

# 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

M	S	R	D
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Secondary License Type, If Applicable

N	/	A
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**COMPANY INFORMATION**

Company's Email Address	Company's Telephone Number	Mobile Number
Corpsec@apexmining.com	8706-2805	
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,749	6/30	12/31

**CONTACT PERSON INFORMATION**

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Billy G. Torres	bgtorres@apexmining.com	8706-2805	N/A

**CONTACT PERSON'S ADDRESS**

<b>3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City</b>
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**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.



# APEX MINING CO., INC.

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO OUR STOCKHOLDERS:

The Annual Stockholders' Meeting of **APEX MINING CO., INC.** (the "Company") will be held on **June 30, 2022, 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/2022ASM](http://www.apexmines.com/2022ASM).

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 30, 2021;
4. Report of the President and Chief Executive Officer;
5. Approval of Audited Financial Statements for 2021;
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. Amendment of Article II(2) of the Amended By-laws of the Corporation to change the date of the annual meeting date from the last business day of June of each year to the last business day of April of each year.
9. Appointment of External Auditors;
10. Other matters;

The Board has fixed May 31, 2022 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 June 8 until June 28, 2022 via the Company website [www.apexmines.com/2022ASM](http://www.apexmines.com/2022ASM). 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 [2022APEX@apexmining.com](mailto:2022APEX@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 June 28, 2022 to the Office of the Corporate Secretary by email to [2022APEX@apexmining.com](mailto:2022APEX@apexmining.com).



## APEX MINING CO., INC.

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 [2022APEX@apexmining.com](mailto:2022APEX@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.

The virtual meeting requirement and procedure for participation by remote communication and voting in absentia can be found online at [www.apexmines.com/2022ASM](http://www.apexmines.com/2022ASM).

The Definitive Information Statement, and the Annual Report for the year 2021 under SEC Form 17A (and the accompanying Audited Financial Statements, Sustainability Report, and the First Quarter 2022 Report under SEC Form 17Q), as well as the Minutes of the June 30, 2021 Annual Stockholders' Meeting, are available for download and/or viewing on the Company website [www.apexmines.com/2022ASM](http://www.apexmines.com/2022ASM) and on the Company Disclosures section at the PSE Edge portal [edge.pse.com.ph](http://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: June 30, 2022  
Time: 3:00 PM  
Place: Virtual Platform via Company Website  
[www.apexmines.com/2022ASM](http://www.apexmines.com/2022ASM)  
Office: 3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig

This information statement shall be publicly disclosed on or before June 8, 2022 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 their election to office.

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

## B. CONTROL AND COMPENSATION INFORMATION

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

As of April 30, 2022, there are 6,227,887,491 outstanding and voting common shares of stock of the Company. Each share of stock is entitled to one vote.

All stockholders of record as of May 31, 2022 are entitled to notice and to vote at the Annual Stockholders' Meeting.

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

#### Security Ownership of Certain Record and Beneficial Owners

The beneficial owners of more than 5% of voting common shares of the Company as of April 30, 2022 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 Strategic Holdings, Inc. (PSHI) <sup>1</sup> <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	Enrique K. Razon Jr.; Majority stockholder	Filipino	2,511,333,765	40.32
Common	PCD Nominee Corporation <i>G/F Makati Stock Exchange Building, 6767 Ayala Avenue, Makati City</i>	PCD Nominee <sup>2</sup> (Filipino); stockholder	Filipino	1,397,475,442	22.44
Common	Mindanao Gold Ltd. (MGL) <i>Brumby Center, Lo42, Jalan Muhibbah 87000 Labuan F.T. Malaysia</i>	MGL <sup>3</sup> ; Stockholder	Malaysian	597,051,165	9.59
Common	Monte Oro Resources & Energy, Inc. (MORE) <i>3304B West Tower, PSE Centre, Exchange Road Ortigas Center, Pasig</i>	MORE <sup>4</sup> ; Stockholder and Wholly-owned subsidiary	Filipino	555,133,447	8.91
Common	Lakeland Village Holdings, Inc. (LVHI) <sup>5</sup> <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	PSHI; Stockholder	Filipino	474,613,599	7.62
Common	Devoncourt Estates, Inc. (DEI) <sup>5</sup> <i>18F Liberty Center, 104 HV Dela Costa St., Makati</i>	PSHI; Stockholder	Filipino	423,904,339	6.81

(Footnotes are shown in the next page.)

- <sup>1</sup> PSHI is represented by Mr. Enrique K. Razon, Jr. (or a proxy that he may designate) who can exercise voting power on behalf of PSHI and decide how all its shares in the Company are to be voted.
- <sup>2</sup> 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.
- <sup>3</sup> MGL is represented by Mr. Val Christian T. Sultan who can exercise voting power on behalf of MGL and decide how all its shares in the Company are to be voted.
- <sup>4</sup> MORE is represented by Mr. Luis R. Sarmiento who can exercise voting power on behalf of MORE and decide how all its shares in the Company are to be voted.
- <sup>5</sup> Owned and controlled by PSHI

To the best knowledge of the Company, there are no participants under the PCD account who own more than 5% of the Company’s voting common shares as of April 30, 2022.

The total shares owned by foreigners as of April 30, 2022 is 748,772,145 or 12.02% of the total number of outstanding shares.

### Security and Ownership of Directors and Management

The number of voting shares beneficially owned by the Members of the Board of Directors and named Officers as of April 30, 2022 follow:

Title of Class	Beneficial Owner	Nature of Ownership	Citizenship	Number of Shares	%
Common	Jose Eduardo J. Alarilla	Direct	Filipino	1	0.00
Common	Luis R. Sarmiento	Direct	Filipino	1	0.00
Common	Walter W. Brown	Direct	Filipino	36,743,202	0.59
Common	Valentino S. Bagatsing	Direct	Filipino	1	0.00
Common	Joselito H. Sibayan	Direct	Filipino	299	0.00
Common	Stephen Paradies	Direct	Filipino	549,900	0.01
Common	Michael Ray B. Aquino	Direct	Filipino	727,000	0.01
Common	Silverio Benny J. Tan	Direct	Filipino	11,606,747	0.19
Common	Gil A. Marvilla	Direct	Filipino	647,767	0.01
Common	Rodulfo A. Palma	–	Filipino	–	–
Common	Richard C. Licang	–	Filipino	–	–
Common	Eric S. Andal	–	Filipino	–	–
Common	Emelita C. Fabro	–	Filipino	–	–
Common	Jonas S. Khaw	–	Filipino	–	–
Common	Billy G. Torres	–	Filipino	–	–

Total shareholdings of directors and officers as group as of April 30, 2022 is 50,274,918 common shares.

### Voting Trust

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

### Changes in Control

On 27 April 2018, PSHI assigned its receivables in the total amount of Php 50,950,043.00 to Devoncourt Estates Inc. (“Devoncourt”) as payment for PSHI’s subscription to 4,900,000.00 shares in Devoncourt out of the increase in the authorized capital stock of Devoncourt. Devoncourt’s increase in capital was approved by the SEC on 12 March 2021 and as a result

thereof PSHI holds 98.00% of the total shares of Devoncourt. Devoncourt holds 423,904,339 common shares equivalent to 6.81% of the total outstanding shares of APX.

On 27 April 2018, PSHI assigned its receivables in the total amount of Php 73,006,148 to Lakeland Village Holdings, Inc. (“Lakeland”) as payment for PSHI’s subscription to 4,900,000.00 shares in Lakeland out of the increase in the authorized capital stock of Lakeland. Lakeland’s increase in capital was approved by the SEC on 4 June 2021 and as a result thereof PSHI holds 98.00% of the total shares of Lakeland. Lakeland holds 474,613,599 common shares equivalent to 7.62% of the total outstanding shares of APX.

As a result of the foregoing subscriptions by PSHI to new shares in Devoncourt and in Lakeland, the direct and indirect shareholdings of PSHI in Apex went up to, approximately 54.75% of the total issued and outstanding capital stock of APX.

PSHI conducted a mandatory tender offer for 2,213,358,981 common shares of APX (the “Tender Offer”), representing approximately 35.54% of the outstanding common shares of APX from all shareholders of APX. Excluded from the tender offer were shares held by PSHI, Devoncourt, Lakeland, Monte Oro Resources & Energy, Inc. and members of the Board of Directors and the officers of APX.

On 24 March 2022, PSHI completed the Tender Offer. A total of 4,558 common shares were tendered and were crossed on 21 March 2022 at the price of Php1.30 per share for a total price of Php5,925.40. The tendered shares have been fully paid and settled on 24 March 2022.

