



APEX MINING CO., INC.

15 May 2012

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 March 31, 2012.

Thank you.

Very truly yours,

ROSANNA A. PARICA

Corporate Information Officer

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: **March 31, 2012**

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 Outstanding | Number of Shares of Common Stock Outstanding or amount of Debt |
|---------------------------------|--|
| 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 March 31, 2012.

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

Geology and Exploration

Table 1 Diamond drilling performance

| 2012 | January | February | March | Year To Date |
|----------------|---------|----------|--------|--------------|
| Meters Drilled | 591.40 | 991.20 | 997.40 | 2,580.00 |

Underground drilling was focused on near-mine extensions of Bonanza, Sandy, and at Malumon Gap. Below are the holes with available results as of end of 1st quarter of 2012:

| Hole ID | From | To | Sample Width | Au_ppm | Vein |
|--------------|--------|--------|--------------|--------|----------------------------|
| AMA-575-001 | 104.60 | 117.80 | 13.20 | 30.07 | Bonanza Hanging Wall Split |
| AMA-575-001 | 157.10 | 159.70 | 2.60 | 4.68 | Bonanza Hanging Wall Split |
| AMA-575-001 | 190.70 | 203.70 | 13.00 | 7.32 | Masara |
| ASA-800-006 | 3.20 | 6.20 | 3.00 | 13.46 | Sandy |
| ASA-800-006 | 48.00 | 49.10 | 1.10 | 10.27 | Sandy |
| ASA-770-001 | 56.90 | 61.20 | 4.30 | 49.88 | Sandy |
| ASA-770-001 | 69.30 | 70.60 | 1.30 | 9.35 | Sandy |
| AMA-575-002 | 236.00 | 237.00 | 1.00 | 41.00 | Masara |
| ASA-785-005 | 197.80 | 204.70 | 6.90 | 2.62 | Sandy |
| ASA-785-005 | 221.50 | 222.80 | 1.30 | 4.79 | Sandy |
| ASA-785-005 | 185.00 | 191.30 | 6.30 | 2.03 | Sandy |
| ASA-785-005 | 204.70 | 215.50 | 10.80 | 1.36 | Sandy |
| ASA-590-001 | 225.10 | 227.20 | 2.10 | 0.53 | Sandy-Malumon |
| AMA-515-003A | 4.70 | 11.40 | 6.70 | 6.32 | Bonanza |

Detailed geological mapping and rock-chip sampling was conducted in Parcels I, II and III of MPSA-234-2007-XI and at the Maria Inez Area.

Surface drilling at the Porphyry Copper prospects commenced in February. The first hole at Pag-asa returned promising results. Don Calixto Vein is also being targeted by surface drilling.

Mine Operations

The Mine delivered to the Mill Plant a total 52,933 tonnes of gold ores with an average mine grade of 4.1 grams per tonne. Ore extraction was focused on the active vein systems, such as Bonanza, Masara, Bibak veins at Mine East (Maligaya Area) and Sandy & Maria Inez at Mine Others (Malumon). The Don Calixto, Don Fernando and Wagas veins (at Mine West)

are undergoing access rehabilitation and development as future sources of ore production by the 3rd quarter of the year.

Mine waste development recorded a total advance of 1,119 meters composed of 648 meters of primary and 471 meters of secondary. Waste development attained 47% of the target this quarter due to the low mine equipment availability and utilization. Mine development on ore (on vein) was advanced with a total of 613 meters.

The company was successful in the re-opening of the old Apex level 530 Haulage and Drainage tunnel at Masarita area. Expansion commenced with the re-opening of Don Calixto, Don Fernando and Wagas veins access drives. A rehabilitation and development advance on the access drives at the Mine West is on schedule. Owing to the shortage of underground equipment, the re-opening was implemented through a cost plus contract with a reputable local mining contractor.

The mine management is currently developing proposal for equipment financing to upgrade the current equipment capacity. Other risks like mine ventilation and mine dewatering are being closely monitored while implementing all the formulated mitigating measures to prevent loss of production and development advance.

| 1st quarter 2012 Mine Performance | | | | | |
|--|-------------|----------------|-----------------|--------------|------------------|
| Mining | <i>Unit</i> | January | February | March | Total/Ave |
| Total Hauled to Surface | <i>t</i> | 16,462 | 14,812 | 18,166 | 49,440 |
| Grade, Au | <i>g/t</i> | 4.8 | 4.3 | 4.1 | 4.4 |
| Rate for the Month | <i>t/d</i> | 531 | 511 | 586 | 545 |
| Ore Delivered to Mill | <i>t</i> | 19,204 | 13,427 | 20,303 | 52,933 |
| Grade, Au | <i>g/t</i> | 4.2 | 4.3 | 3.8 | 4.1 |
| Ore Development | | | | | |
| Headings | <i>No.</i> | 15 | 16 | 19 | 17 |
| Advance | <i>m</i> | 174 | 228 | 212 | 613 |
| Grade | <i>g/t</i> | 5.6 | 4.3 | 4.8 | 4.8 |
| Hauled to Surface | <i>t</i> | 5,015 | 7,288 | 7,875 | 20,177 |
| Waste Development | | | | | |
| Headings | <i>No.</i> | 26 | 29 | 33 | 29 |
| Advance - Primary development | <i>m</i> | 179 | 233 | 236 | 648 |
| Advance - Secondary development | <i>m</i> | 162 | 162 | 146 | 471 |
| Waste Tonnage | <i>t</i> | 11,123 | 12,742 | 11,649 | 35,514 |
| Stope Production | | | | | |
| LH Tons drilled | <i>t</i> | 10,079 | 8,643 | 5,080 | 23,802 |
| Stopes | <i>No.</i> | 21 | 12 | 17 | 17 |
| Grade | <i>g/t</i> | 4.4 | 4.3 | 3.5 | 4.1 |
| Hauled to Surface | <i>t</i> | 11,447 | 7,524 | 10,292 | 29,263 |

