



APEX MINING CO., INC.

15 August 2011

PHILIPPINE STOCK EXCHANGE, INC.

Disclosure Department
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet Encarnacion**
Head, Disclosure Dept.

Dear Ms. Encarnacion:

We are submitting herewith SEC Form 17-Q for the quarter ended June 30, 2011.

Thank you.

Very truly yours,

ROSANNA A. PARICA

Corporate Information Officer

COVER SHEET

4 0 6 2 1
S.E.C. Registration Number

A P E X M I N I N G C O . I N C .
.

(Company's Full Name)

1 7 T H F L O O R P R E S T I G E T O W E R
F . O R T I G A S J R R D O R T I G A S P A S I G C I T Y
(Business Address: No. Street City/Town//Province)

ROSANNA A. PARICA
Contact Person

706-2805
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

SEC Form 17-Q
FORM TYPE

0 6 3 0
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

of Stockholders
Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number
LCU

Document I.D.
Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

For the quarterly period ended: **June 30, 2011**

Commission Identification Number: **40621** 3. BIR Tax Identification No. **000-284-138**

Exact Name of Registrant as specified in its charter: **APEX MINING CO., INC.**

Province, country or other jurisdiction of incorporation or organization : **PHILIPPINES**

Industry Classification Code : (SEC Use Only)

Address of registrant's principal office: **U1704 17th Flr, Prestige Tower Cond., F. Ortigas Jr. Road, Ortigas Center, Pasig City**

Postal Code: **1605**

Telephone number, including area code: Tel # **706-2805** Fax # **706-2804**

Former name, former address and former fiscal year, if changed since last report. **NA**

Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding or amount of Debt Outstanding
CLASS A	800,116,953
CLASS B	515,532,610

Are any or all registrant's securities listed on the Phil. Stock Exchange?

Yes No Phil. Stock Exchange - listed 759,531,841 million shares (P1.00) par value

Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes No

(b) has been subject to such filing requirements for the past 90 days

Yes No

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached Unaudited Financial Statements for the period ended June 30, 2011

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

A. EXPLORATION AND MINE OPERATIONS HIGHLIGHTS

I. Exploration

In the 6 months to June 30, 2011, the Company accomplished 6,000 meters of diamond drilling.

The exploration Team is expanding. The entire license area is being geologically mapped and tested by ridge and spur soil sampling. Initial soil results are defining discrete anomalies for immediate follow-up. Drilling in these areas will commence by the 4th quarter of 2011.

II. Development and Production

For the year to date, performance in terms of ore production (DMT) is within the budget, and mine grade (grams/ton) is consistently above budget.

Development performance in terms of waste primary development is behind schedule by 29% while waste secondary development is ahead by 40% for the year to date.

Ore development (meters), are behind schedule by 54% for the year to date.

In order to improve performance, the company implemented new development schemes as well as production strategy. Due to warm water intersections in the Maligaya mine, more of the production and development is being sourced from the Sandy area and been successful in sustaining production to date.

The company is confident to improve performance in terms of safety, cost, production and attaining the needed development for the remainder of the year.

Below is the comparative table showing the distribution of the development meters advanced and ore produced for the 2nd quarter 2011 against the budget.

COMPARATIVE TABLE

PARAMETERS	ACTUAL	BUDGET
Development, m		
On Vein Drives	492m	1,367m
Waste development	1,301m	1,359m
TOTAL	1,793m	2,726m
Ore Production, t		
Stope Ore	48,645 tons @ 5.4gpt Au	38,784 tons @ 4.7gpt Au
Development Ore	15,656 tons @ 5.6gpt Au	21,596 tons @ 5.6gpt Au
TOTAL	64,301tons @ 5.5gpt Au	60,381tons @ 5.0gpt Au
Delivered to Mill yard	49,737tons @ 5.7gpt Au	

B. Mill HIGHLIGHTS

Period	Tonnes Milled	Tonnes per Day	Grade, g/t		% Recovery		Metal Produced (oz)	
			Au	Ag	Au	Ag	Au	Ag
Jan-11	18,353	592	4.00	23.47	83.66%	56.02%	1,961	7,537
Feb-11	16,637	594	4.97	33.11	84.30%	64.14%	2,125	10,064
Mar-11	15,343	495	4.13	33.24	82.44%	70.11%	1,862	13,059
1Q 2011	50,333	560	4.36	29.63	83.50%	63.00%	5,947	30,660
Apr-11	15,380	513	6.24	46.40	86.07%	76.17%	2,563	16,689
May-11	13,535	437	6.52	44.78	85.65%	72.27%	2,330	13,517
Jun-11	16,405	547	6.09	38.90	85.51%	67.54%	2,776	14,516
2Q 2011	45,321	499	6.27	43.20	85.74%	71.88%	7,668	44,721

For the second quarter of 2011, average throughput went down to an average of 499 tonnes per day (tpd) from 560 tonnes per day of 1Q 2011 due to several maintenance activities: almost 1 week cumulative power outage, 5-day ball mill reducer repair, 2-day vibrating screen and screw classifier repairs and intermittent tailings pumping operation due to pump repairs and sealing water shortage.