## **Item 5. Directors and Officers**

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

Name	Position	Age
<i>Directors</i>		
Jose Eduardo A. Alarilla	Chairman of the Board	71
Walter W. Brown	Chairman Emeritus	82
Luis R. Sarmiento	Director	64
Stephen A. Paradies	Director	66
Michael Ray Aquino*	Director	55
Joselito H. Sibayan	Independent Director	63
Valentino S. Bagatsing	Independent Director	63
<i>Officers</i>		
Jose Eduardo A. Alarilla	Chairman of the Board	71
Luis R. Sarmiento	President & CEO	64
Gil A. Marvilla	SVP for Project Development	72
Billy G. Torres	VP Finance, Treasurer and Compliance Officer	38
Richard C. Licang	VP-Resident Manager for Maco Operations	65
Rodulfo A. Palma	VP-Legal and Mine Compliance & Risks	53
Eric C. Andal	VP for Geology & Exploration	46
Emelita C. Fabro	VP-Corporate Administration	60
Silverio Benny J. Tan	Corporate Secretary	65
Jonas S. Khaw	Asst. Corp Secretary	43

*\*from March 11, 2022*

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 was Chairman of the Board of the Company until he passed away on September 16, 2021. The Board then elected Jose Eduardo J. Alarilla to assume the Chairmanship of the Board.

**Jose Eduardo J. Alarilla**, Chairman of the Board

Jose Eduardo J. Alarilla is the Chairman of Mega Equipment International Corp.; Vice Chairman of Bloomberg 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 Bloomberg Resorts and Hotels, Inc., MORE Electric and Power Corporation, MORE and International Cleanenvironment Systems, Inc. He holds a Bachelor of Science in Mechanical Engineering from De La Salle University and Masters in Business Management from the Asian Institute of Management.

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

Luis R. Sarmiento was elected as President & CEO of the Parent Company on June 28, 2019, after having been previously appointed as Senior SEVP & COO on October 1, 2018. He was also elected as President of ISRI and MORE on June 28, 2019. Prior to joining the Parent Company, he was the President of Orica Explosives Philippines, Inc., 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. He was conferred as Outstanding Mapuan Awardee in the field of mining engineer in 2005., as Outstanding Mining Engineer Awardee by the Philippine Society of Mining Engineer in 2008, and as Outstanding Mining Engineer of the Year Awardee by the Professional Regulations Commission in 2012. Mr. Sarmiento is a graduate of Mapua Institute of Technology with a degree of Bachelor in Science in Mining Engineering in 1979.

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

Walter W. Brown has been in the Board of Directors of the Company since October 2013 and was the President & CEO of the Company and the Chairman of ISRI until his retirement on June 28, 2019. Mr. Brown earned his Doctorate degree in Geology, Major is Geochemistry, from Stanford University after finishing his Masters degree in Economic Geology in the University of the Philippines. His experience encompasses a wide spectrum of industries from mining to the energy & power sector all the way to real estate business. Aside from his roles in the Company, he is also the Chairman of A Brown Company, Inc. (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.

**Stephen A. Paradies, Director**

Mr. Paradies is a Director of International Container Terminal Services, Inc. (ICTSI), a publicly listed company. He is also a Director of Sureste Properties Inc. ICTSI Warehousing, Inc. and Sociedad Puerto Industrial Aguadulce S.A. Mr. Paradies was formerly the Senior Vice President-Treasurer of Aboitiz & Company, Inc.; a Trustee of Bloomberry Cultural Foundation, Inc.; a Director of Union Properties, Inc.; Prime Metro BMD Corp., 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.

**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 a Director of ABCI, a publicly-listed company. 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 Chief Executive Officer of Investment & Capital Corporation of the Philippines (ICCP). He is an Independent Director of Mapfre Insular Insurance Corporation. He was previously a Principal Investment Officer for the International Finance Corporation (IFC), the private sector investment arm of the World Bank Group. 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).

**Michael Ray B. Aquino, Director (from March 11, 2022)**

Mr. Michael Ray B. Aquino is the Vice President for Security of Bloomberry Resorts and Hotels Inc. with responsibility over facility security in Solaire Resort and Casino. He started as Deputy Director in 2013 and went up through the organization to his current position in 2019. He is actively involved in coordination and government relations relating to the corporate social responsibility projects of Solaire Cultural Foundation. Mr. Aquino was an officer in the Philippine National Police (PNP) and its predecessor agency the Philippine Constabulary, after his graduation from the Philippine Military Academy (PMA) in 1988. Among the positions he held in the PNP was Chief Operations Division of the Presidential Anti-Organized Crime Task Force and Deputy Director of PNP Intelligence Group. Mr. Aquino has a Bachelor of Science from PMA, a Master in Government Management from the

Pamantasan ng Lungsod ng Maynila, and has units towards Master of Business Management from the University of the Philippines in Visayas- Cebu

**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.

**Billy G. Torres, VP-Finance, Treasurer and Compliance Officer**

A Certified Public Accountant, Mr. Billy G. Torres worked as a senior associate auditor of Isla Lipana & Co. before moving to Apex Maco mines as Comptrollership Head in 2012. He received his Bachelor of Science in Accountancy from Polytechnic University of the Philippines with Latin honors. He is concurrently the Treasurer of MORE and ISRI.

**Richard C. Licang, VP-Resident Manager for Maco Operations**

Mr. Richard C. Licang is a graduate of Adamson University where he earned his degree as Bachelor of Science in Mining Engineering. After passing the licensure examination in 1981, he started his career in mining at Batong Buhay Gold Mines, Inc. as Mine Shift Engineer. He also worked in Mines and Geosciences Bureau - Region I and became one of the directors of Philippine Institute in Mining and Quarrying before starting his stint in Apex Mining Co., Inc. as Mine Shift Manager in 2010. He was promoted successively as Area Manager, as Mine Division Manager, and recently as Vice President for Operation and Resident Manager for Maco Operations.

**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. 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.. 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. (MORE) as Head of the Exploration Group in Sierra Leone, West Africa. He was later assigned to MORE'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 joined the Parent Company with a role in the Administration, Community Relations and HR. She later became the HR and Administration Group Manager for Silangan Mindanao Mining Co., Inc. She is 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 of 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 Razon & Co. Inc., Prime Strategic Holdings Inc., Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., and Trident Water Company Holdings Inc.. He is also a Director of MORE Electric and Power Corporation, Celestial Corporation, Skywide Assets Ltd., Monte Oro Minerals (SL) Ltd., and Dressline Holdings Inc. and its subsidiaries and affiliates. He is the Corporate Secretary of Bloomberry Resorts Corporation (BLOOM), a publicly-listed company, Manila Water Company Inc. (MWC), another publicly listed company, Sureste Properties, Inc., Bloomberry Resorts and Hotels Inc., Lakeland Village Holdings Inc., Devoncourt Estates Inc., OSA Industries Philippines Inc., Pilipinas Golf Tournaments, Inc., Bloomberry Cultural Foundation Inc., ICTSI Foundation Inc., MORE and ISRI; and Assistant Corporate Secretary of International Container Terminal Services, Inc. (ICTSI), a publicly-listed company.

**Jonas S. Khaw, Asst. Corp. Secretary**

Atty. Khaw is a partner in the law firm Picazo Buyco Tan Fider & Santos. He is the corporate secretary of Medco Holdings, Inc. and assistant corporate secretary of Bloomberry Resorts Corporation. Atty. Khaw holds a Juris Doctor and Bachelor of Science in Management Engineering degrees both from the Ateneo de Manila University.

**Directors' Training and Continuing Education Attended**

As part of their training and continuing education, the directors of the Company attended corporate governance seminars held on various dates in 2021.

**Election to the Board of Directors**

The Nomination Committee has screened the nominees and prepared the Final List of Candidates for election to the Board of Directors on the date of the Annual Stockholders' Meeting on June 30, 2022. 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, Jose Eduardo J. Alarilla, as Committee Chairman, and Messrs. Stephen A. Paradies 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:

- Jose Eduardo J. Alarilla
- Walter W. Brown
- Luis R. Sarmiento
- Stephen A. Paradies
- Michael Ray B. Aquino
- 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.

#### Independent Director

Mr. Joselito H. Sibayan was nominated as independent director by Mr. Jose Eduardo J. Alarilla 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 controlling stockholder, PSHI, which amounted to ₱916.0 million as of March 31, 2022 and as of December 31, 2021. Please refer to Note 15 of the Audited Consolidated Financial Statements.

There are no ongoing contractual or other commitments with PSHI 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. For committee meetings, the Members of the Board of Directors are paid ₱40,000 net of withholding tax as per diem.

In 2021, a total ₱4.0 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>	
		Regular/Special BOD Meeting	Committee Meetings
Jose Eduardo J. Alarilla	Chairman	0.64	0.12
Walter W. Brown	Chairman Emeritus	0.56	-
Luis R. Sarmiento	President & CEO	0.64	-
Stephen A. Paradies	Non-Executive Director	0.56	-
Michael Ray B. Aquino*	Non-Executive Director	-	-
Joselito H. Sibayan	Independent Director	0.64	0.12
Valentino S. Bagatsing	Independent Director	0.64	0.12

\*started March 11, 2022

#### 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 2021 and 2020, and estimated to be paid in 2022, to the Officers and Members of the Board of Directors of the Company are as follows:

	<u>Year</u>	<u>(in Million ₱)</u>			<u>Total</u>
		<u>Salary/ Directors' Fee</u>	<u>Bonus</u>	<u>Other Annual Compensation</u>	
Directors	2022 (est.)	4.4	-	-	4.4
	2021	4.0	-	-	4.0
	2020	4.4	-	-	4.4
CEO and Four Most Highly Compensated Officers as a Group	2022 (est.)	42.8	-	-	42.8
	2021	49.1	-	-	49.1
	2020	54.1	-	-	54.1
Aggregate Compensation of All Officers and Directors as a Group	2022 (est.)	56.8	-	-	56.8
	2021	62.3	-	-	62.3
	2020	69.5	-	-	69.5

The aggregate compensation for the CEO and four most highly compensated officers as a group paid in 2021 and 2020 are for Luis R. Sarmiento (CEO), Ramon Y. Sy, Gil A. Marvilla, Rodolfo A. Palma and Billy G. Torres while the compensation expected to be paid in 2022 are for Luis Sarmiento (CEO), Gil A. Marvilla, Rodolfo A. Palma, Richard C. Licang and Billy G. Torres.