Mill Report

| Period | Tonnes | | Grade, g/t | | % Recovery | | Metals Produced (oz) | |
|----------------|---------------|------------|-------------|--------------|---------------|---------------|----------------------|--------------|
| | Milled | per Day | Au | Ag | Au | Ag | Au | Ag |
| Jan - 2012 | 17,129 | 553 | 4.10 | 22.48 | 85.23% | 63.04% | 1,964 | 8,280 |
| Feb - 2012 | 12,086 | 417 | 3.79 | 21.08 | 84.28% | 62.68% | 1,312 | 5,953 |
| Mar - 2012 | 19,252 | 621 | 3.96 | 24.32 | 85.29% | 72.33% | 2,007 | 9,997 |
| 1Q 2012 | 48,467 | 530 | 3.97 | 22.86 | 85.01% | 66.64% | 1,819 | 8,382 |
| 1Q 2011 | 50,333 | 560 | 4.36 | 29.59 | 83.50% | 63.00% | 5,947 | 30,660 |
| 2Q 2011 | 45,321 | 499 | 6.24 | 43.38 | 85.41% | 71.44% | 7,631 | 44,981 |

| | | | | | | | | |
|---------|--------|-----|------|-------|--------|--------|-------|--------|
| 3Q 2011 | 50,849 | 553 | 4.45 | 27.52 | 85.22% | 73.74% | 6,214 | 32,932 |
| 4Q 2011 | 56,077 | 610 | 4.10 | 28.98 | 86.40% | 71.30% | 6,465 | 37,722 |

Table 1. 1Q 2012 Mill Production Data vs. 1Q-4Q 2011

For 1Q 2012, average throughput declined to an average of 530 tonnes per day (TPD) compared to the previous quarter due to several maintenance activities. Major downtimes were mostly due to the breakdown of the Ball Mill gear reducer which occurred intermittently (Jan 18-21; Feb 7-19). Some other downtimes were caused by Rod Mill relining (58.5 h) and replacement of cone crusher shaft assembly (Dec. 29 - Jan. 02, 94.67 h).

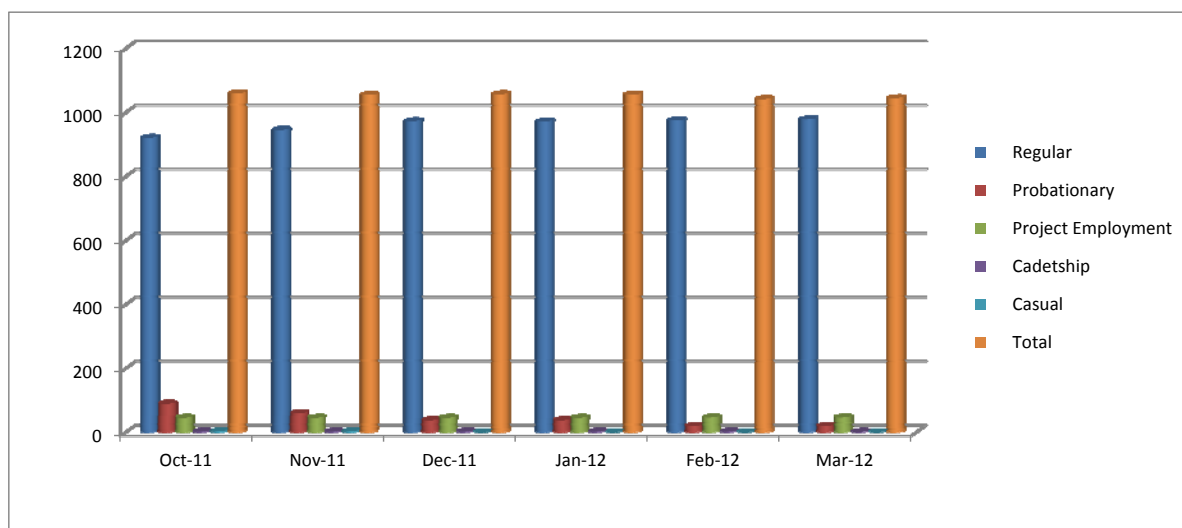
Meanwhile, some process plant improvements this quarter are as follows: (1) Commissioning of new CIL transfer pumps and pipeline and cyanide dosing box, (2) Revision of scrubber feed spout, (3) Revision of Tailings hopper flooring to increase capacity (4) Construction of bundwall partitions for lime and cyanide at reagent area; and (5) the Replacement of carbon recovery trammel.

For the quarter ending March 31, 2012, the mill plant processed a total of 48,467 tonnes with mill heads of 3.97 g/t Au and 22.86 g/t Ag, with average calculated metal recoveries of 85.01% and 66.64% for gold and silver, respectively.

C. HUMAN RESOURCE AND MANAGEMENT

The first quarter of 2012 saw a decrease of 1.14% or 12 personnel mostly due to resignations.

| Employment Status: | 4th quarter 2011 | | | 1st quarter 2012 | | |
|--------------------|------------------|-------------|-------------|------------------|-------------|-------------|
| | Oct-11 | Nov-11 | Dec-11 | Jan-12 | Feb-12 | Mar-12 |
| Regular | 920 | 945 | 972 | 971 | 974 | 978 |
| Probationary | 89 | 59 | 37 | 37 | 19 | 19 |
| Project Employment | 45 | 45 | 45 | 45 | 46 | 46 |
| Cadetship | 2 | 2 | 2 | 2 | 2 | 1 |
| Casual | 3 | 3 | 0 | 0 | 0 | 0 |
| Total | 1059 | 1054 | 1056 | 1055 | 1041 | 1044 |



The workforce and management enjoyed bonus for the January and March. The bonus represents 9.31% - 18.61% and 7.39% - 14.78% of the employees' basic wages for January and March respectively. Due to a decreased production performance, however, no bonus was paid for February.