Despite the reduction in throughput, gold and silver recoveries increased by 2 points for gold and 9 points for silver. More importantly, bullion produced improved by 29% for Au and 46% for Ag due to the significant improvement of feed grade – 44% for Au and 46% for Ag.

Major process plant improvements were as follows:

1. Oxygen Generator and spargers commissioned in February 2011 showed apparent benefits of reduction of reagent consumption and enhancement of gold and silver recoveries.
2. Additional 2 units CIL tanks and MPSP screens were noted projects to enhance leaching time and ensure effective carbon screening to be fully operational by Q3.
3. New Tailings Line #4 is targeted to be commissioned by August. This will replace the old tailings lines and with this in place, we have the leverage for more tonnage, improve ergonomics, ease in maintenance works and environmentally sound tailings pumping operation.
4. Equipping the laboratories (Assay & Metallurgy) into industry standard and much more compliant to QA/QC practices. It is the aim to improve the turn-around time of analysis to cater the Mine and Mill control samples. Some of the equipment acquired in line with the upgrading are: additional AAS (Perkin-Elmer), Microwave oven for acid digestion, Cupellation Furnace, XRF, Cynoprobe and sample prep machines.

C. HUMAN RESOURCE AND MANAGEMENT

The Human Resource Department continued providing services and benefits to all employees, legitimately cascading new information and policies for implementation and guidance.

Apex manpower increased from 985 at end March 2011 to 1014 at end June 2011., mainly due to filling up of vacancies and additional manpower within in the Exploration group and the Mine Operations group. .

Job Evaluation and Salary Structuring and Job Descriptions reviews commenced with the expectation that Salary Scales would soon to be competitively enhanced and improved.

D. ENVIRONMENTAL MANAGEMENT

Apex Mining Co., Inc. fully supported the government program on reforestation. The Central Nursery produced a total of 78,364 seedlings and planted about 4.16 hectares in open and denuded areas with corresponding 6,337 seedlings planted.

In support of the National Greening Program and as part of the upland development program of DENR and LGU APEX Mining Company provided 17,100 seedlings . In the "Adopt A River Program" the company together with the Barangay Council of Teresa, Maco, Compostela Valley continuously conducted tree planting activities along the adopted river.

Close monitoring of facilities for environmental mitigating measures such as tailing ponds and silt ponds, as well as with spillways and canals within the mine site were undertaken regularly. . Clearing is done whenever necessary to prevent clogging of drainages in the site and siltation of water channels. The company conducted regular air, water quality and hazardous waste with the close participation of Multi-partite Monitoring Team (MMT.)

SAFETY

Several projects to enhance Occupational Safety and Health initiatives of the company were started during the quarter. Piping of the surface fire hydrant system started after getting relevant inputs from the Maco Fire Department. The construction of the refuge chamber in the Maligaya mine was

ongoing. When completed, another one will be constructed in Sandy Mine. The fuel depot in the Maligaya mine completed and is operational.

In response to the request of the Biocadan and Bunlang relocation site residents, the company, together with representatives from Safety and Geology departments, LGU Maco & MGB XI conducted geo hazard and vibration monitoring with assistance from Orica Explosives. All 3-cited blasting events as monitored using the seismograph instrument did not detect or register any vibration or noise readings directly related to blasting activity conducted in the underground workings.

Corporate Social Responsibility

A total amount of 985,000 Pesos) was spent from the Company's SDMP. The amount went into several projects focusing on health and sanitation, infrastructure, livelihood, and education.

The construction of a Science Laboratory for Tagbaros Elementary School, Training Center of Tagbaros and tribal hall of Barangay Teresa all commenced and are due to be completed in the 3rd quarter. Donations were also given to construct the Barangay Defense System. Road maintenance was done on a regular basis to improve the farm to market roads. Innovative strategies were initiated to promote the mining industry including the establishment of a scholarship program related to mining courses. The Scholarship Program was launched with five scholars. Four were enrolled at the University of Southeastern Philippines in Davao City with three studying for BS Geology and one for BS Mining Engineering. The fifth scholar was now enrolled at the Mindanao State University – Iligan Institute of Technology in Iligan City, studying Metallurgical Engineering.

Start-up capitalization amounting to 120,750 Pesos was provided to the members of the Barangay Tribal Council of Women who underwent Community-Based Entrepreneurship Training. Several business activities were started, like fish and meat vending, tailoring shop and money lending.

FINANCIALS

For the six-month period ended June 30, 2011, the Company's sales amounted to P952.6 million or an increase of P290.0 million from P662.6 million for the same period last year. Higher realized gold prices and higher volume sold increased the operating revenues.