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

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

#### Warrants and Options Outstanding: Repricing

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

## **Item 7. Independent Public Accountant**

The auditing firm of Sycip Gorres Velayo & Co. (SGV & Co) has been the Company's Independent Public Accountant since 2011. SGV & Co. is nominated as the Company's Independent Public Accountant for the ensuing year in the June 30, 2022 Annual Stockholders' Meeting.

For the calendar year 2021, 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 Fees

In 2021 and 2020, the audit was basically engaged for the purposes of the external auditor expressing an opinion on the financial statements of the Company and its Subsidiaries. In addition, the audit included providing assistance to the Company in the preparation of its income tax return in as far as ensuring the agreement of the reported income and costs and expenses with the recorded amounts in the books. The procedures conducted include those that are necessary under Philippine Financial Reporting Standards. This, however, did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses.

The total Group audit fees for the foregoing services were ₱7.0 million and ₱6.7 million in 2021 and 2020, respectively.

#### Tax Fees

Professional fees paid for tax services amounting to ₱1.0 were paid in 2021 and in 2020.

#### All Other Fees

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

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

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

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

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

## **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 2021 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 30, 2021 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 30, 2021, summarized as follows:

- a. Approval of the minutes of the Stockholders' Meeting held last July 30, 2020;
  - b. Approval of the Annual Report, together with the Audited Financial Statements and notes thereto, for fiscal year ended December 31, 2020;
  - c. Approval and ratification of all acts, contracts, investments, and resolutions of the Board of Directors and Management since the Annual Stockholders' Meeting on July 30, 2020 up to June 30, 2021;
  - d. Election of the Directors of the Company, including Independent Directors; and
  - e. Appointment of SGV & Co. as external auditors for the year 2021.
2. Approval of the Company's audited financial statements for 2021;
  3. Ratification of the acts, contracts, investments, and resolutions of Directors, Committees, and Officers of the Company for the year 2021;
  4. Election of Directors; and
  5. Appointment of external auditors for the year 2022.

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](http://www.apexmines.com) and on the Company Disclosures section at the PSE Edge portal [edge.pse.com.ph](http://edge.pse.com.ph):

- 2021 Annual Report on SEC Form 17-A
- Sustainability Report (as Annex to SEC Form 17-A)
- Audited Consolidated Financial Statements as of December 31, 2021
- First Quarter Report on SEC Form 17Q for the period ended March 31, 2022

#### **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.

#### **Requirements under Section 49 of the Revised Corporation Code of the Philippines**

1. Description of the voting and voting tabulation procedures used in the previous Annual Stockholders Meeting held on 30 June 2021:

Every resolution for approval of the stockholders in the meeting was introduced by a motion duly seconded through the online platform of the virtual meeting. The Chairman asked if there was any objection to every motion. Since there were no objections, all the motions were carried without a vote.

2. Description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given:

The stockholders were given the opportunity to ask questions during the Annual Stockholders Meeting held on 30 June 2021 and the company answered the same. The questions and answers can be found in the minutes of the annual stockholders' meeting is disclosed in the company website and may be viewed through this link: <http://www.apexmines.com/wp-content/uploads/2021/07/Apex-Mining-Minutes-of-the-ASM-30-June-2021.pdf>.

3. The following are the matters discussed and resolutions reached for the 2021 Annual Stockholders Meeting held on 30 June 2021:
  - 1) Approval of the Minutes of the Stockholders' Meeting held on 30 June 2020.
  - 2) Approval of Audited Financial Statements for 2020.
  - 3) Approval and ratification of all acts, contracts, investments, and resolutions of the Board of Directors and Management since the last annual stockholders' meeting.
  - 4) Election of the members of the Board of Directors
  - 5) Appointment of Sycip Gorres Velayo and Co., as External Auditors for 2021.
4. A record of the voting results for each agenda item

AGENDA ITEMS		VOTING RESULTS*		
		APPROVING	DISSENTING	ABSTAINING
1)	Approval of the Minutes of the Annual Meeting of Stockholders Held on 30 June 2020	4,777,157,594	-	-
2)	Approval of the Audited Financial Statements for 2020	4,777,157,594	-	-
3)	Approval and ratification of all acts, contracts, investments, and resolutions of the Board of Directors and Management since the last annual stockholders' meeting	4,777,157,594	-	-
4)	Election of the members of the Board of Directors			
(i)	Ramon Y. Sy	4,776,551,594	606,000	-
(ii)	Walter W. Brown	4,776,669,594	488,000	-
(iii)	Luis R. Sarmiento	4,777,157,594	-	-
(iv)	Jose Eduardo Alarilla	4,776,669,594	488,000	-
(v)	Stephen A. Paradies	4,776,063,594	1,094,000	-

(vi)	Joselito H. Sibayan as independent director	4,777,157,594	-	-
(vii)	Valentino S. Bagatsing as independent director	4,777,157,594	-	-
5)	Appointment of Sycip Gorres Velayo and Co., as External Auditors for 2021	4,777,157,594	-	-

Every resolution for approval of the stockholders in the meeting was introduced by a motion duly seconded through the online platform of the virtual meeting. The Chairman asked if there was any objection to every motion. Since there were no objections, all the motions were carried without a vote. The number of votes indicated here are the votes on the resolution from: (a) votes of proxies with instructions; (b) votes submitted through the online voting platform of the virtual meeting; and (c) votes of the Chairman as holder of proxies, which would have been counted if there was a voting on the resolution

5. List of directors, officers and stockholders who attended the meeting

Stockholders representing 4,777,157,594 shares out of 6,227,887,491 outstanding shares or 76.71% were present in person or by proxy for the annual stockholders' meeting on 30 June 2021 conducted virtually via [www.apexmines.com/2021ASM](http://www.apexmines.com/2021ASM)

The Directors and Officers who attended the meeting were as follows:

Directors:

1. Ramon Y. Sy
2. Walter W. Brown
3. Luis R. Sarmiento
4. Jose Eduardo J. Alarilla
5. Joselito H. Sibayan
6. Valentino S. Bagatsing
7. Stephen G. Paradies

Officers:

1. Luis R. Sarmiento - President & Chief Executive Officer
2. Billy G. Torres – VP for Finance, Treasurer & Compliance Officer
3. Gil A. Marvilla – SVP for Project Development
4. Eric S. Andal – VP for Exploration & Geology
5. Emelita C. Fabro – VP for Corporate Administration
6. Rodulfo A. Palma – VP for Legal & Mine Compliance
7. Silverio Benny J. Tan – Corporate Secretary
8. Elisa R. Dungca – Assistant Corporate Secretary

The stockholders and PCD Beneficial Owners who were present in person or by proxy during the Annual Stockholders' Meeting on 30 June 2021 were as follows:

Name
Prime Strategic Holdings, Inc.
Mindanao Gold Ltd.
Monte Oro Resources & Energy, Inc.
Lakeland Village Holdings, Inc.
Devocourt Estate Holdings, Inc.
Mapula Creek Gold Corporation
Marimon
Tan
Brown
Sy
Tan
Brown
Deutsche Bank
HSBC
Ortigas
Fernando
Mata

6. Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders

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 Company filed a copy of its 2020 Integrated Annual Corporate Governance Report (I-ACGR) to the Philippine SEC on 30 June 2021 and is posted in the Company's website at <http://www.apexmines.com/wp-content/uploads/2021/06/IACGR-2020-Apex-Mining.pdf> The I-ACGR for 2021 will be filed with the SEC before May 30, 2022.

7. List of material information on the current stockholders and their voting rights

Material information on the current stockholders and voting rights were provided during the Annual Stockholders' Meeting on 30 June 2021 and in Items 2 and 19 of this SEC Form 20-IS. The Corporate Secretary informed the stockholders that stockholders as of record date of 31 May 2021 were entitled to vote in the Annual Stockholders' Meeting on 30 June 2021.

8. Detailed, descriptive, balanced and comprehensive assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs

The board of directors regularly assess the Company's performance and the results of such assessment are reported in the Company's annual reports (SEC Form 17-A) and quarterly reports (SEC Form 17-Q) which contains management's discussion and analysis of the Company's financial position and results of operations for any given year or quarter.

9. Financial report for the proceeding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees

Please see attached as Annex B hereof is the audited financial statements of the Company as of December 31, 2021.

10. An explanation of the dividend policy and the fact of payment of dividends or the reasons for non-payment thereof

The Company has not declared any dividend in the past three years ended December 31, 2021, and the interim period ended March 31, 2022. The Company is still in the process of building up its retained earnings, having incurred losses in the past years.

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.