D. ENVIRONMENTAL MANAGEMENT

Apex Mining Co., Inc. fully supported the government program on reforestation. For the 1st quarter of CY-2012 the Central Nursery of the company has produced 65,940 seedlings of various tree plantation species, fruit trees, bamboo, etc. and planted about 7.70 hectares in open and denuded areas with corresponding 5,955 seedlings planted. Protection and maintenance of the previously planted 3,000 seedlings with an area of 4.80 hectares was also conducted.

The company provided 27,078 seedlings assistance as part of the upland development program and the National Greening Program of the DENR, LGU and to the adjacent Barangays. The company maintained the rehabilitation of the two (2) Adopted Mangrove Projects at Barangay Bucana, Maco and Barangay Bongabong, Pantukan, Compostela Valley in support to the environmental protection at the coastal area. On “Adopt A River Program” the company together with the Barangay Council of Teresa, Maco, Compostela Valley continuously conducted tree planting along the adopted river. The Company fully participated the different launching of the National Greening Program (NGP) spearheaded by DENR.

Facilities for environmental mitigating measures such as tailing ponds and silt ponds are being closely monitored regularly as well as with spillways and canals within the mine site. Rehabilitation measures and repairs are being done to maintain the tailings ponds’ stability, tailings pipeline and the spillways’ capability. Clearing is done whenever necessary to prevent clogging of drainages in the site and siltation of water channels. Regular repair and maintenance of access roads within the mine industrial areas is also being done.

The Environmental Department of APEX conducted regular in-house environmental quality monitoring to attain the standards set by DENR such as, the air and water quality and hazardous waste and quarterly monitoring conducted by the Multi-partite Monitoring Team (MMT) to monitor/evaluate the environmental compliance of the company. The company also conducted collection and hauling of domestic waste produced from the four (4) impact Barangays. Likewise, the company conducted Information, Education Campaign for the concerned communities to provide the people information about the company and its activities in the area with emphasis on environmental protection and enhancement program.

E. SAFETY

Occupational Safety and Health:

It is the mission of the company’s Safety and Health Department to promote the well-being of all stakeholders by embracing safety as a way of life, by achieving world class standards and by upholding a holistic approach to wellness. This is done with care and sincere commitment to realize a sustainable, responsible and globally recognized mining company.

The department is committed to a safe and healthy work environment, and to ensuring that all employees, contractors and visitors go home to their families safe and sound. This commitment is underpinned by the Company’s Annual Occupational Health and Safety Plan.

Initiatives Undertaken in 2012

The department undertook a range of initiatives in 2012 to facilitate and increase the health and wellbeing of its staff, encourage a work/life balance and reduce the rate of illness and injury. Key Officers and senior managers actively supported and promoted healthy and active lifestyle choices. These values can increase employee productivity and a positive work culture, as well as decrease stress and minimize the impact of illness and injury. Activities ranged from encouraging physical activity and good nutrition, to empowering staff to self-manage their own health.

Several training programs were also conducted to ensure that employees and contractors are aware of the programs being undertaken by the safety department. Some programs were an offshoot of the liaison with other government and private agencies.

| Trainings | Date | No. of Participants |
|--------------------------------|-------------------|----------------------------|
| Incident Command System | Jan. 17-19, 2012 | 17 |
| Supervisor Development Program | Feb. - March 2012 | 100 |
| Safety Orientation | Quarterly | 5 |
| Visitors/OJT | Jan. – March 2012 | 269 |
| Newly Hired/Casuals | Jan. – March 2012 | 4 |
| Contractors | Jan. – March 2012 | 16 |

Likewise, safety officers also attended Occupational Safety and Health training programs.

| Trainings | Date | No. of Participants |
|------------------------------------|-------------|----------------------------|
| Ergonomics in the Workplace (DOLE) | Feb. 2012 | 2 |
| | | |
| | | |

| Month | Implemented Programs/Activities |
|---------------|--|
| January 2012 | <ul style="list-style-type: none"> • Follow up on PTB patients who finishes their treatment and identification of new cases • Lectures/Presentations on prevention and treatment of Occupational Lung Diseases |
| February 2012 | <ul style="list-style-type: none"> • Lectures/Presentations on Prevention of Cardiovascular diseases • Lectures presentation on Cancer Awareness |
| March 2012 | <ul style="list-style-type: none"> • Vision 20 -20 program • Cataract Screening • Lectures Presentations regarding Prevention of common Eye Diseases • Lectures Presentations on proper Dental Hygiene |

The Training Department conducted second batch seminar and training on Incident Command System (ICS) last January 17-19, 2012, participated by the Safety personnel, Emergency Response Team (ERT) members and supervisors. Familiarizing how Incident Command System principles are used to manage incidents and preparing to coordinate with response partners from all levels of government and the private sector.

Last February 6, 2012, the Apex Mines Rescue Team advised by the Philippine Mine Safety and Environment Association (PMSEA) President Eng'r. Louie Sarmiento through one of its board of director Eng'r. Roger Casido in a rescue and retrieval operation at Visayas particularly in the island of Negros after a 6.9 earthquake strikes in the island. The Company deployed fifteen members of Rescue Team with the team members of the other mining rescue group and 3 personnel of MGB region 7 headed by Eng'r. Edgar Lagarnia EM-IV. Basic rescue equipment was carried by the named rescuer in the Negros disaster to augment the necessity and needs of the affected site. And also, the team responded at local community calamity or emergencies.

F. CORPORATE SOCIAL RESPONSIBILITY

Apex continuously provides assistance to its host and neighboring communities through the Annual Social Development and Management Plan.

For 1st Quarter of 2012, a total of P1,462,113.20 was extended to community development programs. To wit:

P49,872.70 was the cost for Health and Sanitation Programs, which includes free medical and dental check-up for non-employee patients, as well as provision of medicines. P188,832.00 was the actual cost for Sustainable Livelihood Programs such as trainings on Community-Based Entrepreneurship and on Production of rubber. On the other hand, Social Development Program and Responsive Education was allotted with P511,260.50. Through this budget, a number of out-school-youth (OSY) were aided for their skills training on tile-setting and painting with KorPhil-TESDA Davao City and on Computer Animation with Maco Institute of Technology. Also, Alternative Learning System classes were attended every Saturday with OSYs from Tagbaros and New Leyte.

