

COVER SHEET

SEC Registration Number

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COMPANY NAME

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

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

rnmigrino@apexmining.com

Company's Telephone Number

706-2805

Mobile Number

N/A

No. of Stockholders

2,761

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

706-2805

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

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

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box:
☐ Preliminary Information Statement ☒ Definitive Information Statement
2. Commission Identification Number: **40621**
3. BIR Tax Identification No.: **000-284-138**
4. Exact Name of Registrant as specified in its charter: **APEX MINING CO., INC.**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of registrant's principal office: **3304B West Tower PSE Centre, Exchange
Postal Code: 1605 Road, Ortigas Center, Pasig City,**
8. Telephone number, including area code: **Tel. # (02) 8706-2805 Fax # 8706-2804**
9. Date, time and place of meeting of stockholders:
Date : **July 30, 2020**
Time : **3:00 PM**
Place : Virtual Platform via the Company website www.apexmines.com/2020ASM.
10. Approximate date on which the Information Statement is first to be sent or given to stockholders: **July 8, 2020**
11. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the Revised Securities Act (RSA)

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

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

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

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



APEX MINING CO., INC.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

July 7, 2020

TO OUR STOCKHOLDERS:

The Annual Stockholders' Meeting of **APEX MINING CO., INC.** (the "Company") will be held on **July 30, 2020, Thursday** at 3:00 PM. Due to restrictions on travel and public gatherings imposed by the Government because of the COVID-19 pandemic, the Meeting will be conducted in a virtual platform via the Company website www.apexmines.com/2020ASM.

The order of business at the Meeting will be as follows:

1. Call to order;
2. Certification of notice and quorum;
3. Approval of the Minutes of the Stockholders' Meeting held on June 28, 2019;
4. Report of the President and Chief Executive Officer;
5. Approval of Audited Financial Statements for 2019;
6. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual stockholders' meeting;
7. Election of Directors;
8. Appointment of External Auditors;
9. Other matters;

The Board has fixed July 1, 2020 as the record date for the determination of stockholders entitled to the Notice and to vote at the meeting.

Registration to participate in the virtual Meeting will start on July 8 until July 27, 2020 via the Company website www.apexmines.com/2020ASM. Stockholders (or their proxies) whose registration are validated will receive an email containing their usernames and passwords, along with instructions on how to participate in the virtual Meeting. All corporate stockholders must submit a proxy for their representative to the meeting. Uncertificated stockholders (those who hold shares through PCD Nominee accounts), should submit a certification from their brokers attesting to the number of shares they are holding together with a scanned copy of valid ID by email to 2020APEX@apexmining.com.

If you are unable to join the virtual meeting but wish to vote on items in the agenda, you may appoint the Chairman as your proxy with specific voting instructions which will be duly counted. Please send your proxy together with a scanned copy of your valid ID on or before 5:00 PM on July 27, 2020 to the Office of the Corporate Secretary by email to 2020APEX@apexmining.com.

By registering to participate in the virtual meeting a stockholder or a proxy or representative of the stockholder agrees for the Company and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual stockholders meeting.

Stockholders (or their proxies) whose registration are validated can: (a) view the webcast of the meeting, (b) vote on the agenda items using the online ballot that will be sent to them; and (c) send their questions, comments or motions on the agenda items during the Meeting by email to 2020APEX@apexmining.com. Stockholders who will participate in the Meeting are encouraged to send their questions, comments and motions before the meeting. Relevant questions on the agenda items will be read by the Moderator and will be answered by concerned officers during the meeting.



APEX MINING CO., INC.

The virtual meeting requirement and procedure for participation by remote communication and voting in absentia can be found online at www.apexmines.com/2020ASM.

The Definitive Information Statement, and the Annual Report for the year 2019 under SEC Form 17A (and the accompanying Audited Financial Statements, Sustainability Report, and the First Quarter 2020 Report under SEC Form 17Q), as well as the Minutes of the June 28, 2019 Annual Stockholders' Meeting, are available for download and/or viewing on the Company website www.apexmines.com/2020ASM and on the Company Disclosures section at the PSE Edge portal edge.pse.com.ph.

For the Board of Directors.


SILVERIO BENNY J. TAN
Corporate Secretary

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

Date: July 30, 2020
Time: 3:00 PM
Place: Virtual Platform via the Company website
www.apexmines.com/2020ASM.
Office: 3304B West Tower PSE Centre, Exchange Road, Ortigas Center, Pasig

This information statement shall be publicly disclosed on or before July 8, 2020 via the Company website and PSE Edge System.

Item 2. Dissenters' Right of Appraisal

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

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action specified in Section 80 of the Code, by making a written demand on the Company within 30 days after the date on which the vote was taken, for payment of the fair value of his shares. The failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay to such stockholder, upon surrender of his certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within 60 days the voting the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by the Company and the third by the two thus chosen. The findings of the majority of appraisers shall be final and their award shall be paid by the Company within 30 days after such award is made. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings to cover such payment. Upon payment by the Company of the agreed or awarded price, the stockholder shall transfer his shares to the Company.

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Stockholders Thereof

As of May 30, 2020, there are 6,227,887,491 outstanding and voting common shares of stock of the Company. Each share of stock is entitled to one vote.

All stockholders of record as of July 1, 2020 are entitled to notice and to vote at the Annual Stockholders' Meeting.

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

Security Ownership of Certain Record and Beneficial Owners

The beneficial owners of more than 5% of voting common shares of the Company as of May 30, 2020 are as follows:

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner; Relation to Issuer	Citizenship	No. of Shares	%
Common	Prime Metroline Holdings, Inc. (PMHI) <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	Enrique K. Razon Jr.; Majority stockholder	Filipino	2,511,329,207	40.32
Common	PCD Nominee Corporation <i>G/F Makati Stock Exchange Building, 6767 Ayala Avenue, Makati City</i>	PCD Nominee ² (Filipino); stockholder	Filipino	1,415,328,937	22.73
Common	Mindanao Gold Ltd. (MGL) <i>Bumby Center, Lo42, Jalan Muhibbah 87000 Labuan F.T. Malaysia</i>	MGL ³ ; Stockholder	Malaysian	597,051,165	9.59
Common	Monte Oro Resources & Energy, Inc. (MORE) <i>3rd Floor COB Extension Office, ICTSI Admin Building, MCIT, South Access Road, Manila</i>	MORE ⁴ ; Stockholder and Wholly-owned subsidiary	Filipino	555,133,447	8.91
Common	Lakeland Village Holdings, Inc. (LVHI) <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	LVHI ⁵ ; Stockholder	Filipino	474,613,599	7.62
Common	Devoncourt Estates, Inc. (DEI) <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	DEI ⁶ ; Stockholder	Filipino	423,904,339	6.81

(Footnotes are shown in the next page.)

