	₱(21,969)	₱536,098
Consolidated revenue	₱243,790	₱58,894	₱302,684	₱373,845	₱(10,454)	₱363,391



Milling throughput of the Maco mine in 2019 of 711,788 tonnes, equivalent to a daily average of 2,063 tonnes, bested the prior year's record of 609,604 tonnes or 1,789 tonnes per day. Mill recovery was likewise at its highest at 85.5% as compared to the 84.8% record established in 2018. Ore grade, however, was lower averaging at 3.19 grams of gold per tonne and 20.47 grams of silver per tonne, compared to 4.25 grams and 25.56 grams, respectively, a year ago.

While gold sold was 2% lower at 64,763 ounces in 2019 against 66,053 in 2018, silver sold was 22% higher 369,616 grams in 2019 from 303,385 grams in 2018. The mill recovery rate for silver increased to 75.5% this year from 65.6% last year.

Metal prices averaging \$1,389 per ounce for gold and \$16.14 per ounce for silver, the highest in recent years, established a new record for the Company's annual revenue of P5.0 billion in 2019. This was higher by 6% than the previous record revenue reported in 2018 of P4.7 billion from the average prices of \$1,260 and \$15.49 per ounce for gold and silver, respectively.

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

#### *Consolidated Cost of Production*

Consolidated cost of production incurred in 2019, 2018 and 2017, all of which pertains solely to the Parent Company cost of production, amounted to P3.8 billion, P3.6 billion and P3.2 billion, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization expense increased by 14% or P156.6 million in 2019 compared to 2018, and by 17% or P162.1 million in 2018 compared to 2017.

In detail, depreciation surged by 23% or P127.4 million in 2019 versus 2018, and by 13% or P69.6 million in 2018 versus 2017, as a result of higher capital expenditures made in 2019 and 2018. Depletion, on the other hand, rose by 6% or P29.3 million in 2019 compared to 2018, and by 26% or P110.6 million in 2018 compared to 2017, on account of higher tonnage milled and depletion rate in comparative periods. The higher depletion rate in 2019 and 2018 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 P205.9 million in 2019 compared to 2018, and by P189.9 million in 2018 compared to 2017. As materials cost is mainly driven by throughput production, the increase in cost is attributable to the 17% and 5% increase in milling throughput in 2019 and 2018, respectively, versus its respective prior year comparative numbers.
- Personnel cost went down by 14% this year compared to 2018 due to reduction of manpower to 1,898 as of December 31, 2019 from 1,963 in 2018 due to resignation and retirement.

- Taxes, permit and licenses increased by 39% this year compared to 2018, mainly business taxes, due to higher revenue as tax base. Community development, which is significantly composed by SDMP computed based on operating costs, also increased by 82% in 2019 versus 2018.
- Utilities expense declined by 9% or ₱22.1 million in 2019 versus 2018 and by 8% or ₱21.5 million in 2018 compared to 2017. The changes in utilities expenses, which essentially pertains to power costs, can be attributable to the kilowatt-hour consumption in 2019, 2018 and 2017 of 82.7 million, 80.1 million and 77.5 million, respectively, at an average cost per kilowatt-hour of ₱4.75, ₱4.84 and ₱5.01, respectively.
- Insurance expense is higher by ₱18.1 million this year compared to 2018 mainly due to property insurance for new equipment acquisitions during the year.

#### *Consolidated Excise Taxes*

Consolidated excise taxes are excise taxes on the market value of metals produced which amounted to ₱194.1 million, ₱200.2 million and ₱83.9 million in 2019, 2018 and 2017, respectively. The increase in 2018 compared to 2017 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 2019, 2018 and 2017 amounted to ₱210.7 million, ₱187.2 million and ₱219.6 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:

	2019	2018	2017
Parent Company	<b>₱168.0</b>	₱131.0	₱162.3
MORE and Subsidiaries	<b>30.2</b>	18.1	34.0
ISRI	<b>12.5</b>	38.1	23.3
	<b>₱210.7</b>	₱187.2	₱219.6

Taxes and licenses in 2019 were higher by ₱21.1 compared to 2018 despite higher business taxes coming from the growth in the revenue level. Professional fees were also higher this year compared to last year by ₱14.4 due to various professional services contracted by the Parent Company this year.

#### *Consolidated Finance Costs*

Consolidated finance costs in 2019, 2018 and 2017 of the Group amounted to ₱207.3 million ₱234.2 million and ₱201.9 million, respectively. The lower finance cost in 2019 versus 2018 was primarily due to higher capitalization of borrowing costs based on the weighted average cost computed this year. The higher finance cost in 2018 versus 2017, were primarily due to the additional short-term loans availed of by the Parent Company in various dates in 2018.

*Consolidated Other Income (Charges)*

Consolidated net other income (charges) in 2019, 2018 and 2017 amounted to ₱48.1 million, ₱70.0 million, and ₱7.9 million, 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:

	2019	2018	2017
Parent Company	<b>₱(48.0)</b>	₱(56.6)	(₱9.3)
MORE and Subsidiaries	<b>(1.5)</b>	8.8	(12.8)
ISRI	<b>2.7</b>	(0.1)	0.7
Consolidated other income (charges), before adjustments	<b>(46.8)</b>	(47.9)	(21.4)
Net effect of eliminating entries	<b>(1.3)</b>	(22.1)	13.5
Consolidated other income (charges)	<b>(₱48.1)</b>	(₱70.0)	(₱7.9)

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

- Net foreign exchange gains were recorded in 2019 and 2017 for ₱4.6 million and ₱4.1 million, respectively, and net foreign exchange losses in 2018 for ₱18.4 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 tax obligations in 2019 of ₱39.1 million pertaining to taxable year 2013 and in 2017 of ₱86.1 million pertaining to the taxable years 2011 and 2012.
- The Group recognized provision for inventory losses in 2018 of ₱11.3, 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. No additional provision or reversal was recognized in 2019.
- The Group recognized provision for impairment losses on its other receivable in 2018 and 2017 amounting to ₱16.1 million, ₱0.2 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. No additional provision for impairment losses or write-off of receivable was made in 2019.

*Consolidated Provision for Income Tax*

The Group's current income tax were at ₱196.6 million, ₱199.5 million and ₱100.0 million in 2019, 2018 and 2017, respectively. The significant portion of current income tax 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.

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)*

During 2019, the Parent Company revalued its property, plant and equipment based on estimated fair values as indicated in the independent appraiser's report dated May 24, 2019. Accordingly, the Group recognized a net increase of ₱368.2 million which was directly credited to revaluation surplus, net of deferred taxes.

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 losses on retirement plan in 2019 and 2018 amounted to ₱28.3 million and ₱6.2 million, respectively, and re-measurement gain in 2017 amounted to ₱21.1 million 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 ₱170.6 million to ₱2.6 billion as of December 31, 2019 from ₱2.5 billion as of December 31, 2018 essentially due to the following:

- Cash of the Group grew by ₱168.3 million to ₱705.7 million as of December 31, 2019 compared to the prior year cash of ₱537.4 million. Operating and financing activities netted the Group ₱1.2 billion and ₱967.6 million in 2019. Because of these, the Group was able to invest in ₱2.0 billion worth of fixed and long-term assets in the same year.
- Trade and other receivables increased by ₱125.1 million as of December 31, 2019 compared to the balance in the prior year mainly due to the Parent Company's unsold metal account balance in 2019 with its refiner. This was subsequently sold and collected in January 2020.
- 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, which was further extended to May 31, 2021.

*Consolidated Noncurrent Assets*

Total consolidated noncurrent assets grew by ₱1.3 billion to ₱11.4 billion as of December 31, 2019 from ₱10.1 billion as of December 31, 2018 mainly because of the increase in property, plant and equipment of ₱1.5 billion due to acquisitions, constructions and mine development activities during the year.

### *Consolidated Current Liabilities*

Consolidated current liabilities were slightly higher by ₱60.5 million to ₱4.5 billion as of December 31, 2019 from ₱4.4 billion as of December 31, 2018. The breakdown of the change in the consolidated current liabilities is detailed below.

- Trade and other payables decreased by ₱598.9 million due to payments made during the latter part of the year.
- Current portion of loans payable increased by ₱618.3 million due to reclassification of maturing loan amortization from noncurrent loans. During the year, the Group availed a total of ₱2.7 billion borrowings, ₱1.0 billion of which is the initial drawdown from the ₱2.0 billion eight-year term loan of Parent Company. The Group paid a total of ₱1.5 billion during the year for the amortization of long-term loan and maturing trust receipts agreement.
- Income tax payable increased by ₱41.1 million as of December 31, 2019 which mainly comprise of the Group's income tax due for the fourth quarter of 2019 at the RCIT rate.

### *Consolidated Noncurrent Liabilities*

The Group's consolidated noncurrent liabilities went up by ₱754.6 million to ₱3.5 billion as of December 31, 2019 from ₱2.7 billion as of December 31, 2018 which primarily due to initial drawdown of ₱1.0 billion from the ₱2.0 billion eight-year term loan of the Parent Company.

There is a material increase in Group's provision for retirement benefits by ₱53.2 million to ₱287.8 million based on annual actuarial valuation. Deferred income tax liabilities increased by ₱107.2 million to ₱289.6 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 higher by ₱600.6 million to ₱6.0 billion as of December 31, 2019 from ₱5.3 billion as of December 31, 2018 mainly on the net income earned in 2019 of ₱305.9 million and effects of other comprehensive income of ₱354.7 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.