11. Director's qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representation in other corporations

Please see Item 5 of this Report.

12. A director attendance report, indicating the attendance of each director at each of the meetings of the board and its committees and in regular or special stockholder meeting

Below is the attendance of directors during board and committee meetings in 2021

Name of Director	No. of Regular BOD Meetings Present	Total No. of Regular BOD Meetings	% Present in BOD Meetings	No. of BOD Committee Meetings Present	Total No. of BOD Committee Meetings	% Present in BOD Committee Meetings
Ramon Y. Sy*	5	8	63%	-	-	-
Jose Eduardo J. Alarilla	8	8	100%	3	3	100%
Walter W. Brown	7	8	88%	-	-	-
Luis R. Sarmiento	8	8	100%	-	-	-
Joselito H. Sibayan	8	8	100%	3	3	100%
Stephen A. Paradies	8	8	100%	-	-	-
Valentino S. Bagatsing	7	8	88%	3	3	100%
Michael Ray B. Aquino**	-	-	-	-	-	-

\*until September 16, 2021

\*\*From March 11, 2022

13. Appraisal and performance reports for the board and the criteria and procedure for assessment

To determine and measure the effectiveness of the Board of Directors, the Company is guided by its Manual on Corporate Governance which is available on the Company website: <http://www.apexmines.com/wp-content/uploads/2017/06/Apex-Corp-Governance-Manual-2017-FINAL.pdf>.

The Board conducts an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. It has also established an internal self-rating and evaluation system.

14. A director compensation report prepared in accordance with this Code and the rules the Commission may prescribed

Please see Item 6 of this Report.

15. Director disclosures on self-dealings and related party transactions

On director disclosure on self-dealings, the Company follows the SEC rule requiring Directors and Officers to report their dealings in Company shares within five (5) trading days from the date of the Company share-related transactions. The Company discloses to the PSE and SEC the ownership (direct and indirect) and any acquisition or disposal of the Company's securities by Directors, Officers and controlling shareholders of the Company pursuant to the PSE Revised Disclosures and the Securities Regulations Code. Directors and Officers are likewise prohibited from buying or selling securities of the Company during the period within which material non-public information is obtained and up to two (2) full trading days after the price sensitive information is disclosed. The Company also discloses purchases of its shares from the market within the same day or before the start of the next trading day. On related party transactions, see discussion on Related Party Transactions in Note 12, *Related Party Transactions*, of the Annual Audited Consolidated Financial Statements.

16. The profiles of directors nominated or seeking election or re-election

Please see Item 5 of this Report.

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

On 29 April 2022, the Board of Directors approved the amendment of Article II(2) of the Amended By-Laws of the Corporation to change the date of the annual meeting from the last business day of June of each year to the last business day of April of each year.

The purpose of the amendment is to move the annual meeting forward so that the report to the stockholders will not be half a year old at the time of the meeting.

The Company will seek the approval of the majority of stockholders regarding this matter in the June 30, 2022 stockholders meeting.

Except from the above, there are no other 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 2021 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 June 27, 2022 by email to 2022APEX@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.

The Voting procedures shall be 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, 2021

Annex C is the Certification of Qualification of Independent Directors

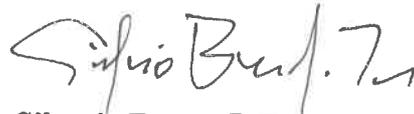
Annex D is the Certification that none of the BOD of Officers are connected or employed in the Philippine Government

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report are true, complete and correct. This report is signed in the City of Makati on May 26, 2022.

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:

**Ramon Peter E. Adviento**  
AVP – Investor Relations

**Apex Mining Co., Inc.**  
3304B West Tower, Tektite Towers  
Exchange Road, Ortigas Center, Pasig City

## ANNEX A

### MANAGEMENT REPORT

#### Corporate Information and Business Development

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

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

The Parent Company currently operates the Maco Mines in Maco, Davao de Oro, Philippines. Its registered business and principal office address is 3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, Philippines.

On March 7, 1974, the Parent Company listed its shares in the Philippine Stock Exchange (PSE).

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

In 2005, Crew Gold Corporation (Crew Gold), a Canadian company, and its associated Philippine company, Mapula Creek Gold Corporation (Mapula), acquired 28% and 45% of the Parent 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 Parent 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 Parent 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 Parent Company, with the Parent 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 Parent Company by the stockholders. In April 2014, MORE acquired substantial ownership in the Parent Company held by Mapula. At this point, MORE became the significant shareholder, controlling 46.5%, of the Parent Company.

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

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

## **Business of Issuer**

### Products

The Parent Company's Maco mine and ISRI's Sangilo mine produce bullions and buttons, respectively, containing gold and silver. All of the production of both mines 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 Parent Company and in the last three calendar years and its percentage to revenue are shown in the following table:

<u>Year</u>	<u>Development Cost</u>	<u>Revenue</u>	<u>Percentage</u>
2021	₱906,021,877	₱7,410,310,716	12%
2020	822,407,244	6,317,677,566	13%
2019	627,841,722	4,960,926,451	13%

### 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, 2021 is 1,631. The table below summarizes the distribution of the Parent Company's manpower count as to division and rank.

<u>Division/Department</u>	<u>R&amp;F</u>	<u>Supervisor</u>	<u>Manager</u>	<u>Total</u>
Mine Division	559	144	12	715
Mill Division	136	33	5	174
Geology Division	103	44	5	152
PMES Division	98	32	4	134
Support Services & Admin	282	131	43	456
<u>Total</u>	<u>1,178</u>	<u>384</u>	<u>69</u>	<u>1,631</u>

## Status of Operations

### A. Mining Properties

#### *Maco Mine*

On December 22, 2005, the Mines and Geosciences Bureau (MGB) approved the Parent Company's application for a Mineral Production Sharing Agreement (MPSA) covering 679.02 hectares of land situated in Maco, Davao de Oro. On June 25, 2007, the MGB approved the Parent Company's second application for a MPSA covering an additional 1,558.50 hectares of land near the area covered by the first mineral permit.

As at December 31, 2021, the Parent 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 Parent Company's Maco Mines has three certifications:

- ISO 9001:2015 for Quality Management System
- ISO 14001:2015 for Environmental Management System, and
- ISO 45001:2018 Occupational Health and Safety

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.

#### *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 has completed the rehabilitation and refurbishment of its mining and milling facilities and declared the commencement of its commercial operations on July 31, 2020. Suyoc Mine continues its resource validation and exploration activities while doing some rehabilitation of its facilities.

#### *ISO Certification*

The Sangilo and Suyoc mines are ISO 14001:2015 certified for environmental management system granted by TUV Rheinland in April 2017. 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), an Isles of Man 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.

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. MOMCL received word that its tenement license has been revoked by the National Mineral Agency (NMA). MOMCL will work to question that revocation and for the reinstatement of that license.

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. The two licenses of the Uganda project were renewed last September 9, 2020 with a tenure of 3 years subject to a 4-year extension.

### *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.(NPGPL) in which the Parent Company has a 3.92% equity interest. The company's operations remain suspended following dispute with the government on license terms.

## B. Oil and Gas

### *Service Contract (SC)*

MORE has a 30% participating interest in Service Contract 72 (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. (Forum) holds the remaining 70% participating interest and is the operator of the SC.

The Philippine government lifted its moratorium on oil and gas exploration in disputed areas of the West Philippine Sea in October 2020, allowing exploration activities to resume over the block. The consortium has 20 months or until June 2022 to drill two commitment wells under sub-phase 2. Failure to comply with the minimum work commitment for each sub-phase shall terminate the service contract. Any failure or delay in the performance of obligations and duties shall be excused to the extent attributable to force majeure. In 2021, the consortium started its preparations for the drilling of two commitment wells in the first half of 2022.

On April 6, 2022, Forum received a directive from the Department of Energy (DOE) to put on hold all exploration activities for SC 72 until such time that the Security, Justice and Peace Coordinating Cluster (SJPC) has issued the necessary clearance to proceed. Forum, as the operator, complied with this directive by suspending the drilling activities.

On April 8, 2022, Forum sent a letter to DOE, expressing its willingness to resume activities immediately, no later than April 11, 2022, but if written confirmation from DOE would not be received by April 10, 2022, the consortium will consider the suspension of work issued by the DOE to be indefinite and a force majeure event that will entitle the consortium to be excused from the performance of the obligations and to the extension of the exploration period under SC 72.

As at April 29, 2022, the consortium has not received advise from the DOE that it can resume its exploration activities. Thus, the consortium was constrained to stand by the force majeure declaration and to terminate with immediate effect all the supply and services agreements that have been put in place to carry out the work obligations imposed by the DOE. National Defense Secretary Delfin Lorenzana who heads SJGCC has publicly declared that the fate of oil exploration activities in the West Philippine Sea is now up to the next administration to be elected in the May national election.