Realized gold price per ounce for the first half of 2011 averaged \$1,460 (years ended December 31, 2010 and 2009: \$1,390 and \$1,030, respectively). Total gold shipped aggregated to 13,136 oz (years ended December 31, 2010 and 2009: 22,851 oz and 19,732 oz, respectively).

Total costs and expenses incurred for the six-month periods ended June 30, 2011 and 2010 amounted to P895.1 million and P844.4 million, respectively. The increase was brought about by the movement in the following expenses:

- Materials and supplies increased by P32.4 million, due to increased production.

- Rent increased by P70.3 million, primarily pertain to the lease of milling facilities from Teresa, which is settled through 15% revenue share from the Company's sale of metals. The increase in rentals is attributable to the increase in sales.
- Depreciation, depletion and amortization decreased by P20.1 million, primarily attributable to the depreciation of fixed assets that were reclassified to idle assets in 2011, recorded in 2010 amounting to P18 million.
- Salaries, allowances and employee benefits decreased by 9.6 million primarily due to the P3.9 million of employee uniform expense recorded in the first half of 2010 (first half of 2011 - nil) and separation pays paid amounting to P3.7 million (first half of 2011 - P.6 million)
- Other operating expenses include utilities (P50.0 million), taxes and licenses (P36.3 million), contracted service and labor (P22.0 million), professional fees (P15.3 million), marketing (P9.6 million), surface rights (P9.5 million) and royalties (P9.5 million).

Other income (expense) for the six-month period ending June 30, 2011 included foreign exchange gains amounting to P3.0 million principally arising from the translation of the foreign currency-denominated advances from Mindanao Gold Limited and other affiliate and shareholder at P43.49:\$1 as of June 30, 2011 from P46.78:\$1 as of June 30, 2010.

Net income amounted to P53.4 million for the six-month period ended June 30, 2011 from the net loss of P183.2 million over the same period last year, the latter primarily due to the effect of lower sales to cover costs and expenses.

Cash as of June 30, 2011 amounted to P26.9 million (December 31, 2010 and 2009: P17.8 million and P16.8 million, respectively).

Accounts Receivables arising from uncollected sales of metals as of June 30, 2011 amounted to P73.0 million (December 31, 2010 and 2009: P81.0 million P147.1 million, respectively). Whereas Non-trade Receivable arising from advances to suppliers and employees as of June 30, 2011 amounted to P90.8 million (December 31, 2010 and 2009: P154.0 million and P32.3 million, respectively).

Inventories amounted to P406.5 million primarily consisting of gold in bullion and in circuit, parts and supplies (December 31, 2010 and 2009: P343.4 million and P194.5 million, respectively).

Increase in Prepayments and Other Current Assets in June 30, 2011 was mainly due to accumulation of input taxes in the early months of 2011, when the BOI has yet to issue the extension of the Company's VAT-zero rating status until December 31, 2011. Effective for the period April 26, 2010 until December 31, 2010, the Company had been a VAT zero-rated entity, as approved by the Bureau of Investments (BOI).

Accumulated deferred exploration and development costs increased to P335.8 million as of June 30, 2011 (December 31, 2010 and 2009: P161.9 million and P18.8 billion, respectively) due to the increased exploration activity on the three (3) newly-opened portals in 2010.

Property, plant and equipment increased to P2.33 billion in June 30, 2011 (December 31, 2010 and 2009: P2.12 billion and P1.99 billion, respectively). The increase in the first half of 2011 was mainly due to various acquisitions of mine and mill equipment and several constructions that are still in progress.

Current liabilities as of June 30, 2011 amounted to P1.30 billion (December 31, 2010 and 2009: P1.18 billion and P2.98 billion, respectively).

Accounts payable and accrued liabilities increased to P317.5 million (December 31, 2010 and 2009: P292.1 million and P128.1 million, respectively) was mainly from purchases of goods and services and employee benefit accruals during the period.

Advances from shareholders and affiliate amounted to P988.7 million as of June 30, 2011 (December 31, 2010 and 2009: P885.0 million and P2.86 billion, respectively). The significant decrease from 2009 to 2010 was attributable to the debt-to-equity conversion of certain advances in 2010.

As of June 30, 2011 and December 31, 2010, non-current liabilities amounted to P185.4 million compared to P95.7 million as of December 31, 2009.

Deferred income tax liabilities amounted to P85.5 million as of June 30, 2011 and December 31, 2010. This will be adjusted in the July 31, 2011 special interim audit. Balance as of December 31, 2009 amounted to P50.4 million.

Under PAS no. 19, Accounting for Employees Benefits, the Company's accrual at June 30, 2011 and December 31, 2010 was P19.6 million. December 31, 2009 accrual was P22.3 million.