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

*Financial Ratios*

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

Financial Ratio	Formula	December 31	
		2019	2018
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	<b>22.7%</b>	23.5%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	<b>2.3%</b>	1.9%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	<b>5.4%</b>	4.5%
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>0.6 : 1</b>	0.5 : 1
Debt-to-equity ratio	$\frac{\text{Total debt}}{\text{Total equity}}$	<b>1.0 : 1</b>	1.3 : 1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>1.7 : 1</b>	2.3 : 1
Debt service coverage ratio	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	<b>2.5 : 1</b>	1.7 : 1

The gross profit margin in 2019 is slightly lower compared to 2018 despite higher realized metal price due to higher cost of production.

The higher return on assets and return on equity was a result of the higher net earnings of the Group in 2019 than in 2018.

The current ratio in 2019 slightly increased compared to 2018 due to higher cash balance and lower trade payables.

Debt service coverage ratio increased as the Parent Company's EBITDA is higher in 2019 compared to 2018.

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
- 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.

## Item 7. FINANCIAL STATEMENTS

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

## Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

### INFORMATION ON INDEPENDENT ACCOUNTANTS AND OTHER RELATED MATTERS

#### **External Audit Fees and Services**

##### Audit and Audit-Related Fees

In 2019 and 2018, the audit was basically engaged for the purposes of the external auditor expressing an opinion on the financial statements of the Company and its Subsidiaries. In addition, the audit included providing assistance to the Company in the preparation of its income tax return in as far as ensuring the agreement of the reported income and costs and expenses with the recorded amounts in the books. The procedures conducted include those that are necessary under Philippine Financial Reporting Standards. This, however, did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses.

The total Group audit fees for the foregoing services were ₱6.4 million and ₱5.8 million in 2019 and 2018, respectively.

##### Tax Fees

Professional fees paid for tax advisory services were ₱1.0 million and ₱0.3 million in 2019 and 2018, respectively.

##### All Other Fees

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

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

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

**MATERIAL EVENTS AFTER THE REPORTING DATE**

Note 34 of the Audited Consolidated Financial Statements and Notes for the year ended December 31, 2019 is incorporated herein by reference:

In a bid to address the rising cases of infection from the novel corona virus (Covid-19) in the country, as in many other countries in the world, the national government declared on March 16, 2020 a state of calamity in the country for a period of six months and imposed an enhanced community quarantine until April 12, 2020 throughout the island of Luzon which encompasses among others Benguet Province where ISRI's Sangilo mine is located. In a similar measure, on March 16, 2020 and until thereafter lifted, the provincial government of Davao de Oro declared a mandatory community quarantine in the province where the Company's Maco mine is located.

These impositions which limited the movement of people and the conduct of commerce in the areas covered by the quarantine are non-adjusting subsequent events that have no impact on the Group's financial position and operating performance as of and for the year ended December 31, 2019. Furthermore, since the quarantine begun only 15 days prior to the end of the first quarter of 2020, the effect on the Group's financial position and operating performance as of and for the quarter ended March 31, 2020 has been largely insignificant.

The enhanced community quarantine in Davao de Oro which was subsequently extended to April 30, 2020, and later on to May 15, 2020, affected the Maco mine's first two months of operations in the second quarter of 2020. The prohibition on the movement of employees residing outside Maco, and the health protocols that have to be imposed on them to keep the mine Covid-19 free, resulted in reduced workforce which necessitated a slowdown in mine development and the focus on production, albeit at lower tonnage throughput. To compensate, higher grade ore were accessed to achieve the usual gold production levels. The suspension of airport service in Davao City caused some delays and lessened the frequency of the mine's gold bullion shipments which have to be diverted first to the Cebu City International Airport, and when this airport was later on also closed, to the Manila International Airport. There was minimal increase in transportation cost due to the longer routes, and this was more than covered by the surge in gold price to record levels in about a decade, now prevailing at above \$1,700 per ounce, driven largely by the Covid-19 pandemic.

The enhanced community quarantine imposed in Benguet Province, similarly extended to May 15, 2020, and then to May 31, 2020 as general community quarantine, have also reduced the number of men available to the Sangilo mine for its mine rehabilitation and debugging phases of operations. This delays the target date for the commencement of the mine's commercial operations in 2020.

Considering the evolving nature of the Covid-19 pandemic and the unforeseeable character, scope, and extent of corresponding government action that could or may be taken on this



serious public concern, the Group has no basis to determine or predict at this time their possible impact on the Group's financial position and operating performance for the rest of 2020 or even for the periods thereafter.

### Part III – CONTROL AND COMPENSATION INFORMATION

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

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

Name	Position	Age
<i>Directors</i>		
Ramon Y. Sy	Chairman of the Board	89
Walter W. Brown	Chairman Emeritus	81
Luis R. Sarmiento	Director	65
Roel Z. Castro	Director	53
Jose Eduardo A. Alarilla	Director	68
Joselito H. Sibayan	Independent Director	61
Valentino S. Bagatsing	Independent Director	61
<i>Officers</i>		
Ramon Y. Sy	Chairman of the Board	89
Luis R. Sarmiento	President & CEO	65
Gil A. Marvilla	SVP for Project Development	70
Narciso V. Mutia*	VP-Resident Manager for Maco Operations	58
Rodulfo A. Palma	VP-Legal and Mine Compliance & Risks	51
Eric C. Andal	VP for Geology & Exploration	44
Emelita C. Fabro	VP-Corporate Administration	59
Silverio Benny J. Tan	Corporate Secretary	63
Elisa R. Dungca	Asst. Corp Secretary & AVP-Corporate Affairs	64
Renato N. Migrino	Treasurer and Compliance Officer	70

*\*until January 15, 2020*

The directors of the Company have terms of office for one year or until their successors are elected and qualified.

#### Profile

Below is the profile of each of the Company's directors and officers.

#### **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.

**Luis R. Sarmiento**, Director; President & CEO

Luis R. Sarmiento was elected as President & CEO of the Parent Company on June 28, 2019, after having been previously appointed as Senior SEVP & COO on October 1, 2018. He was also elected as President of ISRI and MORE on June 28, 2019. Prior to joining the Parent Company, he was the President of Orica Explosives Philippines, Inc., a global publicly-listed mining services company headquartered in Melbourne, Australia. He has served Orica in various capacity for 34 years and has become 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.

**Walter W. Brown**, Director and Chairman Emeritus

Walter W. Brown has been in the Board of Directors of the Company since October 2013 and was the President & CEO of the Company and the Chairman of ISRI until his retirement on June 28, 2019. Mr. Brown earned his Doctorate degree in Geology, Major is Geochemistry, from Stanford University after finishing his Masters degree in Economic Geology in the University of the Philippines. His experience 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 ABCI, a publicly-listed company; and Chairman of Palm Concepcion Power Corporation, which has a 2x135 MW coal-fired power plant in Concepcion, Iloilo. Mr. Brown was former President of Philex Mining Corporation, a publicly-listed company, and National Grid Corporation of the Philippines.

**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 Asian Institute of Management. His expertise includes project management, brand marketing, financial valuation and management, agribusiness systems, policy analysis, development banking, organizational development, and corporate planning.

**Jose Eduardo J. Alarilla**, Director

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 in Mechanical Engineering from De La Salle University and Masters in Business Management from the Asian Institute of Management.

**Joselito H. Sibayan**, Independent Director

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

**Valentino S. Bagatsing**, Independent Director

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).

**Gil A. Marvilla**, SVP for Project Development

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

**Narciso V. Mutia**, VP-Resident Manager for Maco Operations (until January 15, 2020)

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. He retired on January 15, 2020.

**Rodulfo A. Palma, VP – Legal, Mine Compliance and Risks**

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

**Eric S. Andal, VP for Geology & Exploration**

Dr. Eric S. Andal completed his Undergraduate and Master's degree at the National Institute of Geological Sciences of the University of the Philippines-Diliman and his doctoral degree in Geology, specializing in Geochemistry, at the Graduate School of Natural Science and Technology of Kanazawa University in Ishikawa, Japan. After a short stint as Assistant Professor of Geology at the University of the Philippines-Baguio, in 2006 he joined Philex Mining Corporation as Senior Geologist and was assigned as Project Manager for Lascogon Mining Corporation and later concurrently as Exploration Project Manager of Silangan Mindanao Mining Co. Inc., both subsidiaries of Philex. He also had occasional participation in other Philex projects in the Philippines and abroad. In 2010 he worked with Atok Big-Wedge Company, Inc. as Exploration Geologist engaged in evaluation of local and foreign projects prior to joining Monte Oro Resources and Energy, Inc. (MOREI) as Head of the Exploration Group in Sierra Leone, West Africa. He was later assigned to MOREI's Special Projects team overseeing Paracale Gold Limited, and later Itogon-Suyoc Resources, Inc. where he served as Assistant Vice President for Operations.

**Emelita C. Fabro, VP – Corporate Administration**

Emelita Cruz Fabro began her career in the broadcasting industry and in the academe before moving to Vietnam to work in an NGO. Her involvement in this organization lead to her to a PR role in 2006 for a Canadian Mining company, Olympus Pacific Minerals. In 2009 she returned to the Philippines and took up a role in the Administration, Community Relations and HR in Apex Mining Corporation. She subsequently became the HR and Administration Group Manager for Silangan Mindanao Mining Co., Inc. a project owned by Philex Mining Corporation. She was a graduate of Bachelor of Mass Communication in Pamantasan ng Lungsod ng Maynila where she also took Masteral Units in Communication and in Education.

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

Silverio Benny J. Tan holds a Bachelor of Laws degree, cum laude, from the University of the Philippines College of Law and a Bachelor of Arts Major in Political Science, cum laude, from the University of the Philippines College Iloilo. He placed third in the 1982 Philippine Bar exams. He is a Partner in the law firm Picazo Buyco Tan Fider & Santos, and at one time its Managing Partner. He is the Chairman of the Board of Mapfre Insular Insurance Corporation. He is a Director and Corporate Secretary of PMHI, Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., 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, OSA Industries Philippines Inc., Pilipinas Golf Tournaments, Inc., MORE and ISRI; and Assistant Corporate Secretary of International Container Terminal Services, Inc. (ICTSI), a publicly-listed company, and ICTSI Ltd.