### 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 was a subject of an agreement to sell between MORE and A. Brown Co., Inc. (ABCI) whereby MORE shall sell its 52% ownership in ICSI to ABCI payable within 12 months and which was further extended to May 31, 2021. The agreement to sell did not materialize until expiration of agreement in 2021

## **Market for Registrant Common Equity and Related Stockholders Matters**

### Market Information

The Parent 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 2021 and 2020, and for the interim period from January 1 to April 30, 2022 were as follows:

Year	Period	Listed Common Shares	
		High	Low
2022	April 1 - April 30	₱1.74	₱1.50
	January 1 - March 31	2.05	1.45
2021	January 1 - March 31	1.88	1.39
	April 1 - June 30	1.85	1.41
	July 1 - September 30	1.77	1.39
	October 1 - December 31	1.66	1.32
2020	January 1 - March 31	1.18	0.55
	April 1 - June 30	1.33	0.68
	July 1 - September 30	1.77	1.17
	October 1 - December 31	2.32	1.33

As of May 10, 2022, the closing stock price per share of APX is ₱1.49.

### Stockholders

As of April 30, 2022, the Company has 2,749 shareholders with 6,227,887,491 total issued and outstanding common shares.

The top 20 stockholders of the Company as of April 30, 2022 follows:

	Stockholder	Number of shares	% of ownership
1	Prime Strategic Holdings, Inc.	2,511,333,765	40.32
2	PCD Nominee Corp.*	1,310,635,101	21.04
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)	151,462,110	2.43
8	Mapula Creek Gold Corporation	115,326,533	1.85
9	Walter W. Brown	36,743,202	0.59
10	Jacinto C. Ng	14,725,217	0.24
11	Silverio Benny J. Tan	11,606,747	0.19
12	Carousel Holdings, Inc.	3,070,000	0.05
13	Rexlon Industrial, Corp.	1,006,525	0.02
14	Michael Ray B. Aquino	727,000	0.01
15	Gil A. Marvilla	647,767	0.01
16	Stephen G. Paradies	549,900	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 April 30, 2022, the public ownership level of the Company is at 35.53%.

### Dividends

The Company has not declared any dividend in the past three years ended December 31, 2021, and the interim period ended March 31, 2022.

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, 2021, and in the interim period ended March 31, 2022.

## Management Report for the Years 2021, 2020, 2019 and 2018

### Consolidated Net Income

The consolidated net income of Apex Mining Co., Inc. (the “Parent Company”) and Subsidiaries (collectively referred to as the “Group”) was ₱657.3 million in 2021, a 57% decline from the ₱1.5 billion consolidated net income in 2020, but a 115% increase from the ₱305.9 million consolidated net income in 2019. The 2018 consolidated net income of ₱239.4 million is 28% higher compared to 2019 net income.

The Parent Company net income in 2021 amounted to ₱1.9 billion compared to the ₱1.6 billion, ₱350.8 million and ₱331.7 net income in 2020, 2019 and 2018, respectively.

### Consolidated Revenues

The consolidated revenues in 2021, 2020, 2019 and 2018 amounted to ₱7.4 billion, ₱6.3 billion, ₱5.0 billion and ₱4.7 billion respectively, or an increase of ₱1.1 billion in 2021 compared to 2020, ₱1.3 billion in 2020 compared to 2019, and ₱302.7 million in 2019 compared to 2018. The 2021 consolidated revenues of the Group pertain to the Parent Company and ISRI revenues, while the 2020, 2019 and 2018 revenues pertain to Parent Company revenues only. Though ISRI declared its commencement of commercial operations last July 31, 2020, the metals produced from July 31 to December 31, 2020 were not sold and reported as part of December 31, 2020 gold and silver inventories in the statement of financial position.

Information on the Group sales volume and realized prices for gold and silver in 2021, 2020, 2019 and 2018 are as follows:

	2021	2020	Change	2019	Change	2018	Change
<b>Gold</b>							
Volume sold in ounces	<b>78,709</b>	66,576	+18%	62,468	+7%	70,564	-11%
Realized price/ounce, in USD	<b>\$1,788</b>	\$1,798	-1%	\$1,389	+29%	\$1,260	+10%
<b>Silver</b>							
Volume sold in ounces	<b>359,533</b>	365,212	-2%	353,627	+3%	328,797	+8%
Realized price/ounce, in USD	<b>\$24.46</b>	\$21.78	+12%	\$16.14	+35%	\$15.49	+4%

The weighted average United States Dollar (USD) to Philippine Peso (PHP) foreign exchange rates on the Group revenues in 2021, 2020, 2019 and 2018 were ₱49.56, ₱49.49, ₱51.71, and ₱52.97 to one USD, respectively.

An analysis of the consolidated revenue variance, which comprises of sales volume, price and exchange rate variances, between the comparative years ended December 31, 2021, 2020, 2019 and 2018 of the Group are as follows:

Variance	2021 versus 2020 (in thousands of PHP)			2020 versus 2019 (in thousands of PHP)			2019 versus 2018 (in thousands of PHP)		
	Gold	Silver	Total	Gold	Silver	Total	Gold	Silver	Total
Volume (sold)	₱1,079,657	₱(6,121)	₱1,073,536	₱130,984	₱(3,696)	₱127,288	₱(86,167)	₱54,339	₱(31,828)
Price	(40,128)	47,706	7,578	1,415,970	107,113	1,523,083	451,176	10,460	461,636
Exchange rate	10,966	553	11,519	(275,454)	(18,166)	(293,620)	(121,219)	(5,905)	(127,124)
Consolidated revenue	₱1,050,495	₱42,138	₱1,092,633	₱1,271,500	₱85,251	₱1,356,751	₱243,790	₱58,894	₱302,684

Parent Company’s milling throughput is higher at 708,447 tonnes (averaging at 2,057 tonnes per day) this year as compared to 664,363 tonnes averaging at 1,949 tonnes per day in 2020.

Gold recovery is at 87.35%, almost the same level compared to last year's 87.63% recovery. Silver recovery declined by 2% to 75.69% against last year's 77.23% recovery rate. ISRI milled a total of 70,431 tonnes during the year.

The higher ore grades averaging 3.74 grams of gold per tonne contributed to the 18% higher gold sales to 78,709 ounces this year from 66,576 ounces last year. Silver sales, however, slightly decreased by 2% to 359,533 ounces from 365,212 ounces.

Metal prices averaging \$1,788 per ounce for gold and \$24.46 per ounce for silver established a new record for the Group's annual revenue of P7.4 billion in 2021. This was higher by 17% than the previous record revenue reported in 2020 of P6.3 billion from the average prices of \$1,798 and \$21.78 per ounce for gold and silver, respectively.

The slight depreciation of the PHP against the USD resulted in a favorable exchange rate variance.

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 2021, 2020, 2019 and 2018, amounted to P4.3 billion, P3.5 billion, P3.8 billion and P3.6 billion, respectively. Costs of production for the unsold metal products of the Group were reported as inventories in the balance sheets as of December 31, 2021 and were charged to income statement upon sale in January 2022. A breakdown of the main components of consolidated cost of production is as follows:

- Materials used in mining and milling rose by P312.4 million in 2021 compared to 2020, declined by P169.2 million in 2020 compared to 2019 and million in 2019 compared to 2018. As materials cost is mainly driven by throughput production, the movement in cost is attributable to the 7% increase, 7% decrease, 17% and 5% increase in milling throughput of Maco mine in 2021, 2020, 2019 and 2018, respectively, versus its respective prior year comparative numbers. Material costs used in the full year operations of ISRI Sangilo mine and charged to current year production costs amounted to P102.5 million, which was in rehabilitation stage last year.
- Depreciation, depletion and amortization expense charged to production increased by 9% or P90.6 million in 2021 compared to 2020, decreased by 18% or P230.2 million in 2020 compared to 2019 and increased by 14% or P156.6 million in 2019 compared to 2018.

The increase in ore reserves of the Maco mine in the middle of 2021 to 5.75 million tonnes (at the average grade of 4.9 grams of gold per tonne) reported by an accredited competent person in compliance with the Philippine Mineral Reporting Code, compared to the previous ore reserves of 1.92 million tonnes (at the average grade of 6.34 grams of gold per tonne), correspondingly reduced the applicable depletion rate starting July 2021. The impact of lower depletion rate, however, was partly negated with the increase in tonnage output, bringing the net decrease of the depletion expense by P100.3 million in 2021 compared to 2020. Depreciation, however, surged by 28% or P190.9 million in 2021 versus 2020, by 7% or P52.8 million in 2020 versus 2019, and by 23% or P127.4 million in 2019 versus 2018 as a result of higher capital expenditures, particularly fleet of equipment, made in previous years. Repairs and maintenance also increased to P26.2 million due to the servicing of aging heavy mobile equipment used in the mining

operations as well as regular maintenance activities for the increasing fleet and mine infrastructures.