- ¹ PMHI is represented by Mr. Enrique K. Razon, Jr. (or a proxy that he may designate) who can exercise voting power on behalf of PMHI and decide how all its shares in the Company are to be voted.
- ² Net of the shares actually lodged with the PCD but are presented separately in the above list. PCD Nominee Corporation (“PCDNC”) is a wholly-owned subsidiary of PCD. The beneficial owners of such shares registered under the name of PCDNC are PCD’s participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares. Instead, the participants have the power to decide how the PCD shares in the Company are to be voted.
- ³ MGL is represented by Mr. Val Christian R. Sultan who can exercise voting power on behalf of MGL and decide how all its shares in the Company are to be voted.
- ⁴ MORE is represented by Mr. Luis R. Sarmiento who can exercise voting power on behalf of MOREI and decide how all its shares in the Company are to be voted.
- ⁵ LVHI and DEI are represented by Mr. Jose Eduardo J. Alarilla who can exercise voting power on behalf of LVHI and DEI and decide how all their shares in the Company are to be voted.

To the best knowledge of the Company, there are no participants under the PCD account who own more than 5% of the Company’s voting common shares as of May 30, 2020.

The total shares owned by foreigners as of May 30, 2020 is 731,798,233 or 11.75% of the total number of outstanding shares.

Security and Ownership of Directors and Management

The number of voting shares beneficially owned by the Members of the Board of Directors and named Officers as of May 30, 2020 follow:

Title of Class	Beneficial Owner	Nature of Ownership	Citizenship	Number of Shares	%
Common	Ramon Y. Sy	Direct	Filipino	44,598,312	0.72
Common	Walter W. Brown	Direct	Filipino	30,743,202	0.49
Common	Luis R. Sarmiento	Direct	Filipino	1	0.00
Common	Jose Eduardo J. Alarilla	Direct & Indirect	Filipino	1	0.00
				898,517,938	14.43
Common	Valentino S. Bagatsing	Direct	Filipino	1	0.00
Common	Joselito H. Sibayan	Direct	Filipino	299	0.00
Common	Roel Z. Castro	Direct	Filipino	1	0.00
Common	Silverio Benny J. Tan	Direct	Filipino	17,506,747	0.28
Common	Gil A. Marvilla	Direct	Filipino	647,767	0.01
Common	Rodulfo A. Palma	—	Filipino	—	—
Common	Eric S. Andal	—	Filipino	—	—
Common	Emelita C. Fabro	—	Filipino	—	—
Common	Elisa R. Dungca	—	Filipino	—	—
Common	Renato N. Migrino	—	Filipino	—	—

Total direct and indirect shareholdings of directors and officers as group as of May 30, 2020 is 93,496,331 and 898,517,938 common shares, respectively.

Voting Trust

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

Changes in Control

None.

Item 5. Directors and Officers

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

Name	Position	Age	Citizenship
<i>Directors</i>			
Ramon Y. Sy	Chairman of the Board	89	Filipino
Walter W. Brown	Chairman Emeritus	81	Filipino
Luis R. Sarmiento	Director	63	Filipino
Jose Eduardo J. Alarilla	Director	69	Filipino
Roel Z. Castro	Director	53	Filipino
Valentino S. Bagatsing	Independent Director	61	Filipino
Joselito H. Sibayan	Independent Director	61	Filipino
<i>Officers</i>			
Ramon Y. Sy	Chairman of the Board	89	Filipino
Luis R. Sarmiento	President & CEO	65	Filipino
Gil A. Marvilla	SVP for Project Development	70	Filipino
Narciso V. Mutia*	VP-Resident Manager for Maco Operations	58	Filipino
Rodulfo A. Palma	VP-Legal and Mine Compliance	51	Filipino
Eric C. Andal	VP for Geology & Exploration	44	Filipino
Emelita C. Fabro	VP-Corporate Administration	59	Filipino
Renato N. Migrino	Treasurer & Compliance Officer	70	Filipino
Silverio Benny J. Tan	Corporate Secretary	63	Filipino
Elisa R. Dungca	Asst. Corp. Sec. & AVP-Corporate Affairs	63	Filipino

**Until January 15, 2020*

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

Ramon Y. Sy, Chairman of the Board

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

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 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 in 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, MORE Electric and Power Corporation, 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 is the President and CEO of Investment & Capital Corporation of the Philippines. He 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 Bloomberg 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.

Election to the Board of Directors

The Nomination Committee has screened the nominees and prepared the Final List of Candidates for election to the Board of Directors on the date of the Annual Stockholders' Meeting on July 30, 2020. The Nomination Committee has determined that the candidates possess all the qualifications and none of the disqualifications for election as director or independent director as set forth in the Company's Manual of Corporate Governance, the Securities Regulation Code (SRC), the 2015 SRC Implementing Rules and Regulations, and the Code of Corporate Governance for Publicly-Listed Companies.

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

Nominees for Election at Annual Stockholders' Meeting

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

- Ramon Y. Sy
- Walter W. Brown
- Luis R. Sarmiento
- Jose Eduardo J. Alarilla
- Stephen A. Paradies
- Joselito H. Sibayan (Independent Director)
- Valentino S. Bagatsing (Independent Director)

The experience and background of the nominees are shown in Part B, Item 5 above, except for Mr. Stephen A. Paradies which is shown below:

Stephen A. Paradies, Filipino

Mr. Paradies has been a Director of International Container Terminal Services, Inc., a publicly-listed company, since December 1987. He is also a Director of Sureste Properties Inc., IWI Container Terminal Holdings, Inc. and the Country Club Inc. Mr. Paradies is the Chairman & President of Parraz Development Corp., a Trustee of Bloomberry Cultural Foundation, Inc., a Director of Union Properties, Inc., Prime Metro BMD Corp., Prime Metro Infrastructure Holdings Inc., and Chairman of NapaGapa Beverages, Inc. and MORE Electric & Power Corporation.

Mr. Paradies received his Bachelor of Science degree, major in Business Management, from the Santa Clara University, California, USA.

Independent Director

Mr. Joselito H. Sibayan was nominated as independent director by Mr. Ramon Y. Sy while Mr. Valentino Bagatsing was nominated as independent director by Mr. Joselito Sibayan. They are not employees of the Company and do not have relationships with the Company, nor with the person who nominated them, which would interfere with the exercise of independent judgment in carrying out the responsibility of an independent director.