The Securities and Exchange Commission ("SEC") approved on October 13, 2010 the increase in authorized capital stock of the Company from P800,000,000.00 consisting of 800,000,000 common shares, divided into 480,000,000 Class "A" shares and 320,000,000 Class "B" shares, with a par value of P1.00 each to P2,800,000,000.00 consisting of 2,800,000,000 common shares divided into 1,680,000,000 Class "A" shares and 1,120,000,000 Class "B" shares, with a par value of P1.00 each.

Of the increase in capital stock of P2,000,000,000.00, consisting of 2,000,000,000 common shares divided into 1,200,000,000 Class "A" shares and 800,000,000 Class "B" shares, the amount of P560,935,860.00 consisting of 560,935,860 common shares was fully subscribed and paid for as follows:

- a.) the assignment by Mapula Creek Gold Corporation in favor of the Corporation of its receivables due from the Corporation in the amount of P1,262,199,999.50, in exchange for 341,135,135 Class "A" shares with a par value of P1.00 per share, at an issue value of P3.70 per share or an aggregate issue value of P1,262,199,999.50.
- b.) the assignment by Mindanao Gold Limited in favor of the Corporation of its receivables due from the Corporation in the amount of P813,262,683.75, in exchange for 219,800,725 Class "B" shares with a par value of P1.00 per share at an issue value of P3.70 per share or an aggregate issue value of P813,262,683.75.

Deficit at June 30, 2011 amounted to P1.89 billion (December 31, 2010 and 2009: P1.93 billion and P1.82 billion, respectively).

Net cash provided by operating activities for the quarter amounted to P185.5 million compared to the same period last year of P45.5 million. The significant increase during the period is primarily due to the increase in sales and collection of receivable and accounts payable and accrued expenses resulting from increased credit purchases. The increase was negated by the significant increase in the purchase of inventories.

Net cash used by investing activities for the period, comprising of additions to property, plant and equipment, non-current assets and exploration expenditures, was P280.0 million as compared to the net amount used by

investing activities during the same period last year of P102.6 million. The increase was largely attributable to the significant amount invested in deferred exploration and development costs of P173.9 million.

Net cash provided by financing activities for the period amounted to P103.7 million. Advances were made by related parties to the Company in the form of capital and operating expenditures. Net cash provided by financing activity during the same quarter last year amounted to P75.6 million.

Material Changes for 2011 Second Quarter vs. December 31, 2010 Balance Sheet

	JUNE 30, 2011 (UNAUDITED)	DECEMBER 31, 2010 (AUDITED)	Change		Narratives
			Amount	%	
Current Assets					
Cash	26,951,343	17,859,662	(9,091,682)	-50.91%	Sales collection for the quarter
Receivables	161,571,087	232,769,295	71,198,208	30.59%	Various receipt of purchased goods for the quarter
Inventories	406,495,604	343,397,511	(63,098,094)	-18.37%	Set up of Gold in Circuit & Bullion for the quarter
Prepayments and Other Current Assets	140,581,310	134,458,267	(6,123,044)	-4.55%	Deferral of inventory issuances for the quarter
Total current assets	735,599,345	728,484,734	(7,114,611)		
Property and Equipment - Net	522,699,142	418,365,808	(104,333,333)		
Land and Land Improvements	35,515,000	35,515,000	0	0.00%	
Roads & Bridges	97,860,081	92,687,895	(5,172,186)	-5.58%	
Dams and Diversions	340,693,658	306,982,635	(33,711,023)	-10.98%	
Drilling Equipment	133,932	133,932	0		
Mining Equipment	408,114,569	400,111,228	(8,003,341)	-2.00%	
Mill Machineries & Equipment	589,758,096	573,920,413	(15,837,682)	-2.76%	
Assay & Met Lab. Equipt.	545,878	545,878	0		
Power Gen.& Elect'l Equipt	95,455,301	87,725,764	(7,729,537)	-8.81%	
Pumps & Motors	36,172,153	20,908,861	(15,263,292)	-73.00%	Acquisition of Grindex Pumps , Aircool compressor and Air Hoist, slurry pumps & submersibles
Heavy Mobile Equipment	528,737,949	405,064,481	(123,673,468)	-30.53%	Acquisition of 3 Engine Deutz with accessories, refurbishments of LHD ST2D
Transportation Equipment	3,316,111	3,189,511	(126,600)	-3.97%	
Communication Equipment	2,368,130	2,293,964	(74,167)	-3.23%	
Computer Equipment	4,049,884	4,049,884	0		
Furniture & Equipment	781,282	204,601	(576,681)	281.86%	Acquisition of bench press equipment in gym
Staffhouse Furnishing & Fixtures	390,000	390,000	0		
Buildings & Structures	138,091,528	137,973,771	(117,757)	-0.09%	
Small tools & equipment	6	5	(1)	-20.00%	
ARO - Property,Plant&Equipt.	1,109,848	1,109,848	0		
PPE in Progress	44,016,783	45,274,918	1,258,136	2.78%	
PPE at Cost	2,327,110,187	2,118,082,588	(209,027,599)	-9.87%	
Accumulated Depreciation	1,804,411,045	1,699,716,780	(104,694,266)	-6.16%	Depreciation for the two quarters
Deferred Mine Explo & Dev't Costs	335,797,133	161,880,451	(173,916,682)	107.44%	Exploration & dev't costs from Bonanza (20M) maligaya (33M), sandy (34), asvi billings, various consultancies, expat travel exp (45M), labor & inventory issuances 40M
Mine & Mine Properties	906,090,507	1,007,351,523	101,261,016	10.05%	Depletion charges