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

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

**Renato N. Migriño**, Treasurer and Compliance Officer

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

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings

To the knowledge and information of the Company, none of its present members of the Board of Directors and officers are presently or during the last five years involved in any material proceeding, involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere. To the knowledge and information of the Company, none of the members of its Board of Directors and officers has been convicted by final judgment of any offense punishable by laws of the Republic of the Philippines or of the laws of any other country.

## Item 10. EXECUTIVE COMPENSATION

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

The aggregate compensation paid or incurred in 2019 and 2018, and estimated to be paid in 2020 to the Officers and members of the Board of Directors of the Company are as follows (in millions):

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

<u>Year</u>	<u>Salary</u>
2020 (Estimated)	P65.0
2019	75.6
2018	80.0

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

<u>Year</u>	<u>Salary</u>
2020 (Estimated)	P85.0
2019	104.3
2018	124.0

The aggregate compensation for the CEO and most highly compensated officers as a group paid in 2019 and 2018 are for Luis Sarmiento (CEO), Walter W. Brown, Ramon Y. Sy, Gil A. Marvilla and Renato N. Migrino. The estimated amount expected to be paid in 2020 are for Luis R. Sarmiento (CEO), Ramon Y. Sy, Gil A. Marvilla and Renato N. Migrino.

### Compensation of Members of the Board of Directors

The members of the Board of Directors of are paid P80,000, net of withholding tax, as per diem for each meeting (whether regular or special) of the board or of the stockholders as passed and approved during the special meeting of the Board of Directors on November 13, 2012. Apart from the foregoing, there are no arrangements regarding their compensation (whether direct or indirect) being as members of the Board of Directors.

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

The contractual relationship between the officers and the Company are as that of an employer-employee. The remuneration the officers received from the Parent 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 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

As of March 31, 2020, the following beneficially owns at least five percent (5%) of the issued and outstanding common shares of the Company:

Name of Record Owner	Name of Beneficial Owner	Citizenship	No. of Shares	%
Prime Metroline Holdings, Inc.	Enrique K. Razon Jr.	Filipino	2,511,329,207	40.32
Mindanao Gold Ltd. MORE	Mindanao Gold Ltd. MORE	Malaysian	597,051,165	9.59
Lakeland Village Holdings, Inc.	Lakeland Village Holdings, Inc.	Filipino	555,133,447	8.91
Devoncourt Estates, Inc.	Devoncourt Estates, Inc.	Filipino	474,613,599	7.62
			423,904,339	6.81

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

## Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The number of voting common shares beneficially owned or controlled, directly and indirectly, by the members of the board of directors and named officers follows:

Name of Beneficial Owner	Citizenship	No. of Shares	%
Ramon Y. Sy	Filipino	44,598,312	0.72
Walter W. Brown	Filipino	30,743,202	0.49
Luis R. Sarmiento	Filipino	1	0.00
Roel C. Castro	Filipino	1	0.00
Jose Eduardo J. Alarilla*	Filipino	898,517,938	14.43
Joselito H. Sibayan	Filipino	299	0.00
Valentino S. Bagatsing	Filipino	1	0.00
Gil A. Marvilla	Filipino	647,767	0.01
Narciso V. Mutia**	Filipino	—	—
Rodolfo A. Palma	Filipino	—	—
Eric S. Andral	Filipino	—	—
Emelita C. Fabro	Filipino	—	—
Silverio Benny J. Tan	Filipino	17,606,747	0.28
Elisa R. Dungca	Filipino	—	—
Renato N. Migrino	Filipino	—	—

\*Indirectly through Lakeland Village Holdings, Inc. and Devoncourt Estates, Inc.

\*\* Until January 15, 2020

### CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacted with companies that are considered related parties. A summary of the more significant transactions with related parties is shown in Note 16 of the audited consolidated financial statements for the year ended December 31, 2019.

Other than the corporate guarantee issued by the Company over the bank loan of ISRI, there have been no guarantees provided for any related party receivables and payables. For the years ended December 31, 2019 and 2018, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examining the financial position of the related parties and the market in which the related parties operate.

## **Part IV – CORPORATE GOVERNANCE**

### **Item 13. 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 2018 Integrated Annual Corporate Governance Report (I-ACGR) to the Philippine SEC on May 30, 2019 and is posted in the Company website. The I-ACGR for 2019 will be filed with the SEC before July 30, 2020.

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

### **Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C**

#### **A. Exhibits**

- i. Statement of Management Responsibility for Financial Statements
- ii. Report of Independent Auditors
- iii. Audited Consolidated Financial Statements and Notes for the year ended December 31, 2019
- iv. Sustainability Report
- v. Supplementary Schedules

#### **B. Reports on SEC Form 17-C in 2019**

Date Filed	Particulars
January 15	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
March 05	Notice of Annual Stockholders' Meeting
April 15	Press Release: Apex Mining Reports 2018 Operating Earnings 14% Higher vs. 2017
May 2	Annual Report
May 15	Press Release: Apex Mining Reports 4% Lower Q1 2019 Operating Income
July 1	Results of Annual Stockholders' Meeting
July 1	Results of Organizational Meeting of the Board of Directors
July 1	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
August 14	Press Release: Apex Mining Reports Lower 2Q and 1H 2019 Results
October 7	Change in Corporate Contact Details and/or Website
November 14	Press Release: Apex Mining Reports Higher 2019 3Q Earnings



## SIGNATURES


Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on June 22, 2020.

By:

  
LUIS R. SARMIENTO  
President & CEO

  
RENATO N. MIGRINO  
Treasurer

  
SILVERIO BENNY J. TAN  
Corporate Secretary

  
BILLY G. TORRES  
AVP – Corporate Finance and Treasury

JUN 22 2020

SUBSCRIBED AND SWORN to before this \_\_\_\_\_, affiant(s) exhibiting to me their respective Passports, to wit:

<u>Names</u>	<u>Passport No</u>	<u>Date and Place of Issue</u>
Luis R. Sarmiento	PO745744A	10/25/2016 DFA Manila
Renato N. Migrino	PO371942B	01/23/2019 DFA NCR South
Silverio Benny J. Tan	P4294418 B	01/04/2020 DFA NCR East
Billy G. Torres	P6369014A	03/10/2018 DFA NCR North


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Series of 2020

MANDALUYONG CITY

  
ATTY. JAMES K. ABUGAN  
NOTARY PUBLIC  
Appt. No. 0442-19  
Until Dec 31, 2020

IBP No. 101013 01/03/2020 Rizal Chapter

Exp. No. 26895 Lifetime

MCLE No. VI-0012573 Until 4/14/2022

TIN No. 110-130-986

PTR No. 052201 01-03-2020

Tel. No. 631-40-90

Mandaluyong City

# Sustainability Report

## Contextual Information

Company Details	
Name of Organization	Apex Mining Co., Inc. (the Company)
Location of Headquarters	3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City
Location of Operations	Maco, Davao de Oro
Report Boundary: Legal entities included in this report*	Head Office Maco Gold Mine
Business Model, including Primary Activities, Brands, Products, and Services	Mining for production of gold bullion and silver bullion
Reporting Period	January 1 to December 31, 2019
Highest Ranking Person responsible for this report	Luis R. Sarmiento, President and CEO

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

## Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. <sup>1</sup>
<p>The Company's sustainability report is based on the framework of the Global Reporting Initiative (GRI) standards. One of the principles used in the GRI standards to define the report content is materiality, which requires an organization to report on its significant economic, environmental, and social impacts, taking into consideration the perspective of its stakeholders.</p> <p>A materiality assessment was conducted during a workshop to determine the topics that are material to the Company. These topics were chosen from the different aspects of the sustainability universe such as the environment, social capital, human capital, leadership and governance, and business model and innovation. These were evaluated by key managers and staff in terms of their impact to the business and its stakeholders. The resulting materiality matrix is shown in the next page.</p>

<sup>1</sup> See [GRI 102-46](#)(2016) for more guidance.



The following table shows the assessed sustainability topics and their corresponding level of criticality, relevant GRI standards, and the United Nations (UN) Sustainable Development Goals (SDGs) wherein they contribute.

Emerging as highly critical are topics in relation to the community, corporate governance, employee safety, and environmental management. This result echoes the Company's mission/vision statement: "To promote the well-being of all stakeholders by embracing safety as a way of life, achieving world class environment standards, and upholding a holistic approach to wellness." This is also consistent with the Company's certifications in the relevant areas: ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and OHSAS 18001 Occupational Health and Safety Management.