- Personnel cost went up by 25% or ₱134.4 million this year compared to 2020 despite 6% reduction of Parent Company manpower to 1,631 as of December 2021 from 1,728 in 2020 due to increased operating activities, higher benefits payment and recognition of ₱92.0 million payroll cost of ISRI Sangilo mine in the statements of financial income during the year to match the revenue generated from the commercial operations in 2021. Personnel cost went up by 4% in 2020 compared to 2019 despite 9% reduction of manpower to 1,728 as of December 2020 from 1,898 in 2019. The Group provided assistance to employees affected by lockdown and community quarantine due to COVID-19 aside from other employee incentives and benefits given and retirement paid during the year. Personnel cost in 2018 went up by 6% versus 2017 due to higher salary rates.
- Utilities expense increased by 8% or ₱17.6 million in 2021 versus 2020, by 3% or ₱7.4 million in 2020 compared to 2019, and by 9% or ₱22.1 million in 2019 compared to 2018. Mill Plant area of the Maco mine consumed 32.0 million kilowatt hour in 2021 which is higher compared to 28.6 kilowatt hour million in 2020 despite lower per kilowatt hour cost at ₱4.20 in 2021 versus ₱4.55 in 2020. Data and communication also increased by ₱3.2 million in 2022 as the demands for offsite connectivity and solutions rise due to the fewer face-to-face activities.
- Contracted services cost also rose by 56% or ₱129.6 million while professional fees by 36% or ₱3.8 million due to the increasing business activities requiring various third party services compared to previous year when most of the restrictions in movements and deferment of activities were made to control the spread of COVID-19 in compliance with the directives of the local and national government. Contracted services also include bus rental for employees living in nearby communities of the mines. During the period of community quarantine in 2020, workforce was temporarily reduced resulting in lesser bus trips. In Sangilo mine, ₱13.5 million was spent for contracted services this year.
- Indigenous People (IP) surface rights royalty & IP royalty, Social Development and Management Program (SDMP) expenses and taxes, licenses and permits, as a group, accounted for an 8% or ₱20.5 million increase in 2021 compared to 2020 and 17% or ₱37.1 million increase in 2020 compared to 2019 due to higher revenue and cost base. Donation and contribution was also higher in 2021 due to various assistance activities conducted in Davao and Benguet regions to participate in the government's effort to minimize the spread of Covid-19, among others.
- Bullion refining and transportation charges increased by 19% or ₱11.3 million in 2021 compared to 2020 due to higher volume and frequency of shipments this year. In 2020, Bullion refining and transportation charges increased by 47% or ₱18.7 million compared to 2019 due to longer routes used and more expensive flights incurred. During the community quarantine, various flights were cancelled and airports temporarily closed, to prevent further spread of COVID-19.
- Insurance expense is higher by ₱16.4 million in 2021 versus 2020, ₱11.2 million in 2020 compared to 2019, and ₱18.1 million in 2019 compared to 2018, mainly due to the increases in premium and additional 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 ₱296.6 million, ₱265.6 million, ₱194.1 million and ₱83.9 million in 2021, 2020, 2019 and 2018, respectively. The increase in the excise tax during the years are attributable to the increase in revenue which is used as tax base in the computation of 4% excise tax due.

*Consolidated General and Administrative Expenses*

Consolidated general and administrative (G&A) expense in 2021, 2020, 2019 and 2018 amounted to ₱211.3 million, ₱162.9 million, ₱210.7 million, and ₱187.2 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:

	<b>2021</b>	2020	2019	2018
Parent Company	<b>₱155.1</b>	₱116.9	₱168.0	₱131.0
MORE and Subsidiaries	<b>38.3</b>	15.6	30.2	18.1
ISRI	<b>17.9</b>	30.4	12.5	38.1
	<b>₱211.3</b>	₱162.9	₱210.7	₱187.2

G&A expenses were lower in 2020 compared to 2021, 2019 and 2018 due to reduced and deferred activities because of the restrictions imposed by the local and national government to minimize the impact of the pandemic.

*Consolidated Finance Costs*

Consolidated finance costs in 2021, 2020, 2019 and 2018 of the Group amounted to ₱165.1 million ₱202.4 million, ₱207.3 million, and ₱234.2 million respectively. The lower finance cost in 2021 versus 2020, 2019 and 2018 was primarily due to quarterly loan amortization payments and higher capitalization of borrowing costs based on the weighted average cost computed this year.

*Consolidated Other Income (Charges)*

The consolidated finance cost and other income/charges of the Group amounted to ₱1.3 billion and ₱12.4 million in 2021 and 2020, respectively. During the year, the Group recognized a ₱1.2 billion provision for impairment of property and equipment and deferred exploration costs of non-operating local and foreign non-operating subsidiaries or subsidiaries under care and maintenance status, of Monte Oro Resources & Energy, Inc. (“MORE”).

*Consolidated Provision for Income Tax*

The Group’s current income tax were at ₱626.1 million, ₱732.4 million ₱196.6 million, and ₱199.5 million in 2021, 2020, 2019 and 2018, respectively. The significant portion of current income tax is attributable to the Parent Company being subjected to the regular corporate income tax (RCIT) rate.

Effective July 1, 2020, regular corporate income tax rate is reduced from 30% to 25% for domestic and resident foreign corporation in accordance with the CREATE act.

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.

Re-measurement losses on retirement plan in 2021, 2020 and 2018 amounted to ₱45.4 million, ₱1.7 million, and ₱6.2 million, respectively, while re-measurement gain in 2019 amounted to ₱28.3 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 decreased by 4% or ₱115.6 million to ₱3.0 billion as of December 31, 2021 from ₱3.1 billion as of December 31, 2020, and increased by ₱903.3 million to ₱3.5 billion as of December 31, 2020 from ₱2.6 billion as of December 31, 2019, essentially due to the following:

- Cash of the Group grew by ₱36.8 million to ₱1.4 billion in 2021 due to higher cash generated by the Group from operations during the year at ₱2.9 billion despite the expenditures for capital assets, mine development and explorations costs aggregating to ₱2.2 billion, and net settlements of maturing term loan amortization amounting to ₱692.5 million. Cash of the Group grew by ₱694.2 million and ₱168.3 to ₱1.4 billion and ₱705.7 as of December 31, 2020 and December 31, 2019, respectively, compared to the cash of ₱423.9 million in 2018. Operating and financing activities netted the Group ₱2.1 billion and ₱168.6 million in 2020, ₱1.2 billion and ₱967.6 million in 2019 and ₱2.2 billion and ₱25.7 million in 2018. Because of these, the Group was able to invest in ₱2.1 billion, ₱2.0 billion and ₱2.1 billion worth of fixed and long-term assets in 2020, 2019 and 2018, respectively.
- Trade and other receivables was lower by ₱148.8 million at December 31, 2021 compared to the balance in the prior years mainly because the prior year amount included uncollected revenue from the last shipment made near the end of December 2020 and was subsequently sold and collected only in January 2021. In December 2021, payment for the last shipment was sold and collected before the end of the year
- Net assets of ICSI amounting to ₱360.3 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.
- Supplies inventories used in operations increased by 16% to support the increasing activities of the mines as well as to address the longer ordering and lead time due to the impact of pandemic with the foreign supplies logistics. Advance payment to suppliers lodged in the other current assets also increased to ensure continuous flow of materials at various mine sites.
- ICSI was previously classified as 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. As at December 31, 2021, ICSI no longer qualify under the assets held for sale criteria as the agreement was not yet implemented.

#### *Consolidated Noncurrent Assets*

Total consolidated noncurrent assets grew by 1% or ₱160.5 million to ₱12.7 billion as of December 31, 2021 from ₱12.5 billion as of December 31, 2020 mainly because of the increase in property, plant and equipment by ₱450.6 million due to acquisitions, constructions and mine development activities during the year, net of depreciation and depletion expense. Deferred exploration costs decreased by ₱286.6 due to the net effect of MORE impairment for assets lodged in this account. Total consolidated noncurrent assets grew by ₱704 million to ₱12.1 billion as of December 31, 2020 from ₱11.4 billion as of December 31, 2019 mainly because of the increase in property, plant and equipment of ₱1.1 billion due to acquisitions, constructions and mine development activities during the year, net of depreciation and depletion expense. Total consolidated noncurrent assets as of December 31, 2019 grew by ₱1.3 billion from ₱10.1 billion as of December 31, 2018 due to acquisitions, construction and mine development in 2019.

#### *Consolidated Current Liabilities*

Consolidated current liabilities were higher by 6% or ₱283.9 million to ₱4.7 billion as of December 31, 2021 from ₱4.4 billion as of December 31, 2020 which is slightly lower by ₱44.5 million from ₱4.5 billion as of December 31, 2019. The breakdown of the change in the consolidated current liabilities is detailed below.

- Trade and other payables increased by ₱157.4 million due to purchases under Group's regular credit terms with the suppliers during the latter part of the year. Trade and other payables decreased by ₱159 million in 2020 and ₱598.9 million in 2019 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 to support its operations and on-going long-term capacity upgrade.
- Current portion of loans payable increased by ₱113.7 million due to ISRI's opening of trust receipts with a local bank for its equipment and supplies purchases. During the year, quarterly repayment of term loan and reclassification of maturing loan amortization from noncurrent loans were made. Current portion of loans payable decreased by ₱168 million in 2020 due to quarterly repayment of term loan and reclassification of maturing loan amortization from noncurrent loans.
- Income tax payable increased by ₱72.7 million as of December 31, 2021, by ₱194.8 million as of December 31, 2020 versus 2019 and by ₱41.1 million as of December 31, 2019 versus 2018 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 down by 36% or ₱963.1 million to ₱2.6 billion as of December 31, 2021 from ₱3.6 billion as of December 31, 2020. The Group paid a total of ₱774.8 billion during the year for the amortization of long-term loan and maturing trust receipts agreement. In 2019, the Group availed a total of ₱1.1 billion borrowings, ₱1.0 billion of which is the remaining drawdown from the ₱2.0 billion eight-year term loan of Parent Company. The Group paid a total of ₱1.0 billion during the year for the amortization of long-term loan and maturing trust receipts agreement.