Other Assets	18,683,741	20,273,259	1,589,518	7.84%	
Assets Held for Sale					
Deposits - Non Current	11,878,971	11,878,971	0		
Idle Assets, net			0		
Others	6,804,770	8,394,288	1,589,518	18.94%	Intangibles amortization
Total Assets	2,518,869,868	2,336,355,776	(182,514,092)		
Current Liabilities	1,306,162,858	1,177,111,415	(129,051,443)		
Accounts Payable & Accrued Liabilities	317,494,937	292,109,620	(25,385,317)	-8.69%	
Due (to) Mapula	15,530,555	19,169,590	3,639,035	18.98%	
Due from (to) Teresa	250,603,781	137,552,524	(113,051,257)	-82.19%	Lease of milling facilities from Teresa, which is settled through 15% revenue share from Apex's sale of metals
Due from (to) Mindanao Gold	722,533,584	728,279,681	5,746,097	0.79%	
Non-Current Liabilities	185,413,344	185,413,344	0		
Deferred Tax Liability	85,487,863	85,487,863	0		
Asset Retirement Obligation	80,296,912	80,296,912	0		
Accrued Retirement Payable	19,628,569	19,628,569	0		
Total Liabilities	1,491,576,202	1,362,524,759	(129,051,443)		
Total Capital Stock					
Capital Stock	1,317,618,030	1,317,618,030	0		
Capital in excess of par value & Revaluation increment	1,503,380,955	1,503,380,955	0		
	91,980,180	91,980,179	(1)		
Retained Earnings(Deficit)	(1,885,685,499)	(1,939,148,148)	(53,462,648)	2.76%	
At beginning of the year	(1,939,148,148)	(1,939,148,148)	0		
For the quarter and year	53,462,648		(53,462,648)		Income for the 2 quarters
Total capital deficiency	1,027,293,666	973,831,017	(53,462,649)		
Total Liabilities and Equity	2,518,869,868	2,336,355,776	(182,514,092)		

Key Performance Indicators

The key performance indicators discussed below are not based on Philippine Financial Reporting Standards (PFRS) financial measures and are therefore not audited. Similar data may be interpreted and presented differently when compared to other entities' data.

Tonnes Milled and Ore Grade

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

For the six-month period ended June 30, 2011, the mill plant processed a total of 95,654 tonnes with a mill heads of 6.27 gpt gold and 43.20 gpt silver for the second quarter of 2011 (first quarter of 2011 for gold and silver: 4.36 gpt and 29.63 gpt, respectively), with average calculated metal recovery of 85.74% and 71.88%, respectively for gold and silver (first quarter of 2011 for gold and silver: 83.50% and 63.00%, respectively). This is on target to achieve last year's total processed tonnes of 192,586 tonnes (year 2009: 151,320 tonnes). Gold ounces produced is on target to achieve 27,000 oz towards the end of 2011 from its actual production of 13,997 oz for the first half (years ended December 31, 2010 and 2009: 25,659 oz and 20,727 oz, respectively). The minimal production in 2009 was attributed to the flash flood incident that occurred on January 15, 2009. Mining and milling operations were intermittent since then and came to normalize only on March 9, 2009.

Tonnes Mined and Tonnes per Day

The Maco mine production hauled to surface 126,736 tonnes of ore with a grade of 5.27 Au g/t for the first half of 2011 (years ending December 31, 2010 and 2009: 214,650 tons with a grade of 5.2 Au g/t and 148,417 tons with a grade of 5.88 Au g/t, respectively). Ore produced was sourced from stopes and on vein development drives.

Development for the 2011 first half achieved an aggregate total of 3,545 meters, 936 and 2,609 meters were on vein drifting and waste development drives, respectively. Development for the year 2010 achieved an aggregate total of 6,733 meters, 2,870 meters and 3,863 meters were on vein drifting and waste development drives, respectively (year ended December 31, 2009: 4,266 meters).

The lower production and development attained in 2009 was primarily attributed to the dewatering and rehabilitation of the Maligaya and Sandy mine resulting from the flash flood that occurred last January 2009.