Infrastructure Projects such as concreting of Teresa Elementary School Pathway, bailey bridge repair at Purok 3 Teresa and school mini gym in Tagbaros Elementary School, had an actual cost of P627,300.00. Indigenous Peoples Program on education was also prioritized.

Apex Mining Co., Inc. is strongly committed to its responsibility to the community and complies with its Social Development and Management Plan (SDMP).

In the third quarter of 201 a total of PhP1,842,283 was expended in the Community:

A total of PhP 68,104 assistance was given for the patients' medicines and nutrition celebration of the impact barangays last July under the Health and Nutrition program; PhP 75,958.00 was provided under the Sustainable Livelihood program for the farmers' and senior citizens' training and capitalization for the women's enterprise; PhP64,939 was provided under the Social Development and Responsive Education program for skills trainings of out-of-school youth and for the delivery of scholarship grants. In addition, PhP 58,689 was donated to barangays, schools and church activities. PhP1,114,498 was expended on Infrastructure projects including improvement to Faith Tabernacle and Foursquare Gospel Churches, bridge rehabilitation and construction of a Multi-Purpose Training Center in Barangay Tagbaros, and Science laboratories in Thompson Christian School and Teresa Elementary School; PhP 71,900 was donated to the Indigenous Peoples Programs enhancement training, promotion of the Mansaka culture and IP scholarship grants.

PhP 389,087 was expended Information and Education Campaigns, covering the Planning of the SDMP Team, symposia and construction of a Science Laboratory in Tagbaros.

FINANCIALS

For the three-month period ended March 31, 2012, the Company's sales amounted to ₱409 million, an increase of 5% or ₱21 million over the same period last year due to higher realized gold prices.

Realized gold price per ounce for the period averaged \$1,674 (years ended December 31, 2011 and 2010: \$1,592 and \$1,390, respectively). Total gold shipped aggregated to 5,612 oz. (years ended December 31, 2011 and 2010: 18,794 oz. and 22,851 oz., respectively).

Cost of sales incurred amounted to ₱287 million or ₱94 million lower than the January 1 to March 31, 2011 amount of ₱381 million. The decrease was brought about by the net movement in the following expenses:

- Materials and supplies decreased by ₱53 million, due to result of continuous improvement in inventory monitoring and operations. There is also a shift in issuances of materials and supplies to support the on-going exploration and development activities. These issuances are presented in the balance sheet as deferred mine exploration and development costs and will be subsequently transferred to mine and mining properties upon start of operation and then expense by way of depletion charges.
- Savings in rental of machineries by ₱62 million upon termination of lease agreement between its former affiliate, Teresa Crew Gold Philippines. Teresa was merged to the Company effective January 1, 2012 as approved by the Securities and Exchange Commissions (SEC). Consequently, depreciation, depletion and amortization charges increased by ₱13 million upon transfer of property and equipment of Teresa.
- Net increase of ₱7.2 million in utilities, contracted services and other expenses are due to rising cost of materials and services.

General and administrative expenses for the three-month period ended March 31, 2012 amounted to ₱116.6 million or 14% higher than the ₱102.0 million same periods expense last year. As mentioned above, there is a significant increase in depreciation, depletion and amortization after the merger. Marketing charges, previously taken up by Teresa for the shipment and sale of gold, are reported at ₱3.4 million this period.

Other income and expenses include ₱8.5 million foreign exchange gains (three-month period March 31, 2010 - ₱1.5 million).

Net income for the three-month period ended March 31, 2012 amounted to ₱50 million or a ₱100 million improvement from the same period ₱50 million net loss in 2011. Full year net loss in 2011 and 2010 amounted to ₱39.8 and ₱120.6 million, respectively.

Cash at March 31, 2012 amounted to ₱51.5 million compared to ₱53.5 million in 2011 and ₱17.8 million in 2010.

Accounts receivable from sale of gold and silver amounted to ₱211.3 million in March 31, 2012, ₱328.9 million in 2011 and ₱81.0 million in 2010. No provision was made for March 31, 2012 balance as the amount is current and one-hundred percent (100%) collectible.

Inventories amounted to ₱405 million, higher than the ₱350.1 million balance at December 31, 2011 due to increased level of purchases and goods received during the period for production, exploration, development and expansion requirements.

Other current assets, as well as property, plant and equipment increased after the transfer of assets of Teresa on January 1, 2012 by way of merger. Prepayments and other current assets amounted to ₱89.8 million in March 31, 2012 (December 31, 2011 - ₱68.8 million). Property, plant and equipment at March 31, 2012 amounted to ₱663.9 (December 31, 2011 - ₱579.3). Idle assets were also transferred to Apex in the amount of ₱31 million.

On-going exploration and development of additional veins discovered within the area resulted in a higher deferred mine and development cost (₱631.0 million) at the end of the first quarter of 2012 compared to ₱530.2 million in 2011 and 161.9 million in 2010. Mine and mine properties registered a ₱41.6 million decrease from ₱774.4 million balance in 2011 due to depletion charges.

Current liabilities at the end of the first quarter of 2012 amounted to ₱1.273.6 billion compared to ₱1.509.8 billion in 2011 and ₱1.177.1 billion in 2010.

Relative to the increase in inventory during the period, Accounts payable and accrued liabilities increased to ₱295.5 million compared to ₱271.1 million in December 31, 2011 due to higher level of purchases made. No significant amount of the Company's trade payable have been unpaid within their acceptable terms.

The merger of Teresa and Apex at the beginning of the year resulted in a lower intercompany obligation due to assignment of Teresa liabilities and issuance of new shares in exchange of outstanding loans. Total intercompany liabilities at March 31, 2012 amounted to ₱978 million, while December 31, 2011 and 2010 balances are ₱1,238.8 million and ₱885 million, respectively.

As of March 31, 2012, non-current liabilities amounted to ₱153.1 compared to ₱134.1 million in 2011 and 185.4 million in 2010. The increase is attributable to the transfer of deferred tax liability account from Teresa upon merger.