There is a decrease in Group's provision for retirement benefits by ₱22.3 million to ₱292.1 million in 2021 compared to 2020 and by ₱26.5 million to ₱314.3 million in 2020 compared to 2019 based on annual actuarial valuation. Deferred income tax liabilities significantly decreased by ₱146.7 million to ₱82.7 million in 2021 due to lower income tax rate. 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. Provision for mine rehabilitation and decommissioning decreased due to revised final mine rehabilitation and decommissioning plan which includes change in assumptions net of accretion and change in estimate.

#### *Consolidated Equity*

Consolidated equity was higher by ₱724.1 million to ₱8.3 billion as of December 31, 2021 from ₱7.5 billion as of December 31, 2020 and by ₱1.5 billion in 2020 from ₱6.0 billion as of December 31, 2019 mainly on the net income and other comprehensive income earned.

#### 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			
		2021	2020	2019	2018
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	<b>42.5%</b>	45.1%	22.7%	23.5%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	<b>4.2%</b>	10.4%	2.3%	1.9%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	<b>6.4%</b>	15.9%	5.4%	4.5%
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>0.6 : 1</b>	0.8 : 1	0.6 : 1	0.5 : 1
Debt-to-equity ratio	$\frac{\text{Total debt}}{\text{Total equity}}$	<b>0.7 : 1</b>	0.8 : 1	1.0 : 1	1.3 : 1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>1.5 : 1</b>	1.6 : 1	1.7 : 1	2.3 : 1
Debt service coverage ratio	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	<b>2.9 : 1</b>	3.5 : 1	2.5 : 1	1.7 : 1

The gross profit margin in 2021 is lower compared to 2020 due to lower realized metal prices and higher cost of production.

The lower return on assets and return on equity was a result of the impairment recognized during the year which reduced the net earnings of the Group in 2021 than in 2020.

Debt-to-equity ratio slightly decreased due to the increase in equity from net income and reduction of total debts the Group during the period due to the quarterly amortization of term loans. Asset-to-equity ratio also decreased this year compared to prior period due to faster growth in the Group's total stockholders' equity account as compared to the changes in its assets.

The current ratio in 2021 slightly decreased compared to 2020 due to higher trade payables resulting from near year-end purchases.

Debt service coverage ratio decreased as the Parent Company's EBITDA is lower in 2021 compared to 2020.

#### 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 except for the potential impact of the on-going COVID-19 pandemic developments.
- 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.

#### COVID-19 Disclosure

The Philippine government imposed various levels of community quarantine since March 16, 2020 to address the COVID-19 pandemic in the country.

The community quarantine in Davao de Oro affected the Maco mine's second to fourth quarter of 2020 and full year 2021 operations. The restriction on the movement of employees and the health protocols reduced the workforce which slowed down mine development. The Maco mine conducted contract tracing and isolation in coordination with the local government of Maco when some employees contracted the virus. Focus was made on higher grade ore to achieve gold production levels. The suspension of airport service in Davao City

caused delays and lessened the frequency of the mine's gold bullion shipments. There was an increase in transportation cost due to the longer alternative routes.

The community quarantine imposed in the Benguet Province reduced the manpower available for the Sangilo mine rehabilitation and debugging. The Sangilo mine was included in the localized lockdown in October 2020 following the increase in COVID-19 cases within the tenement and Barangay Poblacion where the mine is located. The lockdown was lifted after the completion of swab testing conducted by the Rural Health Unit. ISRI has doubled up on its mitigation measures and disinfected the areas where the COVID-19 cases were identified.

Despite the movement restrictions imposed by the local and national government, the Group was able to increase its production output and generate net income in 2021 and 2020. The Group continues to adhere to the safety and health standards imposed by the national and local government to address the continuing COVID-19 pandemic.

### **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 2020 Integrated Annual Corporate Governance Report (I-ACGR) to the Philippine SEC on June 30, 2021 and is posted in the Company website. The I-ACGR for 2021 will be filed with the SEC before May 30, 2022.

## Management Discussion and Analysis of Financial Position and Results of Operations for the First Quarter ended March 31, 2022 and 2021

### Consolidated Statement of Income

#### *Consolidated Revenues*

The consolidated gross revenues of Apex Mining Co., Inc. (the “Parent Company”) and Subsidiaries (collectively referred to as the “Group”) in the first quarter of 2022 was higher at ₱2.2 billion compared to ₱1.5 billion of the same period last year. The 2022 consolidated revenues of the Group pertain to the Parent Company’s Maco operations and Itogon-Suyoc Resources, Inc.’s (“ISRI”) Sangilo operations revenues.

Information on the sales volume and realized prices for both gold and silver in the first quarter of 2022 and 2021 is as follows:

	Gold			Silver		
	2022	2021	%	2022	2021	%
Volume in ounces	<b>22,174</b>	17,051	30	<b>96,200</b>	85,681	12
Realized price/ounce, in USD	<b>\$1,872</b>	\$1,752	7	<b>\$24</b>	\$25	-5

The weighted average United States Dollar (USD) to Philippine Peso (PHP) foreign exchange rates on the Group revenues in the first quarter of 2022, 2021 and 2020 were ₱51.52, ₱49.56 and ₱49.49, to one USD, respectively.

An analysis of the consolidated revenue variance, which comprises of sales volume, price and exchange rate variances, between the comparative periods ended March 31, 2022, 2021 and 2020 of the Group in Peso equivalent are as follows:

Variance	2022 versus 2021 (in thousands of PHP)			2021 versus 2020 (in thousands of PHP)		
	Gold	Silver	Total	Gold	Silver	Total
Volume (sold)	₱434,166	₱12,720	₱446,886	₱252,493	₱6,614	₱259,107
Price	128,407	(6,144)	122,263	145,156	36,496	181,652
Exchange rate	103,831	59,169	163,000	(73,130)	(5,839)	(78,969)
Consolidated revenues	<b>₱666,404</b>	<b>₱65,745</b>	<b>₱732,149</b>	<b>₱324,519</b>	<b>₱37,271</b>	<b>₱361,790</b>

Parent Company’s Maco operations milling throughput is higher at 194,255 tonnes (averaging at 2,300 tonnes per day) as compared to 157,552 tonnes (averaging at 1,955 tonnes per day) as of March 31, 2021. Gold recovery was at 87.26%, slightly higher compared to last period’s 87.06% recovery. Silver recovery was lower at 78.92% against last year’s 79.87% recovery rate. Itogon-Suyoc Resources, Inc. milled a total of 25,887 tonnes during the period.

The higher throughput and average realized gold price of \$1,872/oz during the year (versus \$1,752/oz last year), pushed the revenues up by 44% in the first quarter of 2022. Ore gold grades averaged higher at 3.76 grams per tonne compared to the first quarter of 2021 at 3.14 grams of gold per tonne.

The depreciation of the PHP against the USD as of March 31, 2022 resulted in a favorable exchange rate variance.

#### *Consolidated Cost of Production*

Consolidated cost of production incurred in the first quarter of 2022 increased to ₱1.2 billion from ₱1.1 billion in 2021 mainly due to higher tonnage processed during the period. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization expense was lower by 13% or ₱42.3 million in the first quarter of 2022 compared to 2021.

The increase in ore reserves of the Maco mine in the middle of 2021 to 5.75 million tonnes (at the average grade of 4.9 grams of gold per tonne) reported by an accredited competent person in compliance with the Philippine Mineral Reporting Code, compared to the previous ore reserves of 1.92 million tonnes (at the average grade of 6.34 grams of gold per tonne), correspondingly reduced the applicable depletion rate starting July 2021. The impact of lower depletion rate, however, was partly negated with the increase in tonnage output, bringing the net decrease of the depletion expense by ₱42.7 million in the first quarter of 2022 compared to the similar period in 2021.

- Materials used in mining and milling during the first quarter was higher by ₱94.1 million in 2022 compared to 2021. The Group processed 220,142 tonnes during the first quarter of 2022 which is 30% higher than the tonnage milled in the same period last year. Consequently, power cost was higher by ₱18.2 million or 29% than the previous comparative period.
- Personnel cost and contracted services increased by 5% and 2%, respectively, during the first quarter of 2022 compared to 2021 due to the reporting of full manpower operations at sites compared last year's similar period when the COVID-19 pandemic has reached the mine site and temporarily reduced the mobility and number of workforce.
- Indigenous People (IP) surface rights royalty & IP royalty and taxes, licenses and permits, as a group, accounted for a 17% or ₱16.5 million increase in 2022 compared to 2021 due to higher revenue and cost base.
- Bullion refining and transportation charges also increased in the first quarter of 2022 compared to 2021 due to higher volume of metals shipped and sold. Refining cost and transportation charges are computed based on the volume of shipments and metal outturn.

#### *Consolidated Excise Taxes*

Consolidated excise taxes of the Group amounted to ₱88.7 million in the first quarter of 2022 from ₱55.7 million in the same period in 2021 due to higher quantity and value of metals sold. In both year, 4% excise tax rate was used.