The average tonnes mined per day for the first half of 2011 was 700 tonnes (year ended December 31, 2010: 588 tonnes).

Total Production Cost Per Tonne and Operating Cost Per Ounce

The Company's average cash operating cost per tonne is a key performance indicator. A lower cash cost per tonne reflects an improvement in operating efficiency.

At the same cost level, higher production volume results to lower cost per tonne. The same essentially applies at the same production volume but lower operating cost.

This is also applicable to cost per ounce gold, but in addition the gold grade is also considered, as it affects metal production, as well as the exchange rate, as it affects the conversion from dollars to pesos.

For the first half of 2011, the total production cost (excluding marketing charges, rentals, excise taxes, royalties, depreciation and amortization and other non-cash expenses) per tonne of ore milled was P5,031 from the total production cost of P481.2 million over ore milled of 95,654 tonnes.

Total cash operating cost for the first half of 2011 amounted to P527.2 (including marketing charges, excise taxes and royalties) while cost per ounce to produced gold before silver revenue credits is P42,450 (\$976/oz). After silver revenue credit, the corresponding cost per ounce was P35,230 (\$810/oz).

FREE CASH FLOW (FCF)

The company earned a positive FCF of P9.1 million during the first half of the year.

FCF is an indication of the Company's ability to generate cash from its operations, less its capital expenditures, to support its working capital requirements.

As of June 30, 2011, the peso to dollar exchange rate was P43.49 (December 31, 2010 and 2009: P43.84 and P46.20, respectively).

ART II - OTHER INFORMATION

There are no other information for this interim period not previously reported in a report on SEC Form 17-C.


SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APEX MINING CO., INC.

Registrant


PEREGRINO S. RESABAL
President


RODOLFO G. BRAVO
VP-Finance/Treasurer

APEX MINING CO., INC.
BALANCE SHEET
AS AT JUNE 30, 2011
(all in Phillipine Pesos)

	JUNE 30, 2011 (UNAUDITED)	DECEMBER 31, 2010 (AUDITED)	DECEMBER 31, 2009 (AUDITED)
Current Assets			
Cash	26,951,343	17,859,662	16,836,351
Receivables	161,571,087	232,769,295	177,053,157
Inventories	406,495,604	343,397,511	194,539,059
Prepayments and Other Current Assets	140,581,310	134,458,267	75,573,198
Total current assets	735,599,345	728,484,734	464,001,765
Property and Equipment - Net			
Land and Land Improvements	35,515,000	35,515,000	35,515,000
Roads & Bridges	97,860,081	92,687,895	88,597,829
Dams and Diversions	340,693,658	306,982,635	306,982,635
Drilling Equipment	133,932	133,932	3,945,562
Mining Equipment	408,114,569	400,111,228	222,062,286
Mill Machineries & Equipment	589,758,096	573,920,413	540,954,195
Assay & Met Lab. Equipt.	545,878	545,878	
Power Gen. & Electl Equipt	95,455,301	87,725,764	87,035,763
Pumps & Motors	36,172,153	20,908,861	13,083,891
Heavy Mobile Equipment	528,737,949	405,064,481	365,534,533
Transportation Equipment	3,316,111	3,189,511	5,332,369
Communication Equipment	2,368,130	2,293,964	241,545
Computer Equipment	4,049,884	4,049,884	693,786
Furniture & Equipment	781,282	204,601	173,717,576
Staffhouse Furnishing & Fixtures	390,000	390,000	
Buildings & Structures	138,091,528	137,973,771	134,435,090
Small tools & equipment	6	5	4
ARO - Property,Plant&Equipt.	1,109,848	1,109,848	-
PPE in Progress	44,016,783	45,274,918.13	7,696,606
PPE at Cost	2,327,110,187	2,118,082,588	1,985,828,668
Accumulated Depreciation	1,804,411,045	1,699,716,780	1,545,247,605
Deferred Mine Explo & Dev't Costs	335,797,133	161,880,451	18,801,876
Mine & Mine Properties	906,090,507	1,007,351,523	1,139,067,336
Other Assets			
Assets Held for Sale			-
Deposits - Non Current	11,878,971	11,878,971	11,878,971
Idle Assets, net			37,644,824
Others	6,804,770	8,394,288	1,242,624
Total Assets	2,518,869,868	2,336,355,776	2,113,218,459
Current Liabilites			
Accounts Payable & Accrued Liabilities	317,494,937	292,109,620	128,093,885
Due (to) Mapula	15,530,555	19,169,590	941,894,588
Due from (to) Teresa	250,603,781	137,552,524	1,186,074,289
Due from (to) Mindanao Gold	722,533,584	728,279,681	727,070,929
Non-Current Liabilities	185,413,344	185,413,344	95,703,419
Deferred Tax Liability	85,487,863	85,487,863	50,397,386
Asset Retirement Obligation	80,296,912	80,296,912	23,038,716
Accrued Retirement Payable	19,628,569	19,628,569	22,267,317
Total Liabilities	1,491,576,202	1,362,524,759	3,078,837,109
Total Capital Stock			
Capital Stock	1,317,618,030	1,317,618,030	756,682,170
Capital in excess of par value &	1,503,380,955	1,503,380,955	4,224,410
Revaluation increment	91,980,180	91,980,179	103,287,388
Retained Earnings(Deficit)	(1,885,685,499)	(1,939,148,148)	(1,829,812,618)
Total capital deficiency	1,027,293,666	973,831,017	(965,618,650)
Total Liabilities and Equity	2,518,869,868	2,336,355,776	2,113,218,459