Under PAS no. 19, Accounting for Employee Benefits, the Company provided for the year Accrued Retirement Cost amounting to ₱33.2 million in March 31, 2012 compared to ₱31.3 million in 2011 and ₱19.6 million in 2010.

Deficit at three-month period ended March 31, 2012 amounted to ₱1.917.2 billion after the effect ₱50.2 million net income from ₱1.967.5 billion in 2011. 2010 deficit reported was ₱1.9 billion.

Net cash provided by operating activities for the three-month period ended March 31, 2012 amounted to ₱158.0 compared to ₱79.8 million in 2011 and ₱111.5 million in 2010. This represents the Company's ability to generate cash from operations despite the net losses.

The ₱222.7 million net cash used in investing activities in the first quarter of 2012 was due to acquisition of property and equipment and deferred exploration costs. In 2010 and 2009, net cash used in investing activities amounted only to million ₱637.6 and ₱269.4 million respectively.

Net cash provided by financing activities amounted to ₱62.7 million compared to ₱601.1 million in 2011 and ₱160.8 million in 2010.

Material Changes for 2012 First Quarter vs. December 31, 2011 Balance Sheet

| | MARCH 31, 2012 | DECEMBER 31, 2011 | Change | | Narratives |
|-------------------------------------|----------------------|----------------------|----------------------|------------|--|
| | | | Amount | % | |
| Current Assets | | | | | |
| Cash | 51,565,549 | 53,550,286 | (1,984,737) | -4% | |
| Receivables | 314,081,504 | 407,376,223 | (93,294,720) | -23% | Collection from customer during the quarter |
| Inventories | 405,374,176 | 350,054,504 | 55,319,671 | 16% | Increase in purchases during the quarter |
| Other Current Assets | 89,816,713 | 68,846,332 | 20,970,381 | 30% | Transfer of Teresa asset (merger) |
| Total current assets | 860,837,941 | 879,827,346 | (18,989,404) | | |
| Property and Equipment - Net | 663,907,105 | 579,316,307 | 84,590,798 | | |
| Land & Land Improvements | 35,515,000 | 35,515,000 | 0 | 0% | |
| Roads and Bridges | 97,860,081 | 97,860,081 | 0 | 0% | |
| Dams and Diversions | 347,936,489 | 347,914,489 | 22,000 | 0% | |
| Exploration & Drilling Equipt. | 67,407,795 | 2,896,233 | 64,511,562 | 2227% | Acquisition of Underground Drill Rigs |
| Mine Machineries & Equipt. | 414,731,456 | 412,802,533 | 1,928,923 | 0% | |
| Mill Machineries & Equipt. | 920,351,188 | 608,534,053 | 311,817,136 | 51% | Transfer of Teresa assets (merger) |
| Assay & Met Lab. Equipt. | 39,150,092 | 16,513,446 | 22,636,646 | 137% | Transfer of Teresa assets (merger) |
| Power Gen.& Elect'IEquipt | 358,954,061 | 118,787,399 | 240,166,662 | 202% | Transfer of Teresa assets (merger) |
| Pumps & Motors | 115,253,233 | 56,476,526 | 58,776,707 | 104% | Transfer of Teresa assets (merger) |
| Heavy Mobile Equipment | 637,280,543 | 546,927,930 | 90,352,613 | 17% | Transfer of Teresa assets (merger)& acquisition of Jumbo drill |
| Transportation Equipment | 61,496,482 | 5,711,445 | 55,785,036 | 977% | Transfer of Teresa assets (merger) |
| Communication Equipment | 4,261,907 | 2,368,130 | 1,893,777 | 80% | Transfer of Teresa assets (merger) and acquisition of lightning Protection Network |
| Computing Equipment | 11,617,216 | 4,449,264 | 7,167,952 | 161% | Transfer of Teresa assets (merger) |
| Office Furniture & Equipment | 519,768 | 519,768 | 0 | 0% | |
| Staff house Furn. & Fixtures | 390,000 | 390,000 | 0 | 0% | |
| Buildings and Structures | 187,812,391 | 156,603,219 | 31,209,173 | 20% | Transfer of Teresa assets (merger) |
| Small Tools & Equipment | 17,008,380 | 733,813 | 16,274,567 | 2218% | Transfer of Teresa assets (merger) |
| PPE in Progress | 92,060,003 | 76,342,550 | 15,717,454 | 21% | Various equipment rehabilitation, construction and improvement of Tagbaros bridge, Tailings dam, polyplex & other facilities |
| ARO - Equipment | 597,721 | 597,721 | 0 | 0% | |
| PPE at Cost | 3,410,203,806 | 2,491,943,599 | 918,260,207 | 37% | Depreciation for the quarter and PPE transfer of Teresa Assets |
| Accumulated Depreciation | 2,746,296,701 | 1,912,627,292 | 833,669,409 | 44% | |
| Deferred Mine Explo & Dev't Costs | 631,043,743 | 530,156,205 | 100,887,538 | 19% | Additional exploration & dev't costs for the quarter from new veins discovered within the area |
| Mine & Mine Properties | 732,828,538 | 774,453,464 | (41,624,926) | -5% | depletion charges for the quarter |
| Other Assets | 87,122,552 | 49,877,351 | 37,245,201 | 75% | |
| Deposits - Non Current | 25,389,501 | 23,108,236 | 2,281,265 | 10% | |
| Idle Assets, net | 31,078,881 | | 31,078,881 | | Transfer of Teresa assets (merger) |
| Others | 30,654,170 | 26,769,115 | 3,885,055 | 15% | Amortization for the quarter and IT network remediation |
| Total Assets | 2,975,739,879 | 2,813,630,672 | 162,109,207 | | |
| Current Liabilities | 1,273,585,617 | 1,509,807,114 | (236,221,497) | | |