Level of Criticality	Material Topic	Relevant GRI Standard	Contributing SDGs
High	Community Relations and Human Rights	GRI 413: Local Communities 2016 GRI 412: Human Rights Assessment 2016	5: Gender Equality 10: Reduced Inequalities 16: Peace and Justice
High	Compensation and Benefits	GRI 202: Market Presence 2016 GRI 401: Employment 2016	8: Decent Work and Economic Growth
High	Business Ethics and Corporate Governance	GRI 102: General Disclosures 2016 GRI 205: Anti-corruption 2016	5: Gender Equality 10: Reduced Inequalities 16: Peace and Justice
High	Regulatory Compliance	GRI 307: Environmental Compliance 2016	16: Peace and Justice

		GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labor 2016 GRI 412: Human Rights Assessment 2016 GRI 419: Socioeconomic Compliance 2016	
High	Disaster Preparedness	GRI 403: Occupational Health and Safety 2018	9: Industry, Innovation and Infrastructure 11: Sustainable Cities and Communities
High	Labor Relations	GRI 401: Employment 2016 GRI 402: Labor Management Relations 2016 GRI 405: Diversity & Equal Opportunities 2016 GRI 406: Non-discrimination 2016	8: Decent Work and Economic Growth 10: Reduced Inequalities
High	Health and Safety	GRI 403: Occupational Health and Safety 2018	3: Good Health and Well-being
High	Environmental Sustainability	GRI 302: Energy 2016 GRI 303: Water 2016 GRI 305: Emissions 2016 GRI 306: Effluents and Waste 2016	13: Climate Action 14: Life Below Water 15: Life on Land
High	Water and Wastewater	GRI 303: Water 2018	6: Clean Water and Sanitation 12: Responsible Consumption and Production 14: Life Below Water
High	Fuel Management	GRI 302: Energy 2016	12: Responsible Consumption and Production
High	Energy Management	GRI 302: Energy 2016	7: Affordable and Clean Energy 12: Responsible Consumption and Production
Medium	Supply Chain Management	GRI 204: Procurement Practices 2016 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016	8: Decent Work and Economic Growth 9: Industry, Innovation and Infrastructure 12: Responsible Consumption and Production

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount (in thousands)	Units
Direct economic value generated (revenue)	4,975,293	PhP
Direct economic value distributed:		
a. Operating costs	2,444,879	PhP
b. Employee wages and benefits	567,360	PhP
c. Payments to suppliers	1,017,440	Php
d. Interest payments to loan providers	235,916	PhP
e. Taxes paid to government	215,125	PhP
f. Investments in community (e.g. donations, CSR)	59,310	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company's operations provide employment opportunities both directly and indirectly to people from the host communities in the mine site and through various contractors and suppliers, respectively.</p> <p>Gold and Silver Bullions, the Company's primary products, are considered precious global commodities used by many. The revenue from these generates taxes given to the government, wages for employees, funds for community development, and payments to suppliers and contractors, among others.</p>	<p>Employees, host communities, suppliers, contractors, and local and national government</p>	<p>The Board of Directors and Management prepare and oversee a strategic business plan that is designed to bring optimal results and deliver value for stockholders and other stakeholders.</p> <p>The Company is fully committed to its mission of promoting the well-being of stockholders and other stakeholders by embracing safety as a way of life, achieving world-class environment standards, and upholding a holistic approach to wellness.</p> <p>The Company does this with care and sincere commitment to realize a sustainable and responsible mining company.</p> <p>Furthermore, the Company aims to achieve its mission &amp; vision through the following goals:</p> <ol style="list-style-type: none"> <li>1. Rapid growth of resources is assured</li> </ol>

		<ul style="list-style-type: none"> <li>2. Outstanding mining image is maintained</li> <li>3. Optimal production is achieved</li> <li>4. Adequate fund is properly resourced</li> <li>5. Outstanding external relationships is sustained</li> <li>6. Indigenous peoples' good relations is maintained</li> <li>7. All risks are identified and managed</li> <li>8. Five-star systems is supported</li> <li>9. World standard environmental practices</li> <li>10. High performance one team is demonstrated</li> </ul>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>The Company's revenue is largely dependent on the world market prices for gold and silver and the factors affecting the behavior of these are beyond the Company's control.</p> <p>Other risks that have the potential to significantly affect the Company are the New Peoples' Army and other lawless groups as well as destructive weather conditions brought about by climate change.</p>	Employees, stockholders, lenders, suppliers, host communities	<p>The Company annually conducts a business and strategic planning session as well as a monthly management review of performance against targets and objectives.</p> <p>Production and operating costs are constantly being monitored to ensure that optimal use of the Company's assets are being done and to ensure that costs, on the aggregate and on a per unit basis, are kept at a minimum.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
A surge in Gold and Silver prices would entail bigger revenue and economic development.	Employees, host communities, suppliers, contractors, and local and national government	The Company continuously strengthens its relationship with stockholders and other stakeholders for its sustainability and profitability.

## Climate-related risks and opportunities<sup>2</sup>

<b>Governance</b> Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	The Board has an Enterprise Risk Management Committee, composed of at least three directors, which assists the Board in ensuring that there is an effective and integrated risk management process in place to arrive at well-informed decisions on all risks, including climate-related, that may affect business activities, plans, and opportunities.
b) Describe management's role in assessing and managing climate-related risks and opportunities	The Board implements a sound risk management framework to effectively identify, analyze, monitor, assess, and manage key business risks, including climate-related risks and opportunities.
<b>Strategy</b> Disclose the actual and potential impacts <sup>3</sup> of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<p>The Company has identified two priority climate-related risks: energy shortage and supply chain disruptions. Extreme typhoons and flooding resulting in landslides also have the capacity to greatly affect the Company's day-to-day operations.</p> <p>The Company's operations generally involve a high degree of risk that are also impacted by climate change. Extreme weather conditions, some of its notable effects, might bring considerable damages to life or property, environmental devastation, and possible legal liability. Failing to prepare for these situations may deliver a great blow not only to the Company's reputation but also to its operations which are also subject to other hazards and risks normally encountered in the exploration, development and production of precious and base metals, including, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities.</p>
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	<p>Power shortage and outage may lead to an increase in generator use and/or shutdown of operations while supply chain disruptions may result in delays in the deliveries of supplies and restocking or unavailability of critical supplies.</p> <p>Strong typhoons, flooding, and landslides on the other hand, may result in damages in the Company's facilities and equipment which, in turn, may lead to a halt in operations.</p>

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

<sup>3</sup> For this disclosure, impact refers to the impact of climate-related issues on the company.

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	The Company has an Enterprise and Risk Management policy covering all risks such as the several mentioned above. It plans to further strengthen its management strategy by including additional measures for specific climate-related scenarios within 2020.
<b>Risk Management</b> Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	<p>To ensure that risks associated in all levels and areas of the organization are identified, the Company assembled a Risk Management Team that will take on strategic, operational, and line management responsibilities to be integrated into the business planning process.</p> <p>The ERM Committee evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The ERM Committee shall revisit risk management strategies to anticipate emerging or changing material exposures, and to stay abreast of significant developments that seriously impact the likelihood of harm or loss.</p>
b) Describe the organization's processes for managing climate-related risks	Through the ERM policy, the Company has established a risk management and control plan for the priority climate-related risks identified.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Climate-related risks are accounted for in the ERM policy as with other key business risks that may affect the Company. It plans to include additional measures for specific climate-related risk scenarios within 2020 in order to be more comprehensive in its strategies.
<b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and	<p>Below are the metrics that the Company uses to assess the magnitude of climate-related impacts on its operations:</p> <ul style="list-style-type: none"> <li>- Hours of generator use</li> <li>- Number of days of operations interruption due to climate-related risks</li> <li>- Rainfall and flooding alerts</li> </ul>



risk management process	<ul style="list-style-type: none"> <li>- Delays in deliveries/number of times that stock outs were experienced</li> <li>- Safe Man Hours</li> </ul>
b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<p>Constant monitoring and reporting of resource utilization and consumption aim to produce optimal resource efficiencies and safe man hours.</p> <p>Constant monitoring of logistics and supply chain performance aims to produce an optimal and efficient model to secure reliable supply and inventory of materials and parts</p>

## Procurement Practices

### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	9	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company's supplies mostly come from foreign sources because they are not locally produced. However, to support and stimulate the progress of local economy, the Company procured its requirements that are available from local vendors amounting to Php 136 million or 9% of its total spend for 2019.	Employees, suppliers, community	<p>Even though most of the Company's material needs are sourced from foreign sources because they are not produced locally, there is still a significant percentage of local suppliers in its list. 27% of the Company's suppliers are local or those that provide locally produced goods and services.</p> <p>The Company also prioritizes purchasing from local suppliers whenever possible as they provide the advantage of lower logistics cost, shorter delivery lead time, and more accessible after-sales services.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Supply chain disruption remains a risk for operations, especially with most of its product and service requirements procured from foreign sources.	Mine site operations, suppliers	The Company mitigates these risks by engaging with more manufacturers or distributors especially those with local affiliates; and dealing with suppliers whose business policies

		and supply principles are aligned with the Company. The Company continuously improves its material forecasting and purchasing plans to consider production and delivery lead-times. It also entered into a Vendor Managed Inventory (VMI) initiative with critical suppliers especially for fuel and equipment spare parts supply agreement to prevent stock outs to mitigate supply unavailability risk.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There are no significant opportunities identified.		

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	No data*	%
Percentage of employees that have received anti-corruption training	98**	%

\*The Company will improve its monitoring of anti-corruption trainings to include directors and management in succeeding reports

\*\*Employee Code of Conduct was discussed during employee onboarding (for mine site employees).