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

Both Messrs. Sibayan and Bagatsing have served less than the maximum cumulative nine-year term recommended by the Revised Manual of Corporate Governance. Certificate of Qualification as Independent Director is attached to this Information Statement.

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings

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

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

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

Certain Relationships and Related Transactions

The Company's significant related party transactions and account balances pertain to working capital advances from the Company's biggest stockholder, PMHI, which amounted to ₱976.0 million as of March 31, 2020 and as of December 31, 2019. Please refer to Note 17 of the Audited Consolidated Financial Statements and Note 5 of the 2020 First Quarter SEC Form 17-Q Report.

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

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

Item 6.Compensation of Directors and Officers

Compensation of Members of the Board of Directors

The Members of the Board of Directors of the Company are paid ₱80,000, net of withholding tax, as per diem for each regular and special meeting of the Board or of the stockholders as

passed, and approved during the special meeting of the Board of Directors on November 13, 2012.

In 2019, a total ₱3.4 million was paid to all executive and non-executive directors for directors fee, details of which are as follows:

<u>Name</u>	<u>Position</u>	<u>Amount (in million ₱)</u>
Ramon Y. Sy	Chairman	0.56
Walter W. Brown	Chairman Emeritus	0.64
Luis R. Sarmiento	President & CEO	0.72
Jose Eduardo Alarilla	Non-Executive Director	0.60
Roel C. Castro	Non-Executive Director	0.08
Joselito H. Sibayan	Independent Director	0.68
Dennis A. Uy	Independent Director	0.08

Compensation of Officers

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

The aggregate compensation paid or incurred in 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:

		<u>(in Million ₱)</u>			
	<u>Year</u>	<u>Salary/ Directors' Fee</u>	<u>Bonus</u>	<u>Other Annual Compensation</u>	<u>Total</u>
Directors	2020 (est.)	4.0	-	-	4.0
	2019	3.4	-	-	3.4
	2018	4.0	-	-	4.0
CEO and Four Most Highly Compensated Officers as a Group	2020 (est.)	65.0	-	-	65.0
	2019	75.6	-	-	75.6
	2018	80.0	-	-	80.0
Aggregate Compensation of All Officers and Directors as a Group	2020 (est.)	85.0	-	-	85.0
	2019	104.3	-	-	104.3
	2018	124.0	-	-	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.

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

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

Warrants and Options Outstanding: Repricing

The Directors and Officers of the Company do not hold any outstanding warrants or options.

Item 7. Independent Public Accountant

The auditing firm of Sycip Gorres Velayo & Co. (SGV & Co) has been the Company's Independent Public Accountant since 2011. SGV & Co. is nominated as the Company's Independent Public Accountant for the ensuing year in the July 30, 2020 Annual Stockholders' Meeting.

For the calendar year 2019, Mr. Alexis Benjamin C. Zaragoza III signed the Company's Audited Financial Statements, a copy of which is attached to this Information Statement. Mr. Zabat III has been designated as the certifying partner of SGV & Co. to the Company in compliance with SRC Rule 68.1 (3)(b)(IV).

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

External Audit Fees and Services

Audit and Audit-Related Services

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

The total audit fees for the foregoing services were ₱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 their audit, the external auditors present their audit program and schedule to the Company's Audit Committee. The external auditors then present the audited financial statements of the Company to the Audit Committee after the completion of the audit.

As of December 31, 2019, the Company's Audit Committee is composed of Mr. Joselito H. Sibayan as Committee Chairman, and Messrs. Jose Eduardo J. Alarilla and Valentino S. Bagatsing as members.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

Item 8.Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. Modification of Exchange Securities

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

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

No action is to be taken with respect to the matters under Items 9 and 10.

Item 12. Mergers, Consolidations and Acquisitions and Similar Matters

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

Item 13. Acquisition or Disposition of Property

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

Item 14. Restatement of Accounts

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

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The Company will seek approval by the stockholders of the 2019 Audited Financial Statement contained and discussed in the annual report attached and made part of the Information Statements. As referred to in Item 18 below, the stockholders will also be asked to approve and ratify all the acts, contracts, investments, and resolutions of the Board of Directors and of management since the last annual meeting held on June 28, 2019 as they appear in the minutes of board meetings and in the reports and disclosures filed with the SEC and the PSE.

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

1. Approval of the Minutes of the Stockholders' Meeting held on June 28, 2019, summarized as follows:

- a. Approval of the minutes of the Stockholders' Meeting held last June 29, 2018;
 - b. Approval of the Annual Report, together with the Audited Financial Statements and notes thereto, for fiscal year ended December 31, 2018;
 - c. Approval and ratification of all acts, contracts, investments, and resolutions of the Board of Directors and Management since the Annual Stockholders' Meeting on June 29, 2018 up to June 28, 2019;
 - d. Election of the Directors of the Company, including Independent Directors; and
 - e. Appointment of SGV & Co. as external auditors for the year 2019.
2. Approval of the Company's audited financial statements for 2019;
 3. Ratification of the acts, contracts, investments, and resolutions of Directors, Committees, and Officers of the Company for the year 2019;
 4. Election of Directors; and
 5. Appointment of external auditors for the year 2020.

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

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

The following reports are available for download and/or viewing on the Company website www.apexmines.com/2020ASM and on the Company Disclosures section at the PSE Edge portal edge.pse.com.ph:

- 2019 Annual Report on SEC Form 17-A
- Sustainability Report
- Audited Consolidated Financial Statements as of December 31, 2019
- First Quarter Report on SEC Form 17-Q for the period ended March 31, 2020

Item 16. Matters Not Required to be Submitted

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders, except the report of the President and CEO.

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

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

Item 18. Other Proposed Actions

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

As a matter of corporate policy, management seeks the approval and ratification by the stockholders of all acts, contracts, investments and resolutions of the Board of Directors and management since the last annual stockholders' meeting. These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission, and to the Philippine Stock Exchange, including the Company's 2019 annual report.

Item 19. Voting Procedures

All stockholders who have registered to join the online stockholders meeting will receive via email an ID and password which will allow them to access a pro-forma digital ballot containing the agenda items which need stockholders' approval. The digital ballot should be filled up and submitted on or before July 27, 2020 by email to 2020APEX@apexmining.com.