| | | | | | |
|--|----------------------|----------------------|----------------------|------------|---|
| Accounts Payable & Accrued Liabilities | 295,505,374 | 271,074,982 | 24,430,391 | 9% | Increase in purchases of goods and services |
| Due (to) Mapula | 165,109,028 | 12,701,610 | 152,407,418 | 1200% | Transfer of Teresa advances to (merger) |
| Due from (to) Teresa | | 482,842,673 | (482,842,672) | -100% | Transfer of TCG accounts to AMC |
| Due from (to) ASVI-TSG | 61,155,205 | 62,349,865 | (1,194,660) | -2% | |
| Due from (to) Mindanao Gold | 751,816,010 | 680,837,984 | 70,978,026 | 10% | Transfer of Teresa advances (merger) |
| Non-Current Liabilities | 153,174,639 | 134,121,017 | 19,053,621 | | |
| Deferred Tax Liability | 53,201,921 | 35,995,557 | 17,206,364 | 48% | Transfer of TCG accounts (merger) |
| Asset Retirement Obligation | 66,811,963 | 66,811,963 | 0 | 0% | |
| Accrued Retirement Payable | 33,160,754 | 31,313,497 | 1,847,257 | 6% | Additional accrual (PAS 19) |
| Total Liabilities | 1,426,760,256 | 1,643,928,131 | (217,167,875) | | |
| Total Capital Stock | 3,466,211,590 | 3,137,171,855 | 329,039,734 | 10% | |
| Capital Stock | 1,466,516,426 | 1,390,955,655 | 75,560,771 | 5% | Issuance of new share (merger) |
| Capital in excess of par value & Revaluation increment | 1,919,180,270 | 1,665,701,307 | 253,478,963 | 15% | Impact of Teresa merger |
| Retained Earnings(Deficit) | (1,917,231,966) | (1,967,469,313) | 50,237,347 | -3% | |
| At beginning of the quarter | (1,967,469,313) | (1,946,494,206) | (20,975,107) | 1% | |
| For the quarter | 50,237,347 | (20,975,107) | 71,212,454 | -340% | Income (Losses) for the quarter |
| Total capital deficiency | 1,548,979,624 | 1,169,702,542 | 379,277,082 | | |
| Total Liabilities and Equity | 2,975,739,879 | 2,813,630,673 | 162,109,207 | | |

FREE CASH FLOW (FCF)

The company generated a negative FCF of ₱2.0 million during the three-month period ended March 31, 2012.

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 March 31, 2012, the peso to dollar exchange rate was at ₱43.00 compared to ₱43.93 as of December 31, 2011 and ₱43.84 as of December 31, 2010.

Apex Mining Co., Inc.
Comparative Balance Sheets
As at March 31, 2012
(all in Philippine Pesos)

| | MARCH 31, 2012 | DECEMBER 31, 2011 | DECEMBER 31, 2010 |
|--|------------------------|------------------------|------------------------|
| Current Assets | | | |
| Cash | 51,565,549 | 53,550,286 | 17,859,662 |
| Receivables | 314,081,504 | 407,376,223 | 232,769,295 |
| Inventories | 405,374,176 | 350,054,504 | 343,397,511 |
| Prepayments and Other Current Assets | 89,816,713 | 68,846,332 | 134,458,267 |
| Total current assets | 860,837,941 | 879,827,346 | 728,484,734 |
| Property and Equipment - Net | 663,907,105 | 579,316,307 | 418,365,808 |
| Land & Land Improvements | 35,515,000 | 35,515,000 | 35,515,000 |
| Roads and Bridges | 97,860,081 | 97,860,081 | 92,687,895 |
| Dams and Diversions | 347,936,489 | 347,914,489 | 306,982,635 |
| Exploration & Drilling Equipmt. | 67,407,795 | 2,896,233 | 133,932 |
| Mine Machineries & Equipmt. | 414,731,456 | 412,802,533 | 400,111,228 |
| Mill Machineries & Equipmt. | 920,351,188 | 608,534,053 | 573,920,413 |
| Assay & Met Lab. Equipmt. | 39,150,092 | 16,513,446 | 545,878 |
| Power Gen. & Elect'l Equipmt | 358,954,061 | 118,787,399 | 87,725,764 |
| Pumps & Motors | 115,253,233 | 56,476,526 | 20,908,861 |
| Heavy Mobile Equipment | 637,280,543 | 546,927,930 | 405,064,481 |
| Transportation Equipment | 61,496,482 | 5,711,445 | 3,189,511 |
| Communication Equipment | 4,261,907 | 2,368,130 | 2,293,964 |
| Computing Equipment | 11,617,216 | 4,449,264 | 4,049,884 |
| Office Furniture & Equipment | 519,768 | 519,768 | 204,601 |
| Staffhouse Furn. & Fixtures | 390,000 | 390,000 | 390,000 |
| Buildings and Structures | 187,812,391 | 156,603,219 | 137,973,771 |
| Small Tools & Equipment | 17,008,380 | 733,813 | 5 |
| PPE in Progress | 92,060,003 | 76,342,550 | 45,274,918.13 |
| ARO - Property, Plant & Equipmt. | 597,721 | 597,721 | 1,109,848 |
| PPE at Cost | 3,410,203,806 | 2,491,943,599 | 2,118,082,588 |
| Accumulated Depreciation | 2,746,296,701 | 1,912,627,292 | 1,699,716,780 |
| Deferred Mine Explo & Dev't Costs | 631,043,743 | 530,156,205 | 161,880,451 |
| Mine & Mine Properties | 732,828,538 | 774,453,464 | 1,007,351,523 |
| Other Assets | 87,122,552 | 49,877,351 | 20,273,259 |
| Assets Held for Sale | | | |
| Deposits - Non Current | 25,389,501 | 23,108,236 | 11,878,971 |
| Idle Assets, net | 31,078,881 | | |
| Others | 30,654,170 | 26,769,115 | 8,394,288 |
| Total Assets | 2,975,739,879 | 2,813,630,672 | 2,336,355,776 |
| Current Liabilities | 1,273,585,616 | 1,509,807,113 | 1,177,111,415 |
| Accounts Payable & Accrued Liabilities | 295,505,373 | 271,074,981 | 292,109,620 |
| Due (to) Mapula | 165,109,028 | 12,701,610 | 19,169,590 |
| Due from (to) Teresa | - | 482,842,673 | 137,552,524 |
| Due from (to) ASVI-TSG | 61,155,205 | 62,349,865 | |
| Due from (to) Mindanao Gold | 751,816,010 | 680,837,984 | 728,279,681 |
| Non-Current Liabilities | 153,174,639 | 134,121,017 | 185,413,344 |
| Deferred Tax Liability | 53,201,921 | 35,995,557 | 85,487,863 |
| Asset Retirement Obligation | 66,811,963 | 66,811,963 | 80,296,912 |
| Accrued Retirement Payable | 33,160,754 | 31,313,497 | 19,628,569 |
| Total Liabilities | 1,426,760,255 | 1,643,928,130 | 1,362,524,759 |
| Total Capital Stock | 3,466,211,590 | 3,137,171,855 | 2,912,979,165 |
| Capital Stock | 1,466,516,426 | 1,390,955,655 | 1,317,618,030 |
| Capital in excess of par value & Revaluation increment | 1,919,180,270 | 1,665,701,307 | 1,503,380,955 |
| | 80,514,894 | 80,514,894 | 91,980,179 |
| Retained Earnings(Deficit) | (1,917,231,966) | (1,967,469,313) | (1,939,148,148) |
| At beginning of the quarter | (1,967,469,313) | (1,946,494,206) | (1,897,823,440) |
| For the quarter | 50,237,347 | (20,975,107) | (41,324,708) |
| Total capital deficiency | 1,548,979,624 | 1,169,702,542 | 973,831,017 |
| Total Liabilities and Equity | 2,975,739,879 | 2,813,630,672 | 2,336,355,776 |