APEX MINING CO., INC.
 UNAUDITED STATEMENT OF OPERATIONS
 2ND QUARTER 2011
 (all in Phillipine Pesos)

	Apr-Jun 2011	Jan-Jun 2011	Apr-Jun 2010	Jan-Jun 2010	Apr-Jun 2009	Jan-Jun 2009
Revenue						
Sale of Gold	452,108,467	840,533,486	336,929,165	620,833,739	195,413,059	343,165,371
Sale of Silver	68,602,224	112,035,982	21,172,847	41,754,194	7,447,595	12,530,218
Total	520,710,690	952,569,468	358,102,012	662,587,934	202,860,655	355,695,589
Costs and Expenses						
Depreciation, Depletion and Ammortization	99,470,511	190,866,264	125,846,225	211,040,855	148,875,107	183,836,113
Materials & Supplies	65,960,280	223,872,249	95,740,177	191,412,773	69,242,159	120,331,468
Salaries, allowances and employee benefits	54,478,170	108,284,584	65,643,844	117,943,483	42,884,759	97,014,224
Rent	96,847,105	188,169,900	64,773,015	117,796,600	5,380,045	7,580,053
Loss on Sale-Fixed Asset	1,239,391	1,239,391	568,065	568,065	-	-
Other Operating Expenses	93,854,609	182,741,347	118,965,571	205,729,448	61,720,632	125,317,814
	411,850,066	895,173,734	471,536,897	844,491,223	328,102,702	534,079,672
Gross Income (Loss)	108,860,624	57,395,734	(113,434,886)	(181,903,290)	(125,242,047)	(178,384,083)
Other Income (Expense)						
Unrealized Foreign Exchange gain (loss), net	(3,805,445)	3,093,886	(9,462,958)	(9,462,958)	(9,430,244)	(9,430,244)
Foreign Exchange gain (loss)	(796,889)	(6,105,365)	289,043	(4,195,903)	(6,055,450)	(8,059,345)
Interest & other income (expense)	(340,546)	(710,969)	(1,861,425)	(1,327,231)	(468,863)	(302,284)
(Gain)/Loss on written-off accounts		(207,083)	13,732,281	13,732,281		1,955
Loss on damaged properties						(3,350,394)
Total	(4,942,880)	(3,929,532)	2,696,941	(1,253,811)	(15,954,558)	(21,140,312)
Income (Loss) before Income Tax						
Provision for Income tax	(1,801)	(3,553)	(1,204)	(2,423)	(669)	(26,814)
	(1,801)	(3,553)	(1,204)	(2,423)	(669)	(26,814)
NET INCOME (LOSS) FOR THE QUARTER	103,915,943	53,462,649	(110,739,149)	(183,159,524)	(141,197,274)	(199,551,209)

APEX MINING CO., INC.
 UNAUDITED STATEMENT OF CHANGES IN EQUITY
 AS AT JUNE 30, 2011

	Six Months Ended June 30		
	2011	2010	2009
CAPITAL STOCK - P1 PAR VALUE	1,317,618,030	756,682,170	756,682,170
ADDITIONAL PAID-IN CAPITAL	1,503,380,955	4,224,410	4,224,410
REVALUATION INCREMENT	91,980,180	102,452,217	54,440,362
DEFICIT			
Beginning of period	(1,939,148,148)	(1,829,812,618)	(1,240,402,584)
Net Income (loss) for the period	53,462,649	(183,159,525)	(199,551,209)
End of period	(1,885,685,499)	(2,012,972,143)	(1,439,953,793)
TOTAL EQUITY	1,027,293,666	(1,149,613,346)	(624,606,852)