Every resolution for approval of the stockholders in this meeting will be introduced by a motion duly seconded through the online platform of the virtual meeting. The Chairman will then ask if there is any objection to the motion. If there is no objection, the motion will be carried without voting. If there is an objection to the motion, the house will be divided, and the voting on the resolution will be conducted,

Voting procedures as follow:

- For all items, except for Election of Directors, the registered stockholder has the option to vote: Yes, No, or Abstain. The vote is considered cast for all the registered Stockholder's shares.
- If the stockholder wants to cumulate his votes in the Election of Directors, the stockholder: (i) may vote such number of shares owned by it for as many persons as there are Directors to be elected; or (ii) may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares; or (iii) may distribute them on the same principle among as many candidates as may be seen fit.
- The Company's stock transfer agent and Office of the Corporate Secretary will tabulate all votes received and will validate the results.
- Except for the Election of Directors, all the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting. For the Election of Directors, the top seven (7) nominees with the most number of votes are elected.

The following votes: (a) votes of proxies with instructions; (b) votes submitted through the digital ballot sent for virtual meeting; and (c) votes of the Chairman as holder of proxies, will be counted if there is a voting on the resolution.

Item 20. Proxies

Stockholders who cannot join the online stockholders meeting but who wish to vote on items in the agenda, may send a proxy with specific instructions in favor of the Chairman. Their votes will be duly counted.

Attached herewith are the following:

Annex A is the Management Report of the Company

Annex B is the audited financial statement of the Company as of December 31, 2019

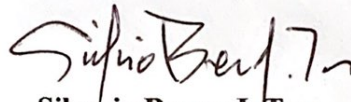
Annex C is the Company's SEC Form 17-Q for the first Quarter of 2020.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report are true, complete and correct. This report is signed in the City of Makati on July 03, 2020.

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

By:



Silverio Benny J. Tan
Corporate Secretary

Undertaking to Provide Annual Reports

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

Ms. Elisa R. Dungca
AVP-Corporate Affairs

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

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

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

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Mabuhay Capital Corporation	President and CEO	14 years
SM Prime Holdings, Inc.	Independent Director	8 years
A Brown Co., Inc.	Director	3 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Apex Mining Co., Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable) – NOT APPLICABLE
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not affiliated with any government agency or GOCC, nor rendering service in any level of government.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.
8. I shall inform the Corporate Secretary of Apex Mining Co., Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this 18th day of June 2020, at Psig City, Philippines.


JOSELITO H. SIBAYAN
Affiant

SUBSCRIBED AND SWORN to before me on JUN 18 2020 at MANDALUYONG CITY, Philippines, affiant personally appeared before me and exhibited to me his Passport ID with No. P3735973A issued on July 20, 2017 at DFA Manila with expiry date on July 19, 2022.

Doc. No. 17
Page No. 5
Book No. 71
Series of 2020.

ATTY. JAMES R. ABUGAN
NOTARY PUBLIC
Appt. No. 0442-19
Until Dec 31, 2020
IBP No. 101013 01/03/2020 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VI-0012875 Until 4/14/2022
TIN No. 116-239-956
PTR No. 43330065/01-03-2020
Tel. No. 631-40-90
Mandaluyong City

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **VALENTINO SEVILLA BAGATSING**, Filipino, of legal age and a resident of #14 Santa Anita Loop Alabang 400 Village, Alabang Metro Manila, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Apex Mining Co., Inc and have been its independent director since 2019.
2. I am currently President & CEO of Investment & Capital Corporation of the Philippines.
3. I am also affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

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

4. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Apex Mining Co., Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not affiliated with any government agency or GOCC, nor rendering service in any level of government.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.
8. I shall inform the Corporate Secretary of Apex Mining Co., Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this 18th day of June 2020, at MANDALUYONG CITY, Philippines.

VALENTINO SEVILLA BAGATSING

Affiant

SUBSCRIBED AND SWORN to before me on JUN 18 2020 at MANDALUYONG CITY, Philippines, affiant personally appeared before me and exhibited to me his Passport ID with No. P16741111A issued on January 19, 2017 at DFA Manila with expiry date on June 18, 2022.

Doc. No. 18
Page No. 5
Book No. 71
Series of 2020.

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

IBP No. 101013 01/03/2020 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VI-0012875 Until 4/14/2022
TIN No. 116-239-956
PTR No. 43330065 /01-03-2020
Tel. No. 631-40-90
Mandaluyong City


REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SECRETARY'S CERTIFICATE

I, **SILVERIO BENNY J. TAN**, Filipino, of legal age, with business address at 3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines, after being duly sworn in accordance with law, hereby certify that:


1. I am the Corporate Secretary of **APEX MINING CO., INC.** (the "Corporation"), a Philippine corporation with address at 3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines.
2. I hereby certify that none of the Board of Directors or officers of the Corporation are connected or employed in the Philippine government or any of its agencies or instrumentalities.

IN WITNESS WHEREOF, I have hereunto set my hand this
JUL 01 2020 in Makati City, Metro Manila.


SILVERIO BENNY J. TAN
Corporate Secretary

SUBSCRIBED AND SWORN to before me on JUL 01 2020,
2020 in MAKATI CITY, affiant exhibiting to me his Philippine Passport
No. P4294418B issued on 4 January 2020 by DFA NCR East.

Doc. No. SY ;
Page No. 12 ;
Book No. I ;
Series of 2020.


ALYSSA G. CAYABA
Appointment No. M-301
Notary Public for Makati City
Until December 31, 2021
Liberty Center- Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 73447
PTR No. 8148376/Makati City/01-20-2020
IBP No. 101859/Makati City/01-07-2020
MCLE Exempted- Admitted to the bar in 2019

ANNEX A

MANAGEMENT REPORT

Corporate Information and Business Development

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
2019	P627,841,722	P4,960,926,451	13%
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 Cleanenvironment 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.

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 period from January 1 to June 30, 2020 were as follows:

Year	Period	Listed Common Shares	
		High	Low
2020	April 1 - June 30	₱1.33	₱0.68
	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 May 30, 2020, the Company has 2,759 shareholders with 6,227,887,491 total issued and outstanding common shares.

Stockholder	Number of shares	% of ownership
1 Prime Metroline Holdings, Inc.	2,511,329,207	40.32
2 PCD Nominee Corp.*	1,221,814,486	19.62
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)	134,486,954	2.16
8 Mapula Creek Gold Corporation	115,326,533	1.85
9 A Brown Co., Inc.	62,625,698	1.01
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 May 30, 2020 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.