APEX MINING CO. INC.
 UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
 1ST QUARTER 2012
 (all in Philippine Pesos)

| | January to March 2012 | January to March 2011 |
|--|--------------------------|--------------------------|
| Revenue | | |
| Sale of Gold | 409,090,381 | 388,425,020 |
| Sale of Silver | 36,245,803 | 43,433,758 |
| | 445,336,184 | 431,858,778 |
| Costs of Sales | | |
| Materials & Supplies | 97,988,216 | 150,648,813 |
| Depreciation, Depletion and Amortization | 100,143,602 | 86,881,074 |
| Salaries, allowances and employee benefits | 23,330,463 | 24,875,648 |
| Rent | 22,435,896 | 84,468,979 |
| Utilities | 28,430,645 | 22,764,904 |
| Marketing | 4,567,190 | 2,755,366 |
| Contract Service | 1,462,935 | 1,079,529 |
| Others | 8,683,007 | 7,804,923 |
| | 287,041,954 | 381,279,237 |
| GROSS PROFIT | 158,294,230 | 50,579,541 |
| General & Admin Expenses | | |
| Materials & Supplies | 6,952,356 | 8,919,745 |
| Depreciation, Depletion and Amortization | 11,798,799 | 4,514,679 |
| Salaries, allowances and employee benefits | 28,962,253 | 28,930,765 |
| Rent | 8,255,056 | 6,853,816 |
| Utilities | 913,128 | 1,572,526 |
| Marketing | 3,433,104 | |
| Contract Service | 8,009,796 | 8,564,030 |
| Others | 48,262,213 | 42,688,872 |
| | 116,586,705 | 102,044,432 |
| INCOME (LOSS) FROM OPERATIONS | 41,707,525 | (51,464,891) |
| OTHER INCOME (EXPENSE) | | |
| Unrealized Foreign Exchange gain (loss), net | | |
| Foreign Exchange gain (loss) | 8,497,869 | 1,590,855 |
| Interest & other income (expense) | 31,954 | (361,874) |
| Write Off of Inventories | | (8,550) |
| Loss(Gain)Write-Off Fixed Asset | | (207,083) |
| Total | 8,529,822 | 1,013,348 |
| Provision for Income tax | | 1,752 |
| NET INCOME (LOSS) FOR THE QUARTER | 50,237,347 | (50,453,295) |

APEX MINING CO. INC.
 UNAUDITED STATEMENT OF CHANGES IN EQUITY
 1ST QUARTER 2012
 (all in Philippine Pesos)

| | Three Months Ended March 31 | | |
|------------------------------|-----------------------------|--------------------|------------------------|
| | 2012 | 2011 | 2010 |
| CAPITAL STOCK - P1 PAR VALUE | 1,466,516,426 | 1,317,618,030 | 756,682,170 |
| ADDITIONAL PAID-IN CAPITAL | 1,919,180,270 | 1,503,380,955 | 4,224,410 |
| REVALUATION INCREMENT | 80,514,894 | 91,980,180 | 103,287,388 |
| DEFICIT | | | |
| Beginning of quarter | (1,967,469,313) | (1,939,148,148) | (1,829,812,618) |
| Net loss for the quarter | 50,237,347 | (50,453,295) | (85,620,815) |
| End of period | (1,917,231,966) | (1,989,601,443) | (1,915,433,433) |
| TOTAL EQUITY | 1,548,979,624 | 923,377,723 | (1,051,239,465) |