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
As of 2019, the Company continuously disseminated its anti-corruption policies to all employees and business partners. Meanwhile, members of the Board of Directors are veteran businessmen and experienced chief executives with relevant and extensive knowledge and experience against corruption.	Employees, suppliers, regulators	<p>The Company's anti-corruption policies and procedures are discussed upon employee on-boarding.</p> <p>Reminders, new policies, and policy updates are disseminated through pep talks, meetings, email blasts, memos posted on strategic locations around the mine site, and posts published in the intranet and Company website.</p> <p>There is a continuous campaign all year round to remind employees of</p>

		<p>key policies and ensure that awareness remains high.</p> <p>Furthermore, the Company's policies on Related Party Transactions (RPT) and Conflict of Interest (COI) Disclosure Policies are communicated to all vendors through Dun &amp; Bradstreet via email blasts to ensure the timely cascading of policy matters to its vendors.</p>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>The culture of transparency, accountability, integrity, and fair dealings that the Company had been careful to build will be at risk if there is evidence of corruption in the organization.</p>	<p>Employees, suppliers, regulators, shareholders</p>	<p>The Company's reputation is one of its most valuable assets and is founded largely on the upright and ethical behavior and professional decorum of its employees who represent the Company at all times and in all places. The Company's Code of Business Conduct and Ethics serves as a guide on how to conduct oneself in dealing and interacting with colleagues, peers, vendors, contractors, service providers, government agencies, community members, and other stakeholders.</p> <p>It is thus the Company's objective to integrate the underlying ethical principles in the Code in the employees' daily activities, and to promote a culture of accountability, transparency and mutual respect for each other and for other stakeholders as well.</p> <p>The Management, Department Managers, Supervisors, and Human Resource (HR) personnel are responsible for ensuring the implementation and dissemination of the Company's Code of Business Conduct and Ethics.</p>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company is always seeking fresh ways to communicate with people about its anti-corruption policies that they can be fully appreciated and always be top of mind.	Employees, suppliers, regulators	The Company conducted the following key activities in 2019: <ul style="list-style-type: none"> <li>- Vision, Mission, Goals, and “The Malasakit Values” orientation/seminar</li> <li>- Training for contractors and transactors on the Policy on Conflicts of Interest and Disclosure Agreements</li> </ul>

#### Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	%
Number of incidents in which employees were dismissed or disciplined for corruption	0	%
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	%

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
No significant impact because there are no incidents of corruption for 2019.	Employees, suppliers, contractors, investors	The Company promulgates a set of policies that guides employees’ actions and decisions, influencing them to do what is right even when no one is looking: <ul style="list-style-type: none"> <li>- Code of Business Conduct and Ethics</li> <li>- Conflict of Interest Policy</li> <li>- Fair Dealings/ Insider Trading Policy</li> <li>- Material Related Party Transactions</li> </ul> These policies work to prevent corruption in all levels of the organization.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Corruption is highly contagious which can occur in all levels of the organization and would be difficult to eradicate once rooted. It also presents several risks such as financial loss to the Company,	Employees, suppliers, contractors	The Company regularly conducts the Vision- Mission-Goal and The <i>Malasakit</i> Values Orientation and Seminar throughout the year. These topics are included as part of meeting agendas to serve as

substandard deliveries, and penalties for violations of law.		<p>constant reminders and inculcate positive work ethics to all employees.</p> <p>The policies on Conflicts of Interest and Disclosure Agreements for all Contractors and Transactors are included in the agenda as well.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Constant review of all the policies to ensure the applicability and relevance on the current operational trends.	Employees, suppliers, contractors	Management regularly reviews the Company's policies. These are done during Company Management Meeting, IMS Committee and Management Review, and CSHEC meetings where Management discusses and reviews potential opportunities for improvement.

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	125,456*	GJ
Energy consumption (gasoline)	1,102	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	168,816	GJ
Energy consumption (electricity)	89,588	MWh

\*Through the Company's contracted capacity with Power Sector Assets and Liabilities Management (PSALM) whose portfolio is a combination of renewable and non-renewable energy sources, it was able to consume an average of 38.9% from renewable sources.

#### Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company recognizes the importance of proper management of valuable resources. And so, it has always been its practice to be efficient in its use of all resources, particularly energy. As a result of such efforts, the Company has consumed a total of 4,441,737 liters of fuel and 89,588 MWh, 38.9% of which are from renewable sources of electricity.	Employees, suppliers	Apart from using renewable sources of electricity which accounted for 34,850 MWh of its consumption, the Company also implements energy-saving programs such as turning off lights, computers, and air-conditioning units when not in use. Generator sets are used as standby units for when there are unexpected power outages and scheduled repairs only.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Alternative energy sources may potentially entail higher cost, and with less users, may carry the risk of having untested networks or systems.	Employees, suppliers	The Company has fully vetted and tested supplier systems before securing long-term contracts with these service providers to power operations in bulk and for a much lower cost.

		The Company also continuously implements cost reduction initiatives through its Integrated Management System's Energy Conservation Program (EnerCon)
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company identified an opportunity to gradually transition to renewable energy sources for its electricity consumption.	Employees, suppliers	The Company increased its contracted capacity with its electricity provider, PSALM, from 4.0 MW to 7.0 MW to meet the mine site's load requirements. Because PSALM's portfolio includes renewable sources, even with the increase in the Company's contracted capacity, it was able to reduce potential greenhouse gas emissions.

#### Water consumption within the organization

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Water withdrawal	141,851,066	Cubic meters
Water consumption	45,192,050	Cubic meters
Water recycled and reused	453,126	Cubic meters

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company consumed a total of 45,192,050 cubic meters in its operational and domestic water use.	Employees, local community	<p>The Company's water-saving initiatives are enumerated below:</p> <ul style="list-style-type: none"> <li>- Faucet and gate valves were installed on all outlets and controlled by a maintenance plumber during non-peak hours to ensure that the supply of water will be supervised and will be made available only when it is needed</li> <li>- Construction and installation of catch basins and reservoirs</li> <li>- Clean excess water is drained back directly to bodies of water</li> <li>- Regular monitoring of water discharge through installation of flowmeter device and bucket method</li> </ul>

Water naturally flowing out in the underground mines is pumped out to allow underground mining. The volume of water pumped out to prevent flooding of the underground mine is 91,372,354 cubic meters.		The Company had constructed dewatering sumps for excess water coming from underground. The pumped-out water passes through the constructed series of underground silt traps to allow settlement of suspended solids, then in a large settling pond located at the main portal, and finally released to the river.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Its underground operations pose a risk of leakages that can lead to soil and groundwater contamination.	Employees, local community	Contaminated water from underground pass through silt traps and sumps before discharging. Bund walls are also constructed on critical areas at the Mill Plant to contain possible spillages.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company had long been employing the process of water recycling for its day-to-day operations.	Employees, local community	Clear water is discharged from the tailings dam through its toe drain. The discharged water or excess water is then recycled and delivered back to the Mill Plant for usage in operations.

#### Materials used by the organization

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Materials used by weight or volume		
a. Renewable	N/A	kg/liters
b. non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
As the Company does not require the acquisition and use of raw materials in its operations, this disclosure is not deemed material. Thus, there are no significant impacts identified.		
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There are no significant risks identified.		



What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There are no significant opportunities identified.		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	1	#
Habitats protected or restored	Mangrove Forests in Bucana, Maco (3 ha) and Bongabong, Pantukan (7 ha)	ha
IUCN <sup>4</sup> Red List species and national conservation list species with habitats in areas affected by operations	Malayabas ( <i>Tristanniopsis decorticata</i> ) Kalantas ( <i>Toona calantas</i> Merr.) Yakal ( <i>Shorea astylosa</i> ) Apitong ( <i>Dipterocarpus grandiflorus</i> ) Red Lauan ( <i>Shorea negrosensis</i> ) White Lauan ( <i>Shorea contorta</i> ) Mayapis ( <i>Shorea palosapis</i> ) Almaciga ( <i>Agathis philippinensis</i> ) Narra ( <i>Pterocarpus indicus</i> ) Batikuling ( <i>Litsea leytensis</i> ) Alupag ( <i>Euphoria didyma</i> ) Pahutan ( <i>Mangifera monandra</i> ) Antipolo ( <i>Artocarpus blancoi</i> ) Tree Fern ( <i>Cyathea contaminans</i> ) Kalingag ( <i>Cinnamomum mercadoi</i> ) Dawn Bat ( <i>Eonycteris robusta</i> ) Philippine Sailfin Lizard ( <i>Hydrosaurus pustulatus</i> )	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There are no significant impacts identified.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company had identified top three risks, namely wildlife hunting, slash-and-burn farming, and illegal cutting of trees by the neighboring communities, that it	Employees, regulatory bodies (Mines and Geosciences Bureau (MGB), Department of Environment and	The Company, in partnership with the DENR, regularly conducts an identification of priority hotspots in the area to preserve the foraging

<sup>4</sup> International Union for Conservation of Nature

has to prepare for through preventive measures.	Natural Resources (DENR))	<p>and roosting sites of avifaunal species.</p> <p>An intensive information education campaign is also organized to protect and preserve the fauna, especially those that fall under the threatened and endemic species in the conservation status list.</p> <p>The Company enforces a strict prohibition of the aforementioned illegal activities as part of its commitment to biodiversity conservation.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company conducts biodiversity-focused programs as part of its Annual Environmental Protection and Enhancement Plan (AEPEP).	Employees, regulatory bodies (MGB, DENR)	In 2019, the Company held tree planting activities using endemic forest tree species and fast-growing species. It also strictly implements a policy on the protection of wildlife within its tenement.