Management Report for the Years 2019, 2018, 2017 and 2016

Consolidated Statement of Income

Consolidated Net Income

The consolidated net income of Apex Mining Co., Inc. (the “Parent Company”) and Subsidiaries (collectively referred to as the “Group”) was ₱305.9 million in 2019, a 28% increase from the ₱239.4 million consolidated net income in 2018. The 2017 consolidated net income of ₱428.8 million is higher compared to 2018 and ₱322.0 million consolidated net income in 2016.

The Parent Company net income in 2019 amounted to ₱350.8 million compared to the ₱331.7 million, ₱502.7 million, and ₱440.5 million net income in 2018, 2017, and 2016 respectively.

Consolidated Revenues

The consolidated revenues in 2019, 2018, 2017 and 2016 amounted to ₱5.0 billion, ₱4.7 billion, ₱4.1 million, and ₱3.5 million, respectively, or an increase of ₱302.7 million in 2019 compared to 2018, ₱536.1 million in 2018 compared to 2017 and ₱600.1 million in 2017 compared to 2016. The consolidated revenues of the Group pertain to the Parent Company revenues in all comparative years.

Information on the Parent Company volume of gold produced and realized prices in 2019, 2018, 2017 and 2016 is as follows:

	2019	2018	Change	2017	Change	2016	Change
Volume in ounces	62,468	70,564	-11%	60,185	+17%	54,681	+10%
Realized price/ounce, in USD	\$1,389	\$1,260	+10%	\$1,265	+0%	\$1,255	+1%

Information on the Parent Company volume of silver produced and realized prices in 2019, 2018, 2017 and 2016 is as follows:

	2019	2018	Change	2017	Change	2016	Change
Volume in ounces	353,627	328,797	+8%	315,525	+4%	309,623	+2%
Realized price/ounce, in USD	\$16.14	\$15.49	+4%	\$17.10	-9%	\$17.5	-2%

The weighted average USD to PHP foreign exchange rates on the Parent Company revenues in 2019, 2018, 2017 and 2016 were ₱51.71, ₱52.97, ₱50.36, and ₱47.59 to one USD, respectively.

An analysis of the consolidated revenue variance, which comprises of volume, price and exchange rate variances, between the comparative years ended December 31, 2019, 2018, 2017 and 2016 of the Group are as follows:

Variance	2019 versus 2018 (in thousands of PHP)			2018 versus 2017 (in thousands of PHP)			2017 versus 2016 (in thousands of PHP)		
	Gold	Silver	Total	Gold	Silver	Total	Gold	Silver	Total
Volume (sold)	₱(86,167)	₱54,339	₱(31,828)	₱373,845	₱ (10,454)	₱363,391	₱328,729	₱4,909	₱333,637
Price	451,176	10,460	461,636	(14,488)	(25,597)	(40,085)	27,401	(6,233)	21,168
Exchange rate	(121,219)	(5,905)	(127,124)	198,710	14,082	212,792	229,883	15,449	245,332
Consolidated revenue	₱243,790	₱58,894	₱302,684	₱558,067	₱(21,969)	₱536,098	₱586,013	₱97,831	₱600,137

Milling throughput of the Maco mine in 2019 of 711,788 tonnes, equivalent to a daily average of 2,063 tonnes, bested the prior years' record of 609,604 tonnes or 1,789 tonnes per day in 2018, 578,893 tonnes or 1,693 tonnes per day in 2017 and 452,948 tonnes or 1,373 tonnes per day in 2016. Mill recovery was likewise at its highest at 85.5% as compared to the 84.8% record established in 2018, 82.8% in 2017 and 80.3% in 2016. 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 ounces in 2019 from 303,385 ounces in 2018. The mill recovery rate for silver increased to 75.5% this year from 65.6% in 2018, 70.91% in 2017 and 71.74% in 2016.

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 ₱5.0 billion in 2019. This was higher by 6% than the previous record revenue reported in 2018 of ₱4.7 billion from the average prices of \$1,260 and \$15.49 per ounce for gold and silver, respectively. Gold and silver price per ounce in 2017 and 2016 averaged at \$1,265 and \$17.10, and \$1,255 and \$17.50, 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, 2017 and 2016, all of which pertains solely to the Parent Company cost of production, amounted to ₱3.8 billion, ₱3.6 billion, ₱3.2 billion and ₱2.7 billion, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization expense increased by 14% or ₱156.6 million in 2019 compared to 2018, by 17% or ₱162.1 million in 2018 compared to 2017, and by 48% or ₱341.3 million in 2017 compared to 2016.

In detail, depreciation surged by 23% or ₱127.4 million in 2019 versus 2018, by 13% or ₱69.6 million in 2018 versus 2017, and by 37% of ₱139.2 million in 2017 versus 2016, as

a result of higher capital expenditures made in 2019, 2018 and 2017. Depletion, on the other hand, rose by 6% or ₱29.3 million in 2019 compared to 2018, by 26% or ₱110.6 million in 2018 compared to 2017, and by 62% or ₱161.6 million in 2017 compared to 2016, on account of higher tonnage milled and depletion rate in comparative periods. The higher depletion rate in 2019, 2018 and 2017 was brought about by opening new working areas to achieve the increased production. The development cost of these new operating areas has since been reclassified to mine and mining properties and subjected to depletion.

- Materials used in mining and milling rose by ₱205.9 million in 2019 compared to 2018, by ₱189.9 million in 2018 compared to 2017, and by ₱16.2 million in 2017 compared to 2016. As materials cost is mainly driven by throughput production, the increase in cost is attributable to the 17%, 5% and 28% increase in milling throughput in 2019, 2018 and 2017, 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. Personnel cost in 2018 and 2017 went up by 6% and 9%, respectively, versus comparative year due to higher salary rates.
- Contracted services amounted to ₱288.1 million, ₱309.7 million, ₱248.6 million and ₱232.6 in 2019, 2018, 2017 and 2016, respectively, mainly due to equipment maintenance activities and security services.
- Taxes, permit and licenses increased by 39% this year compared to 2018, by 3% in 2018 compared to 2017 and by 39% in 2017 compared to 2016, 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, decreased by 12% in 2018 versus 2017 and increased by 81% in 2017 versus 2016.
- Surface rights to IP which is based on gross production of the Parent Company derived from Maco mine amounted to ₱48.3 million, ₱44.7 million, ₱41.2 million and ₱35.2 million in 2019, 2018, 2017 and 2016, respectively.
- 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, but grew by 9% or ₱21.4 million in 2017 versus 2016. The changes in utilities expenses, which essentially pertains to power costs, can be attributable to the kilowatt-hour consumption in 2019, 2018, 2017 and 2016 of 82.7 million, 80.1 million, 77.5 million and 70.7 million, respectively, at an average cost per kilowatt-hour of ₱4.75, ₱4.84, ₱5.01 and ₱5.08, 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, ₱83.9 million and ₱72.3 million in 2019, 2018, 2017 and 2016, respectively. The increase in 2018 compared to 2017 and 2016 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, 2017 and 2016 amounted to ₱210.7 million, ₱187.2 million, ₱219.6 million, and ₱226.0 million, respectively. The individual contribution to the consolidated G&A expenses of the Group in each reporting year in millions of PHP are as follows:

	2019	2018	2017	2016
Parent Company	₱168.0	₱131.0	₱162.3	₱141.1
MORE and Subsidiaries	30.2	18.1	34.0	49.3
ISRI	12.5	38.1	23.3	35.6
	₱210.7	₱187.2	₱219.6	₱226.0

Taxes and licenses in 2019 were higher by ₱21.1 compared to 2018 due higher business taxes coming from the growth in the revenue level. In 2017, Parent Company paid documentary stamp taxes on new bank loans obtained in 2017 as well as one-time payment of the Parent Company of listing fees to the Philippine SEC. 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, 2017 and 2016 of the Group amounted to ₱207.3 million ₱234.2 million, ₱201.9 million and ₱163.3 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 and 2017 versus 2016, were primarily due to the additional short-term loans availed of by the Parent Company in various dates in 2018, and term loan in January 2017.

Consolidated Other Income (Charges)

Consolidated net other income (charges) in 2019, 2018, 2017 and 2016 amounted to ₱48.1 million, ₱70.0 million, ₱7.9 million, and ₱28.8 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	2016
Parent Company	₱(48.0)	₱(56.6)	(₱9.3)	(₱39.7)
MORE and Subsidiaries	(1.5)	8.8	(12.8)	11.0
ISRI	2.7	(0.1)	0.7	(0.1)
Consolidated other income (charges), before adjustments	(46.8)	(47.9)	(21.4)	(28.8)
Net effect of eliminating entries	(1.3)	(22.1)	13.5	-
Consolidated other income (charges)	(₱48.1)	(₱70.0)	(₱7.9)	(₱28.8)

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 and 2016 for ₱18.4 million and ₱8.1, respectively, 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 and 2016 of ₱11.3 million and ₱18.6 million, 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, 2017 and 2016 amounting to ₱16.1 million, ₱0.2 million, and ₱3.9 million, respectively, based on management's assessment of collectability of individual receivable accounts. The Parent Company has also written-off ₱24.9 million income tax credit of Teresa transferred to the Parent Company's books during the merger but not carried over in applicable years' income tax returns. 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, ₱100.0 million, and ₱17.0 million in 2019, 2018, 2017 and 2016, 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. In the past, the Parent Company was only subjected to the minimum corporate income tax (MCIT) rate of 2%.

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 and 2016 amounted to ₱21.1 million and ₱19.1 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, by ₱143.7 million from ₱2.3 billion as of December 31, 2017 and decreased by ₱231.7 million as of December 31, 2016 essentially due to the following:

- Cash of the Group grew by ₱168.3 million and ₱113.5 million to ₱705.7 million and ₱537.4 million as of December 31, 2019 and December 31, 2018, respectively, compared to the cash of ₱423.9 million in 2017 and ₱237.5 million in 2016. Operating and financing activities netted the Group ₱1.2 billion and ₱967.6 million in 2019, ₱2.2 billion and ₱25.7 million in 2018, and ₱691.4 million and ₱742.0 million in 2017. Because of these, the Group was able to invest in ₱2.0 billion, ₱2.1 billion and ₱1.2 billion worth of fixed and long-term assets in 2019, 2018 and 2017, respectively.
- 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. In 2017, trade and other receivable is ₱427.5 million higher than 2016 also due to unsold metal account balance as of yearend with its refiner.
- 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.
- Prepayments and other current assets decreased by ₱51.3 million in 2019 compared to 2018 but rose by ₱95.1 million as of December 31, 2018 compared to 2017 on account of higher input VAT and advances to suppliers. The input VAT are from local purchases and importations for capital expenditures and operating expenses. On the other hand, the advances, which are mainly for equipment, inventory and services purchased, are being offset against the actual billings received from suppliers and contractors.

Consolidated Noncurrent Assets

Total consolidated noncurrent assets grew by ₱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. Total consolidated noncurrent assets as December 31, 2017 grew by ₱335.3 million to ₱9.8 billion from ₱9.5 billion as of December 31, 2016 due to the increase in deferred exploration cost of ₱198.5 million, and property, plant and equipment of ₱127.8 million due to acquisitions, constructions and mine development activities during that 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. In 2017, consolidated current liabilities amounted to ₱3.7 billion, lower by ₱1.8 billion from ₱5.6 billion as of December 31, 2016. The breakdown of the change in the consolidated current liabilities is detailed below.

- Trade and other payables decreased by ₱598.9 in 2019 and ₱173.1 in 2017 million due to payments made during the latter part of the year. However, in 2018, trade and other payables increased by ₱458.9 million due to higher purchases made in the later part of the year to support its operations and on-going long-term capacity upgrade.
- Current portion of loans payable increased by ₱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 versus 2018, decreased by ₱7.2 million as of December 31, 2018 versus 2017, and increased by ₱49.5 million as of December 31, 2017 versus 2016, which mainly comprise of the Group's income tax due for the fourth quarter 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. As of December 31, 2017, the Group's consolidated noncurrent liabilities amounted to ₱2.9 billion versus ₱510.1 million in 2016 due to non-current portion of the seven-year long-term loan of the Parent Company availed in 2017.

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. As of December 31, 2017, consolidated equity was at ₱5.5 billion or a ₱473.3 million increase due to income earned in 2017.

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	2017	2016
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	22.7%	23.5%	22.6%	23.4%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	2.3%	1.9%	3.5%	2.9%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	5.4%	4.5%	7.8%	6.5%
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.6 : 1	0.5 : 1	0.6 : 1	0.3 : 1
Debt-to-equity ratio	$\frac{\text{Total debt}}{\text{Total equity}}$	1.0 : 1	1.3 : 1	1.2 : 1	1.2 : 1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.7 : 1	2.3 : 1	2.2 : 1	2.2 : 1
Debt service coverage ratio	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	2.5 : 1	1.7 : 1	2.1 : 1	3.6 : 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 lower gross profit margin in 2017 compared to 2016 is due to lower mill grade.

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, similar to the results of 2017 compared to 2016.