#### *Consolidated General and Administrative Expenses*

Consolidated general and administrative (G&A) expense in the first quarter of 2022 and 2021 amounted to ₱38.7 million and ₱28.1 million, respectively due to benefits payments and head office expenditures in 2022 which is significantly lower than last year's similar period.

*Consolidated Finance Cost and Other Income/Charges*

The consolidated finance cost and other income/charges of the Group amounted to ₱64.7 million and ₱29.8 million in the first quarter of 2022 and 2021, respectively, due to lower foreign exchange gains recognized compared to last year's similar period.

*Consolidated Provision for (Benefit from) Income Tax*

Due to higher taxable income reported during the period, the provision for income tax in the first quarter of 2022 is higher at ₱209.8 million compared to ₱92.9 million in the same period in 2021.

*Consolidated Net Income (Loss)*

The consolidated net income of the Group was ₱645.5 million in the first quarter of 2022, which was significantly higher than the ₱278.7 million consolidated net income in the same period in 2021.

The Parent Company net income in the first quarter of 2022 and 2021 amounted to ₱629.5 million and ₱291.4 million.

Consolidated Statement of Financial Position

*Consolidated Current Assets*

Total consolidated current assets increased by ₱105.8 million to ₱3.1 billion as of March 31, 2022 mainly due to the following:

- Cash of the Group rose by ₱81.0 million to ₱1.5 billion from ₱1.4 billion as of December 31, 2021, primarily from the net cash inflow from operating activities, as reduced by expenditures for capital assets, mine development and explorations costs aggregating to ₱687.1 million, and settlements of maturing term loan amortization amounting to ₱275.1 million.
- Trade and other receivables increased by ₱7.7 million to ₱33.9 million as of March 31, 2022 compared to December 31, 2021 mainly due to the increases in other receivables account which includes advances subject for liquidation for immediate materials requirements at site.
- Inventories increased by ₱14.5 million as of March 31, 2022 versus the comparative balance as of December 31, 2021 due to higher materials ordered to support the increasing capacity of Maco and Sangilo mines.

*Consolidated Noncurrent Assets*

Total consolidated noncurrent assets increased by ₱405.0 million to ₱13.1 billion as of March 31, 2022 from ₱12.7 billion as of December 31, 2021 due to the acquisition of new equipment and continuous exploration and development activities.

*Consolidated Current Liabilities*

Consolidated current liabilities were higher by ₱8.4 million to ₱4.75 billion as of March 31, 2022 from ₱4.7 billion as of December 31, 2021 mainly because of higher purchase of local and imported goods and services near end of the quarter. Income tax payable also increased due to first quarter income tax due. Annual income tax due was paid last April 2022, while the first quarter income tax will be due on May 30, 2022.

*Consolidated Noncurrent Liabilities*

The Group's consolidated noncurrent liabilities decreased by ₱134.7 million to ₱7.3 billion as of March 31, 2022 compared to March 31, 2021 due to quarterly loan amortization payments and reclassification to current portion of a bank term loan. During the first quarter of 2022, no additional bank loans were drawn.

*Consolidated Equity*

Consolidated equity increased by ₱645.5 million contributed by the total comprehensive income registered in the three months ended March 31, 2022.

Key Performance and Financial Soundness Indicators

*Operating Performance Indicators*

Tonnage 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 in the production of the Parent Company.

	First Quarter ended March 31		
	2022	2021	Change
Tonnes milled	<b>194,255</b>	157,552	+23%
Mill head grade (gpt):			
Gold	<b>3.76</b>	3.14	+20%
Silver	<b>19.47</b>	18.91	+3%
Metal recovery (%):			
Gold	<b>87.26</b>	87.06	0%
Silver	<b>78.92</b>	79.87	-1%

*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 30	
		2022	2021
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	<b>46.99%</b>	31.40%
Return on assets	$\frac{\text{Net income (loss)}}{\text{Total assets}}$	<b>3.99%</b>	1.77%
Return on equity	$\frac{\text{Net income (loss)}}{\text{Total equity}}$	<b>7.24%</b>	3.56%
Debt service coverage ratio (DSCR)	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	<b>4.33 : 1</b>	2.62 : 1

The increase in the gross profit margin in the first quarter of 2022 compared to the same period in 2021 can be attributed to higher gold price and lower production cost on a per tonne

basis. Return on assets and return on equity increased mainly due to higher net income reported. DCSR increased due to higher earnings before income taxes, depreciation, depletion and amortization and repayment of long-term loans.

B. On Liquidity and Leverage

	Formula	March 31, 2022	March 31, 2021
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>0.65 : 1</b>	0.87 : 1
Asset-to-equity	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>1.81 : 1</b>	2.01 : 1
Debt-to-equity	$\frac{\text{Total debts}}{\text{Total equity}}$	<b>0.81 : 1</b>	1.01 : 1

The increase in current liabilities from trade payables and amortization of term loan was faster than the growth in assets in 2022 resulting to lower current ratio against 2021. Asset-to-equity ratio slightly decreased this year compared to 2021 due to the higher growth in the Group's total stockholders' equity account as compared to the changes in its assets. Debt-to-equity ratio slightly decreased due to the increase in equity from net income despite additional debts incurred by the Group during the period.

Material Event/s and Uncertainties

A. Note 12 of Consolidated Financial Statements for the Quarter Period Ended March 31, 2022 is hereby incorporated for reference.

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 except for the COVID-19 pandemic as disclosed in Note 12 of the unaudited financial statements below.
- 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.

**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 affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Annie's Farm, Inc.	Director/Treasurer	Since 1998
Annie's Land, Inc.	Director/Treasurer	Since 1998
Investment & Capital Corporation of the Philippines	Chief Executive Officer	3 years
Beacon Property Ventures Inc.	EVP/ Director	3 years
Regatta Properties, Inc.	Director	Since May 2021
MAPFRE Insular Insurance Corporation	Independent Director	Since June 2021

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. – 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 MAY 17 2022 th day of May 2022, at PASIG CITY City, Philippines.

**VALENTINO SEVILLA BAGATSING**  
Affiant

MAY 17 2022 at

PASIG CITY

**SUBSCRIBED AND SWORN** to before me on

Philippines, affiant personally appeared before me and exhibited to me his Passport ID with No. P7071357B issued on June 30, 2021 at DFA Manila with expiry date on June 29, 2031.

Doc. No. SD4  
Page No. 109  
Book No. 151  
Series of 2022.

**ATTY. FERDINAND D. AYAHAO**  
Notary Public  
Appointment No. 184 (2020-2021)  
Extended Until June 30, 2022  
For Pasig City, Pateros and San Juan City  
Roll No. 46377; MCLE Exemption No. VII-BEP003719; 03-24-22  
IBP LRN 02459; O.R. No. 535886; 06-21-2001  
TTN 123-011-785; PTR 8129984; 01-05-22; Pasig  
Unit 5, C/F West Tower PSE Bldg., Exchange Road  
Ortigas Center, Pasig City Tel. 0285452321

## 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	16 years
A Brown Co., Inc.	Director	5 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 MAY 17 2022 th day of May 2022, at PASIG CITY City, Philippines.

  
**JOSELITO H. SIBAYAN**  
 Affiant

**SUBSCRIBED AND SWORN** to before me on MAY 17 2022 at PASIG 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. J23  
 Page No. 102  
 Book No. 151  
 Series of 2022.

**ATTY. FERDINAND D. AYALAO**  
*Notary Public*  
 Appointment No. 184 (2020-2021)  
 Extended Until June 30, 2022  
 For Pasig City, Pateros and San Juan City  
 Roll No. 46377; MCLE Exemption No. VII-BEP003719; 03-24-22  
 IBF LRN 02459; O.R. No. 535886; 06-21-2001  
 TIN 123-011-788; PTR 8129984; 01-05-22; Pasig  
 Unit 5, G/F West Tower PSE Bldg., Exchange Road  
 Ortigas Center, Pasig City Tel. 0285452321

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, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines, after being duly sworn in accordance with law, hereby certify that:

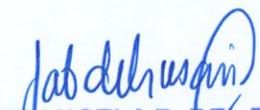
1. I am the Corporate Secretary of **APEX MINING CO., INC.** (the "Corporation"), a Philippine corporation with address at 3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines.
2. I hereby certify that none of the Board of Directors or officers of the 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 MAY 17 2022 in Makati City, Metro Manila.

  
**SILVERIO BENNY J. TAN**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me on MAY 17 2022 in MAKATI CITY, affiant exhibiting to me his Philippine Passport No. P4294418B issued on 4 January 2020 by DFA NCR East.

Doc. No. 330 ;  
Page No. 67 ;  
Book No. IV ;  
Series of 2022.

  
**JULIENNE ANGELA B. DEL ROSARIO**  
Appointment No. M-227  
Notary Public for Makati City  
Until December 31, 2022  
Liberty Center-Picazo Law  
104 H.V. Dela Costa Street, Makati City  
Roll of Attorney's No. 74725  
PTR No. 8855517/Makati City/01-04-2022  
IEP No. 171537/Cagayan/01-03-2022  
MCLE Exempted-Admitted to the bar in 2020