## Environmental Impact Management

### Air Emissions

#### GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	11,939	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	78,258	Tonnes CO <sub>2</sub> e
Emission of ozone-depleting substances (ODS)	0	Tonnes CO <sub>2</sub> e

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has emitted 90,197 Tonnes CO <sub>2</sub> e of GHG for 2019.	Employees, regulatory bodies (MGB, DENR)	<p>The Company formulated a GHG Reduction Plan and hired a third-party consultant to conduct a GHG, Carbon Footprint, and Carbon Stock study every three years, as recommended by regulatory bodies.</p> <p>For day-to-day operations, the Company has a policy in place that limits the use of ozone-depleting</p>

		substances in all activities and equipment. Pollution control devices have also been installed and regular maintenance of equipment is conducted.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There are no significant risks identified		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company recognizes the opportunity to reduce its GHG emissions through the effective implementation of GHG reduction programs/ projects and policies.	Employees, regulatory bodies (MGB, DENR)	<p>The Company worked out an Action Plan that includes both short- and long-term efforts to prevent the further increase in its GHG emissions:</p> <ul style="list-style-type: none"> <li>- Maintain existing reduction measures using energy and cost-saving technologies</li> <li>- Improve the productivity of logistical facilities and equipment</li> <li>- Low-carbon mine design and processes</li> <li>- Low-carbon transport management system</li> <li>- Energy and GHGs tracking system and audit</li> <li>- Forest rehabilitation, protection, and management</li> <li>- Energy conservation education and promotion</li> <li>- Community energy planning</li> <li>- Energy efficiency financing assistance program</li> </ul>

#### Air Pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>		µg/Nm <sup>3</sup>
Boiler	18	
Furnace	23	
Kiln	29	
Generator Set (1.5 MW)	345	
Generator Set (2 MW)	337	
Generator Set (500 kW)	400	
<b>DENR Regulatory Limit</b>	<b>500</b>	
SO <sub>x</sub>		
Boiler	10	
Furnace	2	
Kiln	31	

<b>DENR Regulatory Limit</b>	<b>700</b>	
Particulate Matter (PM 10)		
Boiler	26	
Furnace	52	
<b>DENR Regulatory Limit</b>	<b>150</b>	
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company ensures that air emissions from its operations are within the regulatory limits set by the DENR.	Employees, local community, regulatory bodies (MGB, DENR)	Below are the Company's strategies in managing its air pollutants: <ul style="list-style-type: none"> <li>- Water spraying on haul roads</li> <li>- Silt scraping</li> <li>- Installation and maintenance of tire wash</li> <li>- Installation and maintenance of windbreakers</li> <li>- Installation and maintenance of dust boxes (dust collector system at prep. lab.)</li> <li>- Motor vehicle maintenance</li> <li>- Observance of speed limits</li> <li>- Air quality monitoring</li> <li>- Noise level monitoring</li> <li>- Tree planting along barangay and mine access roads</li> </ul>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There are no significant risks identified.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company has identified the opportunity to conduct regular monitoring of the Company's emission of air pollutants in order to better assess the effectiveness of its efforts on maintaining good air quality in the mine site and surrounding communities.	Employees, regulatory bodies (MGB, DENR), local community	The Company partnered with a third-party organization that performs source emission testing for stationary sources and in-house ambient air quality monitoring using a PM10 measuring device.

## Solid and Hazardous Wastes

### Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	70,281	kg
Reusable	0	kg
Recyclable	9,881	kg
Composted	54,750	kg
Incinerated	0	kg
Residuals/Landfilled	5,650	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has an effective solid waste management plan in operation, evident in the 78% and 14% of the total amount of solid wastes that were composted and recycled, respectively, while only 8% were disposed of in landfills.	Employees, regulatory bodies (MGB, DENR)	The Company employs different modes of disposal for each category of waste material. Biodegradables are turned into vermicompost or mulch to augment mine rehabilitation activities. Recyclables are sold to third-party buyers. Residual wastes, on the other hand, are transported and temporarily stored at the Maco Residual Containment Area.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There are no significant risks identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company recycles and reuses materials that are still in good condition.	Employees, regulatory bodies (MGB, DENR)	Some of the Company's solid wastes such as rock bolts and worn-out pipes are being recycled and reused for ongoing engineering projects.
The Company recognized the opportunity to contribute to the decrease in the amount of waste being landfilled while generating income at the same time.		The Company sells recyclable wastes to third-party buyers in its contribution to divert waste from sanitary landfills.

### Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated		
Used batteries	265	Pcs
Oil contaminated materials	36	Drums
Pathological waste	165	Kg
Busted lamps	437	Pcs
Used oil	72,000	Liters
Waste with cyanide	173,594	Tons
Total weight of hazardous waste transported*	72,000	liters

*\*For 2019, only used oil was transported to accredited third-party transporters and treaters as other hazardous waste are still stored until they reach the required quota.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company was able to identify the different hazardous waste generated during its operation.	Employees, regulatory bodies (MGB, DENR)	The Company employs the following hazardous waste management strategies: <ul style="list-style-type: none"> <li>- Three-chamber oil-water separator technology</li> <li>- Assay laboratory chemical waste treatment</li> <li>- Waste segregation</li> <li>- MRF</li> <li>- Temporary hazardous waste storage facility/Chemical waste storage pit</li> <li>- DENR-accredited transporter hauling and treatment</li> </ul>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Hazardous waste poses a risk on the health of employees as well as a threat to the surrounding flora and fauna.	Employees, host communities, regulatory bodies (MGB, DENR)	The Company continuously improves its operations through process optimization and new emission-control technologies. It also seeks to use environment-friendly and biodegradable materials to reduce its generation of hazardous waste.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company was able to generate income from its hazardous wastes.	Employees, regulatory bodies (MGB, DENR), community	The Company contracts the services of a government-accredited third-party transporter and treater for the disposal of hazardous waste such as used oil and used lead acid batteries. The third-party service provider buys the used oil and batteries from the Company.

### Effluents

Disclosure	Quantity	Units
Total volume of water discharges	96,659,016	Cubic meters
Percent of wastewater recycled	0.46	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company had a total of 96,659,016 cubic meters of water discharges for the reporting year.	Employees, regulatory bodies (MGB, DENR), community	<p>The Company ensures water resource efficiency by managing and reducing the amount of water discharge through the recycling of wastewater from the tailings pond and utilizing it for milling operations.</p> <p>The Company monitors the volume of water discharge through flowmeter device installed in the tailings pond toe drain and through the bucket method for other discharge outlets.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
In the future, regulatory bodies may implement stricter regulations on the quality of water discharges by mining companies.	Employees, contractors, communities, regulatory bodies (MGB, DENR)	The Company continuously monitors its water discharge parameters and improves existing practices by employing new technologies and better controls to ensure it can accommodate stricter water quality regulations.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Committed to employing continuous improvement in managing its resources and wastes, the Company has adopted modern facilities and technology in better managing its effluents.	Employees, contractors, regulatory bodies (MGB, DENR), community	<p>The Company has a Water Treatment Facility equipped with a settling pond and an oil-water separator installed in significant discharge points such as mechanical repair bays and used oil storage facilities.</p> <p>It also has a tailings dam, which is a containment facility for wastewater discharges from milling operations.</p>

## Environmental Compliance

### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There are no significant impacts identified.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There are no significant risks identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Strict compliance to the government's environmental regulations ensures that the Company is able to maintain its good reputation and promote responsible mining. Non-issuance of notice of violations by regulatory bodies would ensure that the Company's operations will proceed smoothly.	Employees, LGUs and regulatory bodies (MGB, DENR), local community	The Company presents its environmental initiatives and programs through its AEPEP and follows the guidelines set forth by regulatory bodies to comply with all environmental laws, rules, and regulations.



## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee Data

Disclosure	Quantity	Units
Total number of employees <sup>5</sup>	1,898	#
a. Number of female employees	142	#
b. Number of male employees	1,756	#
Attrition rate <sup>6</sup>	7.2	%
Ratio of lowest paid employee against minimum wage	1:1	Ratio
Total number of workers through contractors	1,231	#
a. Number of female workers	141	#
b. Number of male workers	1,090	#

##### Employee Benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	95	98
PhilHealth	Y	95	99
Pag-ibig	Y	95	98
Parental leaves	Y	10	7
Vacation leaves	Y	100	100
Sick leaves	Y	47	65
Medical Benefits (aside from PhilHealth)	Y	45	59
Housing assistance (aside from Pag-ibig)	Y	17	5
Retirement fund (aside from SSS)	Y	1	3
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working Hours (9am to 5pm for Head Office Only)	Y	1.3	0.6
(Others)			

<sup>5</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

<sup>6</sup> Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>The Company provides productive employment to 1,898 employees. Its people are offered competitive salary and benefits packages.</p>	<p>Apart from numerous training and learning opportunities and a comfortable work environment, the Company attracts new applicants through its competitive salary and benefits packages. It also supplements the government-mandated benefits by providing the following:</p> <ul style="list-style-type: none"> <li>- Medical, dental and hospitalization</li> <li>- Meal allowance for supervisor employees and Rice Allowance for Rank &amp; File employees</li> <li>- Free Uniform for surface and underground employees</li> <li>- Mobile Phone allowance ranging from 500 to 2,000 per month</li> <li>- Medicine &amp; Laboratory reimbursement annually of up to 8,000 per month</li> <li>- St. Peter Life Plan in case of Employee Death</li> <li>- Mortuary Fund Benefit</li> </ul>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<p>High employee turnover is considered as one of the Company's priority risks because attrition costs the company both time and money. Attrition rate for 2019, however, was low at only 7.2%.</p>	<p>The Company's employee retention program includes the provision of competitive salary and benefits packages, incentives, employee engagement programs, rewards and recognition program, and a promotions policy. It conducts the following key employee engagement programs:</p> <ul style="list-style-type: none"> <li>- <u>Kapihan sa Minahan</u>: a meet-and-greet meeting with miners where concerns and issues in and outside their employment are discussed and addressed</li> <li>- <u>Supervisory Development Program</u>: a ladderized program to develop and update the supervisors' essential skills to prepare them for bigger responsibilities or promotions.</li> </ul>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<p>The Company provides employment opportunities to its host and neighboring communities.</p>	<p>The Company provides scholarship programs and skills training to locals in its host and neighboring communities. Upon completion of the program or training, they are hired either directly by the Company or indirectly through contractors when their particular skill set is required by the Company.</p> <p>In fact, 43 out of 45 Center for Industrial Technology and Enterprise (CITE) scholars had</p>

	been absorbed by the Company in the previous years. Scholars, particularly those who have mining-related degrees such as Mining Engineering, Metallurgical Engineering, and Geology, were prioritized in the hiring process.
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### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees*	67,950	Hours
a. Female employees	2,488	Hours
b. Male employees	65,462	Hours
Average training hours provided to employees		
a. Female employees	28	hours/employee
b. Male employees	15	hours/employee