APEX MINING CO. INC.
 UNAUDITED STATEMENT OF CASH FLOWS
 1ST QUARTER 2012
 (all in Philippine Pesos)

| | Three Months Ended March 31 | | |
|--|-----------------------------|---------------------|---------------------|
| | 2012 | 2011 | 2010 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net income (loss) | 50,237,347 | (50,453,295) | (85,620,815) |
| Depreciation, amortization and other non-cash expenses | 111,967,631 | 40,617,161 | 46,042,528 |
| Operating income (loss) before changes in working capital | 162,204,978 | (9,836,134) | (39,578,287) |
| Decrease (Increase) in receivables and advances | 93,294,720 | (11,438,010) | 104,151,811 |
| Decrease (Increase) in Inventory | (55,319,671) | (1,309,356) | (14,948,465) |
| Decrease (Increase) in prepayments | 4,074,538 | (322,138) | (23,004,333) |
| (Decrease) Increase in accounts payable and accrued expenses | 23,291,602 | 58,382,636 | (32,452,943) |
| Net cash provided by (used in) operating activities | 227,546,166 | 35,476,998 | (5,832,216) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | (86,987,298) | (42,829,488) | (11,289,641) |
| Decrease (Increase) in deferred mine exploration costs | (100,887,538) | (49,547,563) | (4,431,355) |
| Decrease (Increase) in other noncurrent assets | (1,954,920) | 1,000,111 | 30,789,220 |
| Net cash provided by (used in) investing activities | (189,829,757) | (91,376,940) | 15,068,225 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase (decrease) in amounts of advances from affiliates | (39,701,146) | 56,868,953 | 32,206,427 |
| Net cash provided by (used in) financing activities | (39,701,146) | 56,868,953 | 32,206,427 |
| NET INCREASE (DECREASE) IN CASH | (1,984,736) | 969,012 | 41,442,436 |
| CASH AT BEGINNING OF PERIOD | 53,550,286 | 17,859,662 | 16,836,351 |
| CASH AT END OF PERIOD | 51,565,549 | 18,828,674 | 58,278,786 |

APEX MINING CO. INC.
 UNAUDITED AGING OF ACCOUNTS RECEIVABLES
 MARCH 31, 2012
 (all in Philippine Pesos)

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 | 211,333,197 | 211,333,197 | | | | | | | |
| Less: Allow. For Doubtful Acct. | | | | | | | | | |
| Net Trade Receivable | 211,333,197 | 211,333,197 | - | - | - | - | - | - | - |
| b) Non-Trade Receivables | | | | | | | | | |
| 1) Advances - Temp. Accom. | 105,078,177 | 46,094,371 | 29,121,126 | 6,139,060 | 23,723,620 | | | | |
| Less: Allow. For Doubtful Acct. | (2,329,870) | | | | | | | | |
| Net Non-Trade Receivables | 102,748,307 | 46,094,371 | 29,121,126 | 6,139,060 | 23,723,620 | - | - | - | - |
| Net Receivables (a + b) | <u>314,081,504</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

March 31, 2012

1. Significant accounting policies

The accompanying unaudited financial statements as of March 31, 2012 have been prepared in accordance with 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, 2011, 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 at March 31, 2012 consist of cash on hand and in banks of P51,565,548.

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 March 31, 2012, the account includes trade receivable, advances to suppliers and contractors, advances to officers and employees and other receivables amounting to P314,081,504.

1.3. Inventories

Inventories consist parts and supplies use in on-going development of the mine. As of March 31, 2012, cost of the inventories amounted to P405,374,176.

1.4 Prepayments

Prepayments as of March 31, 2012 consist of input tax receivable and prepaid health and property insurance amounting to P89,816,713.

3. Property, Plant and Equipment

The company's property, plant and equipment are presented 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 March 31, 2012 includes Mine & Mine Properties of P732,828,538, Deferred Mine Exploration and Development Costs amounting to P631,043,743 and Other assets totaling to P 87,122,552.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses 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.

6. 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 March 31, 2012 and December 31, 2011 are as follows:

| | Relationship | March 31, 2012 | December 31, 2011 |
|---------------|-----------------|---------------------|------------------------|
| Mindanao Gold | Shareholder | 751,816,010 | 680,837,984 |
| Mapula | Shareholder | 165,109,028 | 12,701,610 |
| Teresa | Affiliate | 1 | 482,842,673 |
| ASVI – TSG | Ultimate Parent | 61,155,205 | 62,349,865 |
| Total | | P978,080,244 | P 1,238,732,132 |

Merger with Teresa

Pursuant to Sections 76 to 80 of the Corporation Code of the Philippines, the Board of Directors (BOD) and stockholders of the Company and Teresa (collectively referred to as "Constituent Corporations") at a meeting held on September 1, 2011 and August 1, 2011 of the BOD of the Company and Teresa, respectively, and at a meeting held on October 6, 2011 and September 15, 2011 of the stockholders of the Company and Teresa, respectively, approved the Plan of Merger (Merger) of the Constituent Corporations, the Company being the surviving corporation and Teresa being the absorbed Corporation.

An Articles and Plan of Merger was executed by the Constituent Corporations on October 7, 2011 for filing and approval by the SEC.

On December 1, 2011, the SEC approved the Articles and Plan of Merger. As indicated in the Articles and Plan of Merger, the Merger will be effective on the first day of the month immediately following the month in which approval for the Merger is obtained from the SEC (the "Effective Date of Merger").

The Merger became effective and was reflected in the Apex financial statements on January 1, 2012.

7. Cash Flow analyses

Net cash provided by operating activities for the quarter amounted to ₱227.5 million compared to the same period last year of ₱35.5 million. The increase during the period is primarily due to higher sales and collection of receivable and accounts payable and accrued expenses resulting from increased credit purchases.

Net cash used by investing activities for the quarter, comprising of additions to property, plant and equipment, non-current assets and exploration expenditures, was ₱189.8 million as compared to the net amount provided by investing activities during the same period last year of ₱91.4 million. The increase was largely attributable to the significant amount invested in deferred exploration and development costs of ₱100.9 million and additions to property of ₱87.0 million.

Net cash used in financing activities for the period amounted to ₱39.7 million. Payments were made to related parties for advances made in the form of capital and operating expenditures. Net cash used by financing activity during the same quarter last year amounted to ₱91.4 million.

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

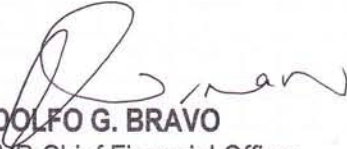
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APEX MINING CO., INC.

Registrant



BAIVERTH M. DIABO
Interim President



RODOLFO G. BRAVO
VP-Chief Financial Officer