The current ratio in 2019 and 2017 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 and 2017.

Material Event/s and uncertainties

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

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

Corporate Governance

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

The Parent Company filed a copy of its 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.

Attendance of Directors During Board Meetings

Name of Director	No. of Meetings Present	Total No. of Meetings	% Present
Ramon Y. Sy	9	12	75%
Walter W. Brown	11	12	92%
Luis R. Sarmiento	12	12	100%
Jose Eduardo J. Alarilla	12	12	92%
Joselito H. Sibayan	12	12	100%
Roel Z. Castro	3	12	25%
Valentino S. Bagatsing*	6	6	100%

* *From June 29, 2019*

Management Discussion and Analysis of Financial Position and Results of Operations for the First Quarter ended March 31, 2020, 2019 and 2018

Consolidated Statement of Income

Consolidated Net Income

The consolidated net income of Apex Mining Co., Inc. (the “Parent Company”) and Subsidiaries (collectively referred to as the “Group”) was ₱119.5 million in the first quarter of 2020, which was 58% higher than the ₱75.6 million consolidated net income in the same period in 2019. In the first quarter of 2018, the Group reported ₱100.0 million consolidated net income.

The Parent Company net income in the first quarter of 2020, 2019 and 2018 amounted to ₱124.6 million, ₱86.2 million and ₱122.0 million, respectively.

Consolidated Revenues

The consolidated revenues in the first quarter of 2020, 2019 and 2018 amounted to ₱1.2 billion, ₱1.3 billion and ₱1.2 billion, respectively, a decrease of ₱76.2 million or 6% in 2020 compared to 2019 and ₱94.6 million or 8.1% in 2019 compared to 2018. The consolidated revenues of the Group pertain to the Parent Company revenues in all comparative periods.

Information on the Parent Company sales volume and realized prices for both gold and silver in the first quarter of 2020 and 2019 is as follows:

	Gold			Silver		
	2020	2019	%	2020	2019	%
Volume in ounces	13,916	17,215	-19%	77,852	103,345	-25%
Realized price/ounce, in USD	\$1,585	\$1,311	+21%	\$17	\$16	+7%

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

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

The weighted average United States Dollar (USD) to Philippine Peso (PHP) foreign exchange rates on the Parent Company revenues in the first quarter of 2020 and 2019 were ₱50.83 and ₱52.22, to one USD, respectively, or an appreciation of the PHP of 3% against the USD.

An analysis of the consolidated revenue variance, which comprises of volume, price and exchange rate variances between the comparative first quarters ended March 31, 2020 and 2019 follows:

Variance (on account of):	Gold	Silver	Total
Volume	₱(225,865,941)	₱ (20,754,101)	₱ (246,620,042)
Price	245,926,637	5,558,576	251,485,213
Exchange rate	(77,781,625)	(3,237,503)	(81,019,128)
Total	₱ (57,720,929)	₱ (18,365,228)	₱ (76,153,957)

An analysis of the consolidated revenue variance, which comprises of volume, price and exchange rate variances between the comparative first quarters ended March 31, 2019 and 2018 follows:

Variance (on account of):	Gold	Silver	Total
Volume	₱100,415,185	₱ 17,368,164	₱ 117,783,349
Price	(21,610,980)	(4,823,879)	(26,434,859)
Exchange rate	3,097,051	175,302	3,273,353
Total	₱ 81,901,256	₱ 12,719,587	₱ 94,620,843

Milling throughput was 5% lower at 158,834 tonnes for the first quarter in 2020, as compared to 167,200 tonnes in 2019 which thus far is the highest quarterly tonnage averaging at 1,958 tonnes per day. But while tonnage milled was lower this quarter, a new record recovery rate was nevertheless established at 86.84% from 84% a year ago. In 2018, milling throughput averaged at 1,789 tonnes per day or a total of 140,250 tonnes at 84.6% recovery rate for gold.

As operations was at the lower grade zone of the Maco mine, average ore grade was lower at 3.04 grams of gold per tonne from 3.67 grams per tonne in 2019 and 4.13 grams per tonne in 2018. The lower grade, in combination with lower tonnage more than offset the benefit of the higher mill recovery rate, resulting in gold production output and sales of 13,916 ounces, 19% lower compared to 17,215 ounces sold a year ago. Silver output of 77,852 ounces was likewise 25% lower than the 103,345 ounces in 2019.

Partly cushioning the negative effect in revenue of the lower metal outputs were the stronger metal prices which averaged \$1,585 per ounce for gold and \$17 per ounce for silver, as compared to \$1,311 and \$16, respectively, in 2019 and \$1,335 and \$16, respectively, in 2018.

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

Consolidated Cost of Production

Consolidated cost of production incurred in the first quarter of 2020, 2019 and 2018, all of which pertains solely to the Parent Company cost of production, amounted to ₱871.7 million, ₱978.9 million and ₱822.0, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- The increase in ore reserves of the Maco mine as at the beginning of 2020 to 1.92 million tonnes (at the average grade of 6.34 grams of gold per tonne) reported on by an accredited competent person in compliance with the Philippine Mineral Reporting Code, compared to the previous ore reserves of 1.37 million tonnes (at the average grade of 7.1 grams of gold per tonne), correspondingly reduced the applicable depletion rate starting the first quarter period. The lower depletion rate, together with the lower tonnage output, reduced by 46% the depletion expense to ₱68 million from ₱125 million in the previous year's first quarter. Depreciation and amortization, on the other hand, slightly increased from ₱186.5 million to ₱196.0 due to new equipment acquired.
- Contracted services decreased by 18% or ₱12.7 million in the first quarter of 2020 compared to 2019. While outsourced preventive maintenance services for equipment remains at the same level, lesser unscheduled repair activities were carried out during the first quarter.

- Taxes, licenses and permits increased by 10% due to higher tax base used in the computation of business permits as a result of prior year's higher revenue.
- Utilities cost, mainly pertaining to power, dropped by 8% to ₱58.7 million on account of lower cost per kilowatt-hour (kwh) at ₱4.77 in the first quarter of 2019 versus ₱4.83 in the same period in 2018. Total kilowatt-hour consumption in the first quarter in 2018 and 2017 was slightly higher at ₱20 million and ₱18.8 million, respectively. In the first quarter of 2020, utilities cost is maintained at ₱58.5 million level compared to 2019.

Consolidated Excise Taxes

Consolidated excise taxes of the Group amounted to ₱46.3 million in 2020 from ₱45.4 million in 2019 and ₱48.6 million in 2018. Excise taxes of metal inventory in March 2020 sold in April were already accrued in the first quarter of 2020.