\*Training hours listed do not include external trainings.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company was able to provide a total of 67,950 hours of training to its employees which was a key contributor to the increase in productivity and efficiency.	<p>The Company offers training opportunities to its employees depending on their duties and responsibilities. Examples of training are technical operations of equipment and development of soft skills.</p> <p>There are also other training and seminars sponsored by the Company such as Continuing Education for employees whose licenses are used in their professions at the mine site.</p> <p>For instance, Mining Engineers attend the PMSEA, Geologists attend the GeoCon at the University of the Philippines National Institute of Geological Sciences (UP NIGS), Metallurgists attend conferences by the Society of Metallurgical Engineers of the Philippines (SMEP), and Accountants attend Philippine Institute of Certified Public Accountant (PICPA) trainings. Other professionals of the Company such as Electrical Engineers, Mechanical Engineers, and Foresters also attend annual seminars sponsored by their respective national organizations.</p>
What are the Risk/s Identified?	Management Approach
The mining industry and its technologies continue to move forward and develop. The Company's experts have to always be abreast of all new technologies and developments in order to maximize the benefits.	Aside from the trainings provided, the Company conducts skills effectiveness assessments on trainees to ensure knowledge and skill transfers are adequate.

What are the Opportunity/ies Identified?	Management Approach
The Company encourages its employees' growth and development through performance evaluation and recognition of exemplary work.	<p>Management conducts regular performance reviews of its employees every November. A performance questionnaire containing the key result areas, performance on the quantity and quality of work, relationship towards co-employees, adherence towards the company vision, mission and goals and towards the set IMS standards are among the criteria for the review. Self-assessment and feedback sessions are considered the best features of the assessment.</p> <p>360 Degrees Performance Reviews are used before any promotion is done for supervisory and above rank of employees.</p> <p>Safest Worker and Honesty are among the special recognitions that the Company awards to its employees. These are done usually during flag ceremonies, in front of the large number of employees to encourage others to emulate the good behavior.</p> <p>Exemplary employees are also sent to attend national trainings and even to visit supplier factories abroad to gain more knowledge in their field of expertise.</p>

#### Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company is a non-unionized organization. Nevertheless, the Company ensures channels and communication lines are open and it is able to actively build a good relationship with its workers.	The Company strengthens its relationship with its workers through the Labor Management Cooperation Council called AMCINERO. Employee representatives are elected for each department to represent their fellow employees in social dialogues and help the Company in policymaking.

What are the Risk/s Identified?	Management Approach
Labor relations that are not properly managed could lead to attrition which is costly for the Company.	<p>The Company has an Industrial Relations Office and an Industrial Relations Officer who handles disputes and grievances from workers. This ensures that workers have an avenue to raise their concerns.</p> <p>The Company also has its designated Counselor who handles counselling in relation to work and family problems that might affect their work.</p> <p>New policies are communicated to employees through several avenues, such as via email, posting at Bulletin Boards, and pep talks. New policies are only implemented two (2) weeks after it has been cascaded to employees as this gives more time for feedback.</p>
What are the Opportunity/ies Identified?	Management Approach
The Company has identified that its employees may offer valuable insight in the improvement of its operations.	Through the AMCINERO, the Company is able to encourage the involvement of its employees in decision-making and policymaking.

### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of females in the workforce	7	%
% of males in the workforce	93	%
Number of employees from indigenous communities and/or vulnerable sector*	13	%

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has a high percentage of male employees as compared to females. This is because the mining industry is typically male-dominated and not due to a preference for a specific gender.	In accordance with the Labor Code of the Philippines and Republic Act 10911 (Anti-Age Discrimination in Employment Act), the Company has a non-discrimination policy implemented in the recruitment and promotion process.
What are the Risk/s Identified?	Management Approach
There is no significant risk identified.	The Company recognizes the diversity of its employees in terms of age, gender, ancestry, culture, religion, education, physical and mental abilities. It is committed to provide equal treatment and maintain a workplace free from any form of discrimination.

What are the Opportunity/ies Identified?	Management Approach
Equality and non-discrimination policy must be applied to all aspects of the business.	The Company's policy applies to its recruitment, training, promotion, working conditions, compensation, benefits, and all other aspects of employment and employee relations.

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

Disclosure	Quantity	Units
Total Man-Hours	8,015,360	Man-hours
No. of work-related injuries/illnesses	27	#
No. of work-related fatalities	0	#
No. of safety drills	13	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has a Comprehensive Safety Program and through this, it was able to achieve zero fatalities for 2019.	<p>The Comprehensive Safety Program is comprised of the following:</p> <p>A. <u>Leadership and Administration</u> The Management is responsible for the provision of a safe and healthy workplace, and the proper implementation of the Company's safety policies.</p> <p>B. <u>Organizational Rules and Policy</u></p> <ol style="list-style-type: none"> <li>Quality, Environment, Safety and Health Policy</li> <li>Employee Safety Orientation</li> <li>HIV/AIDS Workplace Policy and Program</li> <li>Drugs and Alcohol Policy</li> <li>TB Treatment and Prevention Control Policy</li> </ol> <p>These policies provide the Company's safety core values and guidelines for the safe conduct of its operations.</p> <p>C. <u>Safety Meetings</u> Safety meetings are conducted monthly to identify safety points that can be incorporated into daily work routines</p> <p>D. <u>Management and Employee Training</u> The Management and employees receive safety-related training through the following means: new worker orientation, refresher course, skill safety training, or in-house/external training sessions</p>

	<p>E. <u>Proper Housekeeping</u> The Company follows 5S, a workplace organization method. Maintaining a clean work area will prevent accidents.</p> <p>F. <u>Health Control and Services</u> The Company is equipped to provide first aid and minor medical treatment to its employees and host and neighboring communities. It employs physicians, nurses, dentists, dieticians, pharmacists, and midwives. It also has an ambulance to transport patients with serious injuries to nearby hospitals in Tagum and Davao.</p> <p>G. <u>Provision of Personal Protective Equipment (PPE)</u> Employees are issued PPE when necessary, depending on the hazards encountered on their posts. Facilities that have known hazards have proper signages on display to show the need for PPE.</p> <p>H. <u>Monitoring</u> The safety department has assigned safety officers to inspect and monitor working areas. They may stop any activities on-the-spot if unsafe acts or conditions are observed and may only issue resumption upon application of appropriate controls.</p> <p>I. <u>Emergency Response and Preparedness Program (ERPP)</u> ERPP consists of safety protocols, procedures, guidelines, and programs that are essential during an emergency. A manual that is constantly reviewed and updated, it is annually submitted to the Mines and Geosciences Bureau for approval. Once approved, it becomes the framework of the Safety Department and employees in the application of a safe workplace.</p> <p>J. <u>Safety Promotions</u> These are activities related to information and education campaigns such as earthquake awareness seminars, behavioral-based safety, and geohazard seminars, to name a few. Such safety promotions are geared towards the employees and communities and are conducted in surrounding schools,</p>
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	<p>barangay and tribal halls, and during employee orientations.</p> <p>K. <u>Safety Incentives</u></p> <p>Under the leadership of the Central Safety, Health and Environment Council Chairman, the Company gives monetary incentives to employees that apply the best safety practices in the workplace. They are nominated by the department with validated safety records and are awarded quarterly.</p>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<p>The risks associated with its operations can be classified into four types:</p> <ol style="list-style-type: none"> <li>1. <u>Chemical</u> <ul style="list-style-type: none"> <li>- This includes excessive airborne concentrations of acids/mist, solvents/vapours/gases, dust/particulates, heavy metals or fumes.</li> </ul> </li> <li>2. <u>Physical</u> <ul style="list-style-type: none"> <li>- This includes noise, inadequate illumination, extreme temperatures, radiation, extreme pressure, vibration, poor ventilation.</li> </ul> </li> <li>3. <u>Biological</u> <ul style="list-style-type: none"> <li>- This includes bacteria, virus, fungi, molds, and microorganisms.</li> </ul> </li> <li>4. <u>Ergonomic</u> <ul style="list-style-type: none"> <li>- This includes improperly designed tools or work areas, improper lifting or reaching, poor visual conditions, and repeated motion in an awkward position.</li> </ul> </li> </ol>	<p>The Company applies the Hazard Identification, Risk Assessment and Control (HIRAC) and Job Hazard Analysis (JHA) in its operations to properly identify occupational hazards and risks. It also conducts regular inspections in its facilities to check if risk controls are still in place, and if there are any changes that would need to be made for the risk controls.</p> <p>Its hazard control measures are:</p> <ol style="list-style-type: none"> <li>1. <u>Elimination</u> <ul style="list-style-type: none"> <li>- The hazard is eliminated through design.</li> </ul> </li> <li>2. <u>Substitution</u> <ul style="list-style-type: none"> <li>- The hazard is prevented or minimized by using a different equipment or tool.</li> </ul> </li> <li>3. <u>Engineering controls</u> <ul style="list-style-type: none"> <li>- The hazard is prevented or minimized through isolation and guarding.</li> </ul> </li> <li>4. <u>Administrative controls</u> <ul style="list-style-type: none"> <li>- The hazard is prevented or minimized through training and work scheduling. This prevents mistakes caused by lack of knowledge or adequate rest.</li> </ul> </li> <li>5. <u>PPE</u> <ul style="list-style-type: none"> <li>- The hazard is prevented or minimized through the use of PPEs. This is considered as a last resort by the Company.</li> </ul> </li> </ol> <p>For cases of human negligence or non-compliance, the Company issues a disciplinary action in accordance with established Code of Conduct (COC) of the Company.</p>



What are the Opportunity/ies Identified?	Management Approach
The Company has identified the opportunity to improve its Comprehensive Safety Program through the provision of continuous training.	For 2019, the Company was able to provide 78 training sessions on health, safety, and disaster preparedness. These include trainings on first aid, blasting, refresher course for operators, JHA, mechanized lifting, scaffolding, fire safety, working at height, electrical safety, behavior-based safety (BBS), and supervisor development program. It also provided training for disaster preparedness such as incident command system (ICS), mine rescue, rope rescue, water search and rescue.

### Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	For forced labor, the Company follows the Republic Act 9208 (Anti-Trafficking in Persons Act) and the prohibition on involuntary servitude under the Philippine Constitution (Sec. 18.(2), Article III of the Constitution).
Child labor	Y	Anti-Child Labor Policy in conjunction with Republic Act 7658 (An Act Prohibiting the Employment of Children below 15 Years of Age in Public and Private Undertakings) and Republic Act 9231 (Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act)
Human Rights	Y	Human rights are protected under the Philippine Constitution (Article III "Bill of Rights" of the Constitution) to which the Company strictly complies with and complements with the implementation of the Anti-Sexual Harassment in the Workplace Policy including the amendment to Republic Act 7677 (Safe Streets and Public Spaces Act) and Republic Act 11313 (Bawal Bastos Law).
Security of Tenure	Y	The Company follows the guidelines on the Labor Code of the Philippines Book 6 Article 279

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>The Company and its employees are guided by the Code of Business Conduct and Ethics, which is aligned with labor laws and human rights policies. The Company was also recognized by the Department of Labor and Employment (DOLE) Region XI as a Lifetime awardee of "Child Labor-Free Establishment"</p>	<p>The Company communicates its policies through its Code of Business Conduct and Ethics. The Code is implemented in conjunction with other Company policies and Philippine Labor Laws.</p> <p>The Company recognizes the diversity of its employees in terms of age, gender, ancestry, culture, religion, education, physical and mental abilities. It is committed to provide equal treatment to its employees and maintain a workplace free from any form of discrimination.</p> <p>This policy also applies to the Company's manpower recruitment, training, promotion, working conditions, compensation, benefits, and all other aspects of employment and employee relations.</p>
<p>The Company had four active labor cases in 2019 with two employees dismissed and the other two still active as of June 2020. The dismissed cases involve illegal dismissal due to lack of merit, while the latter two involve illegal dismissal and salary incentives.</p>	<p>Through AMCINERO, the Company strives to foster harmonious relationship among employees and the management by providing a venue for employer-employee dialogue and establishing communication strategies to attain optimum productivity.</p> <p>Each committee of AMCINERO is represented by both employees and the management who jointly plans the activities for company-wide implementation. The committees include Labor Laws Compliance/Benefits and Decorum and Investigation, ensuring that employees are provided the proper avenue to discuss these topics/issues.</p> <p>In cases of violations, the Company continues to execute administrative proceedings affording due process to erring employees. It also respects the right of dismissed employees to file a labor case, if they deem it necessary.</p>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<p>When people are not aware or refuse to utilize the grievance mechanism and channels provided, then the Company will not be able to hear and address their concerns and make steps to resolve them. This would potentially result in high attrition and low employee morale.</p>	<p>The Company has established an Employee Welfare Office under the Human Resources (HR) Department wherein any employee can directly raise their concerns and arrange for dialogues and consultations to address their apprehensions. Counseling sessions are also done to ensure emotional and psychological stability of the concerned employee.</p>

	For grievances, the Company has a Grievance policy and a Grievance Committee where all grievances are heard. The committee has representatives from Human Resources, Legal, concerned Department Managers and supervisors, employees, and complainants to ensure the conduct of a transparent and respectful process.
There is always the risk of people intentionally ignoring the policies and violating the rules. Those cases have to be handled professionally.	<p>The Company follows due process for cases of policy violations. Violators are sanctioned based on the Employee's Code of Discipline after serving the twin notices: notice to explain and schedule of hearing and notice of decision.</p> <p>Meanwhile, whistleblowers are also protected by the Company through its Whistleblower Protection policy. This assures employees that there will be no adverse repercussions for raising valid cases with the Company.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
There are no significant opportunities identified.	

## Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	Supplier Information pertaining to Environment, Conflict of Interest and Labor are part of the Apex List of Requirements for Vendor Accreditation
Forced labor	N	
Child labor	N	
Human Rights	N	
Bribery and corruption	Y	Conflict of Interest (COI) Disclosure and Related Party Transaction (RPT)

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>The Company's suppliers performed within standards and were able to provide goods and services sufficiently last 2019. They did not have non-compliances to environmental and labor laws and successfully adhered to all health, safety, environment, and security policies and protocols in the mine site.</p>	<p>The Company has a supplier accreditation policy and other related policies and guidelines such as:</p> <ul style="list-style-type: none"> <li>- Control over outsourced materials and supplies and services</li> <li>- Supplier/Vendor/Contractor Performance Evaluation</li> </ul> <p>The main criteria for evaluation are the suppliers' legitimacy, financial standing, and reputation. This ensures that the Company is able to conduct a transparent process and would choose suppliers based on their capacity and product/service quality and compliance to regulatory requirements.</p>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<p>Competition of vendors may present a potential risk of vendors deciding to cut corners, providing lower quality products in order to fulfill their profit margins.</p>	<p>The Company manages these risks through strict implementation of supplier accreditation and supplier performance evaluation and by conducting technical and commercial evaluation of product proposals from vendors prior to the actual procurement. The Company also employs testing of products prior to placing an order to ensure product quality compliance versus set quality standards.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<p>The Company has an opportunity to improve its operations through expanding its supplier network.</p> <p>It also plans to revisit the requirements for Vendor Accreditation to include Environmental Performance, Forced Labor, Child Labor and Human Rights.</p>	<p>The Company is exploring environmental-friendly and energy-saving products and equipment in coordination with end-users and the Procurement organization. This is part of Supplier Sourcing and Development for future supplier engagements to support the operations' material and supply requirements.</p> <p>Requirements for Vendor Pre-qualification shall be enhanced to cover environment, labor and human rights.</p>

## Relationship with Community

### Significant Impacts on Local Communities

<b>Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)</b>	<b>Location</b>	<b>Vulnerable groups (if applicable)*</b>	<b>Does the particular operation have impacts on indigenous people (Y/N?)</b>	<b>Collective or individual rights that have been identified that or particular concern for the community</b>	<b>Mitigating measures (if negative) or enhancement measures (if positive)</b>
Mining operations	Masara, Maco, Davao de Oro	PWDs, financially disadvantaged	Yes	Right to work	The Company's operations provide employment opportunities to far-flung areas, including its surrounding communities, with limited employment options.
Underground Mining Operation	Masara, Maco, Davao de Oro	Children and youth, elderly, PWDs, financially disadvantaged	Yes	Right to a healthy environment	Wastewater discharge is monitored in various strategic locations inside the tenement to ensure that it is within the Department of the Environment and Natural Resources (DENR) Standards.

Milling Operations	Masara, Maco, Davao de Oro	Children and youth, elderly, PWDs, financially disadvantaged	Yes	Right to a healthy environment	The company engaged the expertise of Sta. Clara International and Engineering Development Corporation of the Philippines (EDCOP) in the design, engineering, and construction of a multi-million Tailings Containment Dam in the mine site. The Tailings Dam is closely monitored by the Company, Sta. Clara and EDCOP to ensure that its construction and operation is in accordance to the national and global standards.
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*\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: \_\_\_\_\_

Certificates	Quantity	Units
FPIC process is still undergoing	0*	#
CP secured	1	#

*\*FPIC process was completed for MPSA 225 and MPSA 234 before the Company started its operations and resulted to a Certificate of Precondition*

<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Not having FPIC from the community, LGU, IPs, and other stakeholders would mean a violation of RA 7942 and will compromise the Company's operations and reputation.	The Management went through the FPIC process with all stakeholders before it started its operations in 2006. The Management received proper consent to operate with the signing of the Mineral Production Sharing Agreement (MPSA) with the stakeholders.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Strict compliance to all statutory and regulatory requirements will result in higher confidence of stakeholders especially the IPs, communities, and the LGU. Stronger relationships with the stakeholders will result in smoother operations and faster community development and will ultimately attract more investors.	The Company ensures strict compliance to all regulatory and statutory laws by embedding it in the Company's Mission, Vision and Work Culture and inculcating it to every individual in all levels of the organization.

## Customer Management

### Customer Satisfaction

<b>Disclosure</b>	<b>Score</b>	<b>Did a third party conduct the customer satisfaction study? (Y/N)</b>
Customer Satisfaction	N/A	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company deals with only one buyer (Heraeus) of the bullions that it produces.	
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
N/A	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
N/A	

### Health and Safety

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The bullions are shipped to only one buyer.	
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
N/A	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
N/A	

### Marketing and Labelling

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company deals with only one buyer of the bullions that it produces.	
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
N/A	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
N/A	

### Customer privacy

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company deals with only one buyer of the bullions that it produces.	
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
N/A	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
N/A	



## Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	Management Approach
As a mining company, Data Security is not a risk for the Company.	
What are the Opportunity/ies Identified?	Management Approach
N/A	

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product of Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Gold and Silver Bullions	#8 Decent Work and Economic Growth #9 Industry, Innovation, and Infrastructure	The gold bullion and silver bullion that the company produces do not have a negative impact as they are primarily used for jewelries, electronic gadgets, economic reserves stored in secured vaults and most importantly Gold and Silver can be recycled infinitely.	

*\*None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*