APEX MINING CO., INC.
 UNAUDITED STATEMENT OF CASH FLOW
 2ND QUARTER 2011

	Apr-Jun 2011	Jan-Jun 2011	Apr-Jun 2010	Jan-Jun 2010
CASH FLOW FROM OPERATING ACTIVITIES				
Net loss	103,915,943	53,462,648	(110,739,149)	(183,159,524)
Depreciation & Amortization	64,077,104	104,694,268	48,635,390	193,099,475
Operating loss before changes in working capital	167,993,048	158,156,916	(62,103,759)	9,939,951
Increase in receivables and advances	82,636,218	71,198,208	(22,463,372)	81,688,439
Increase in Inventory	(61,788,738)	(63,098,094)	(11,356,365)	(26,304,831)
Increase (decrease) in accounts payable and accrued expenses	(32,997,319)	25,385,317	57,480,349	25,027,406
Increase in prepayments	(5,800,905)	(6,123,044)	(21,794,325)	(44,798,658)
Net cash used in operating activities	150,042,303	185,519,304	(60,237,473)	45,552,307
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	(166,198,110)	(209,027,599)	(63,860,621)	(75,150,262)
Increase in deferred mine exploration costs	(23,108,104)	(173,916,682)	(21,145,285)	(38,777,078)
Decrease in other noncurrent assets	589,407	102,850,534	78,986,759	11,354,423
Net cash used in investing activities	(188,716,806)	(280,093,747)	(6,019,147)	(102,572,917)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in amounts of advances from affiliates	43,740,516	109,412,222	36,312,855	68,519,282
Increase (decrease) in advances from stockholders	3,056,656	(5,746,097)	7,940,279	7,940,278
Decrease in amounts of revaluation surplus	0	(1)	(835,170)	(835,170)
Net cash provided by financing activities	46,797,172	103,666,124	43,417,965	75,624,390
NET INCREASE IN CASH	8,122,669	9,091,682	(22,838,656)	18,603,779
CASH AT BEGINNING OF PERIOD	18,828,674	17,859,662	58,278,786	16,836,351
CASH AT END OF PERIOD	26,951,343	26,951,343	35,440,130	35,440,130

APEX MINING CO., INC.

Aging of Accounts Receivable

As of June 30, 2011

1) Aging of Accounts Receivable

Type of Accounts Receivable	Total	1 Month	2-3 Mos	4-6 Mos	7 Mos to 1 Year	1-3 Years	3-5 Years	5 Years Above	Past due accounts & items in litigation
a) Trade Receivables	73,041,672	73,041,672							
Less: Allow. For Doubtful Acct.									
Net Trade Receivable	73,041,672	73,041,672	0	0	0	0	0	0	0
b) Non-Trade Receivables									
1) Advances - Temp. Accom.	90,859,286	25,132,880	28,704,439	9,554,142	27,467,825				
Less: Allow. For Doubtful Acct.	(2,329,870)								
Net Non-Trade Receivables	88,529,416	25,132,880	28,704,439	9,554,142	27,467,825	0	0	0	0
Net Receivables (a + b)	<u>161,571,087</u>								

2) Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
a.) Accounts Receivable	receivable from customers/government	
b) Accounts Receivable-Others	cash advance to suppliers, officers and employees/SSS Claims	

3) Normal Operating Cycle:

1 year

APEX MINING CO., INC.

NOTES TO UNAUDITED FINANCIAL STATEMENTS

June 30, 2011

1. Significant accounting policies

The accompanying unaudited financial statements as of June 30, 2011 have been prepared in accordance with the Philippine Financial Reporting Standards under the historical cost convention, consistent with the accounting policies adopted in the Company's audited financial statements for the year ended December 31, 2010, the accompanying notes to which may also apply and can be referred to for further information on these financial statements.

2. Current Assets

1.1 Cash

Cash as of June 30, 2011 consist of cash on hand, cash equivalents and cash in banks of P26,951,343.

1.2. Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment. As of June 30, 2011, the account includes trade receivables, advances to suppliers and contractors officers and employees and other receivables amounting to P161,571,087.

1.3. Inventories

Inventories consist parts and supplies use in on-going development of the mine. As of June 30, 2011 cost of the inventories are recognized at expense amounting to P 406,495,604.

1.4 Prepayments

Prepayments as at June 30, 2011 consist of input tax receivable and prepaid health and property insurance amounting to P 140,581,310.

3. Property, Plant and Equipment

The company's property, plant and equipment at revalued amounts, except for the Construction-in-progress which is carried at cost.

4. Other Non-Current Assets

Other non-current assets as at June 30, 2011 includes Deferred Mine Exploration and Deferred Cost amounting to P335,797,133, Mine and Mine Properties P 906,090,507 and Other assets totaling to P18,683,741.

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

7. Due to Affiliates

Shareholders and affiliates provide continuous advances to finance the Company's rehabilitation and refurbishing of the mine project and commercial activities. These advances are non-interest bearing and considered payable on demand.

Due to affiliates as at June 30, 2011 and December 31, 2010 are as follows:

	Relationship	June 30, 2011	December 31, 2010
Mindanao Gold	Shareholder	722,533,584	728,279,681
Mapula	Shareholder	15,530,555	19,169,590
Teresa	Affiliate	250,603,781	137,552,524
Total		P 988,667,921	P 885,001,795