Consolidated General and Administrative Expenses

Consolidated general and administrative (G&A) expense in the first quarter of 2020 and 2019 amounted to ₱31.3 million and ₱53.7 million, respectively due to lower amount personnel cost and other head office expenses in the first quarter of 2020. In 2018, G&A amounted to ₱45.3 million mainly consisting of personnel costs, head office business taxes and other expenses.

Consolidated Finance Cost and Other Income/Charges

The consolidated finance cost and other income/charges of the Group amounted to ₱64.2 million, ₱72.1 million and ₱79.0 million in the first quarter of 2020, 2019 and 2018, respectively. The decrease of ₱6.9 million is due to unrealized foreign exchange gains recognized by the Parent Company from its net foreign currency denominated liabilities vs. unrealized foreign exchange loss recognized in the same quarter of 2019.

Consolidated Provision for Current Income Tax

The provision for current income tax in 2020 is higher at ₱53.4 million or 45% compared to 2019 due to higher consolidated taxable income during the period.

Consolidated Statement of Financial Position

Consolidated Current Assets

Total consolidated current assets dropped by ₱324.1 million to ₱2.3 billion as of March 31, 2020 versus 2019 and by ₱205.6 million to ₱2.2 billion in 2019 versus 2018, mainly due to the following:

- Cash of the Group dropped by ₱379.4 million to ₱326.2 million as of March 31, 2020 from ₱705.7 million as of December 31, 2019 and by ₱201.4 million to ₱336.0 million as of March 31, 2019 from ₱537.4 million as of December 31, 2018, primarily from the cash used by the Parent Company in settlement of its loan amortization (net of availments) amounting to ₱218.5 million during the three-month period and expenditures and expenditures for long-term assets of ₱288.2 million in 2019, and ₱183.8 million in settlement of its trade and other payable and expenditures for long-term assets of ₱492.2 million in 2018.

- Trade and other receivables increased by ₱97.1 million to ₱249.1 million as of March 31, 2020 compared to December 31, 2019 mainly due to the bullion of the Parent Company shipped and sold by the end of the first quarter but the collection was made in the first week of April, 2020. As of March 31, 2019, trade and other receivable increase by ₱74.1 million mainly due to the shipped but unsold bullion of the Parent Company and incidental production of subsidiary, Itogon-Suyoc Resources, Inc. These receivables were collected immediately after the sale.
- Prepayments and other current assets was reduced by ₱63.6 million as of March 31, 2020 versus the comparative balance as of December 31, 2019, and by ₱62.4 million as of March 31, 2019 versus the comparative balance as of December 31, 2018 due to refund and reclassifications of input value-added tax accruing on local purchases and on importations and other reclassifications.

Consolidated Noncurrent Assets

Total consolidated noncurrent assets increased by ₱283.5 million to ₱11.7 billion as of March 31, 2020 from ₱11.4 billion as of December 31, 2019 due to acquisition of new equipment and development of new mine areas, net of depreciation of fixed assets and depletion of mine and mining properties. As of March 31, 2018, total consolidated noncurrent assets amounted to ₱10.1 billion.

Consolidated Current Liabilities

Consolidated current liabilities were lower by ₱96.2 million to ₱4.4 billion as of March 31, 2020 from ₱4.5 billion as of December 31, 2019, and by ₱183.8 million to ₱4.2 billion as of March 31, 2019 from ₱4.4 billion as of December 31, 2018 mainly because of the payments made by the Group's trade and other payables during the quarter.

Consolidated Noncurrent Liabilities

The Group's consolidated noncurrent liabilities dropped by ₱63.8 million to ₱3.4 billion as of March 31, 2020, and by ₱198.6 million to ₱2.5 billion as of March 31, 2019 due to reclassification to current portion of a bank term loan, net of recognition of additional provision for retirement benefits.

Consolidated Equity

Consolidated equity increased by ₱119.5 million and ₱75.6 million contributed by the total comprehensive income earned in the three months ended March 31, 2020 and March 31, 2019, respectively.

Key Performance and Financial Soundness Indicators

Operating Performance Indicators

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

	Three-Month Period Ended March 31				
	2020	2019	Change	2018	Change
Tonnes mined	148,145	145,054	+2%	156,793	-7%
Tonnes milled	158,834	167,200	-5%	140,250	+19%
Mill head grade (g/t)					
Gold	3.04	3.67	-17%	4.13	-11%
Silver	19.44	23.79	-18%	24.94	-5%
Mill recovery					
Gold	86.84%	84.00%	+3%	84.60%	-1%
Silver	70.51%	75.93%	-7%	73.52%	+3%

Financial Soundness Indicators

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

A. Profitability Ratios

	Formula	Three-Month Period Ended March 31		
		2020	2019	2018
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	26.53%	16.94%	29.62%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	0.86%	0.62%	0.98%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	1.95%	1.39%	2.16%
Debt service coverage ratio (DSCR)	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	2.46 : 1	2.70 : 1	2.64.1

The increase in the gross profit margin in the first quarter of 2020 compared to the same period in 2019 can be attributed to higher gold price and lower cost of production. The decrease in the gross profit margin in the first quarter of 2019 compared to the same period in 2018 can be attributed to higher cost of production and lower gold price.

Return on assets and return on equity changed in 2020 versus 2019 and 2019 versus 2018 due to the net income in the first quarter reported.

B. On Liquidity and Leverage

	Formula	March 31, 2020	March 31, 2019	March 31, 2018
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.52 : 1	0.53 : 1	0.55 : 1
Asset-to-equity	$\frac{\text{Total assets}}{\text{Total equity}}$	2.28 : 1	2.25 : 1	2.34 : 1
Debt-to-equity	$\frac{\text{Total debts}}{\text{Total equity}}$	1.28 : 1	1.25 : 1	1.34 : 1

No significant changes in current ratio, asset-equity and debt to equity ratio compared to the first quarter of 2019.

The increase in the current liabilities of the Group was faster than that of its current assets with the utilization of Trust Receipts facility with a local bank for capital and operating expenditures resulting in slightly lower current ratio of as March 31, 2019 compared to the current ratio as of March 31, 2018. On the other hand, the growth of the Group's total stockholders' equity was higher than the increase in its total assets and liabilities, decreasing its Asset-to-equity and Debt-to-equity ratios in 2019 as compared to 2018.

Material Event/s and Uncertainties

A. Note 11 of Consolidated Financial Statements for the Quarter Period Ended March 31, 2020 is hereby incorporated for 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.

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

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