



APEX MINING CO., INC.

April 20, 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-A for the year ended December 31, 2011.

Very truly yours,

ROSANNA A. PARICA
Corporate Information Officer



SECURITIES AND EXCHANGE COMMISSION 12
SEC FORM 17-A

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

- 1. For the calendar year ended December 31, 2011
- 2. SEC Identification Number 40621
- 3. BIR Tax Identification No. 000-284-138
- 4. Exact Name of issuer as specified in its charter: Apex Mining Co., Inc.
- 5. Philippines
Province, Country or other jurisdiction of incorporation or organization
- 6. (SEC Use Only) Industry Classification Code
- 7. Unit 1704 17th Floor, Prestige Tower Cond., F. Ortigas Jr. Road, Ortigas Center, Pasig City 1605
Address of principal office : Postal Code
- 8. (632) 7062805/7062806
Issuer's telephone number, including area code
- 9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report
- 10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 & 8 of the RSA :

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
Class A	873,454,578
Class B	515,532,610

- 11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes No Philippine Stock Exchange 756,918,238 shares (Php 1.00 per share par value)
- 12. Check whether the issuer:
 - a.) has filed all reports to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or 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 that 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
- 13. Not Applicable
- 14. Not Applicable

PART 1 BUSINESS AND GENERAL INFORMATION

Item 1. Business

Corporate Profile

Apex Mining Co., Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 26, 1970 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.

On March 7, 1974, the Company listed its shares in the Philippine Stock Exchange (PSE) and attained status of being a public company on the same date. The Company is considered a public company under Rule 3.1 of the Implementing Rules and Regulations of the Securities Regulation Code, which, among others, defines a public corporation as any corporation with assets of at least P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities. As of December 31, 2009, the Company has 2,883 shareholders (2008 - 2,900) each holding at least 100 shares.

On August 24, 2005, Crew Gold Corporation (Crew Gold), an entity incorporated and doing business in Canada, and its associated Philippine company, Mapula Creek Gold Corporation (Mapula), acquired 28.03% and 44.88% of the Company's shares, respectively, by virtue of the Share Purchase Agreement (SPA) entered into by both Crew Gold and Mapula with the previous majority shareholder (Puyat Group). The SPA involved the sale and transfer of a total of 549,966,524 shares (including 459,524,591 of the unlisted shares) for \$6.6 million. Pursuant to the SPA, the Puyat Group divested fully its shareholdings in the Company. The SPA also provides, among others, the termination of all existing mine operating agreements of the Company. In relation thereof, on December 23, 2005, Crew Gold and PJS Investment Corporation, an entity owned by the Puyat Group, agreed that certain liabilities as of December 31, 2005 amounting to P83.2 million be assigned to the latter in order to facilitate the investment of Crew Gold into the Company.

In October 2009, Crew Gold completed its divestment in the local mining industry and sold its equity share in the Company, as well as to local affiliates including Teresa Crew Gold (Philippines), Inc. (Teresa) and Mapula to Mindanao Gold Ltd. (Mindanao Gold), an entity incorporated and registered in Malaysia.

As of December 31, 2009, the Company's majority shareholder is Mapula Creek a Philippine incorporated company.

On December 22, 2005, the Mines and Geosciences Bureau (MGB) approved the Company's Mineral Production Sharing Agreement (MPSA) covering 679.02 hectares situated in Maco, Compostela Valley. On June 25, 2007, MGB approved the Company's second MPSA covering an additional 1,558.5 hectares near the same area.

On December 17, 2008, the Company entered into a service contract with local cooperatives composed of the indigenous people and local government units of Masara lines to explore the Sagaysagay vein discovered within the area of its second MPSA.

The Company was registered with the Board of Investments (BOI) on July 11, 2008 as a new producer of gold, silver bullion, copper concentrates with gold, silver, zinc and lead values on a non-pioneer status under the 1987 Omnibus Investment Code. Under this registration, the Company is entitled to certain fiscal and non-fiscal incentives including four (4) year income tax holiday from start of commercial operations, which can be further extended for another three (3) years subject to compliance with certain conditions, simplified customs procedures, additional deduction for labor expense, and unrestricted use of consigned equipment for a period of ten (10) years. The Company is required to maintain a base equity of at least 25% upon start of commercial operations as one of the conditions of the registration.

On January 1, 2009, the Company commenced commercial operations after achieving target production volume requirements. As of December 31, 2009, the Company is compliant with the provisions specified in its registration.

The Company's registered business address is at Unit 1704 17th Flr. Prestige Tower Cond., F. Ortigas Jr. Rd., Ortigas Center, Pasig City. The Company currently operates the Maco Mines in Maco, Compostela Valley, Davao.

On October 13, 2010, the SEC approved the increase in capital stock of the Company from P800.00 million consisting of 800.00 million common shares, divided into 480.00 Class "A" shares and 320.00 million Class "B" shares, with a par value of P1.00 each to P2.80 billion consisting of 2.80 billion common shares divided into 1.68 billion Class "A" shares and 1.12 billion Class "B" shares, with a par value of P1.00 each.

Of the increase in capital stock of P2.00 billion consisting of 2.00 billion common shares divided into 1.20 billion Class "A" shares and 800.00 million Class "B" shares, the amount of P560.94 million consisting of 560.94 million common shares was fully subscribed and paid for as follows:

- Conversion of Company's advances from Mapula in the amount of P1.26 billion, in exchange for 341.14 billion Class "A" shares with a par value of P1.00 per share, at an issue value of P3.70 per shares or an aggregate issue value of P1.26 billion.
- Conversion of Company's advances from Mindanao Gold in the amount of P813.26 million, in exchange for 219.80 million 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 P813.26 million.

Share premium resulting from restructuring amounted to P1.50 billion, net of P15.40 million professional fees and other incidental costs incurred in relation to the transaction.

Pursuant to Sections 76 to 80 of the Corporation Code of the Philippines, the Board of Directors and stockholders of the Company and Teresa convened a meeting on September 1, 2011 and August 1, 2011, respectively, and subsequently held a stockholders meeting on October 6, 2011 for the Company and September 15 for Teresa to approve the Plan of Merger. In this merger, the Company became the surviving corporation and Teresa was the absorbed corporation.

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 of the merger is obtained from the SEC, thus the merger will be effective on January 1, 2012.

The merger is considered a business reorganization since the transaction involved companies under common control. Accordingly, the merger was accounted for at historical cost in a manner similar to the pooling of interests method and will be effected prospectively in the financial statements of the Company.

Products/Sales

The Company's mine produces bullion containing gold and silver. All of the mine's production is smelted in Metalor refinery in Switzerland.

The Company's sales revenues for the year 2011 were from gold bullion shipments made to Metalor.

Sources of Materials and Supplies

The Company's ore production comes primarily from the Company's mineral properties in Maco

Equipment and maintenance parts and operating supplies are provided by a number of suppliers both domestic and foreign on competitive basis.

Energy is primarily sourced from the Power Sector Assets and Liabilities Management Corporation under a long-term contract for the supply of electricity

Employees

The total manpower of the Company as of December 31, 2011 consists of 1,536 employees, as follows:

Regular	1,056
Contractors	480
Total	1,536

Mining Properties / Royalty Agreements

On December 22, 2005, the Mines and Geosciences Bureau (MGB) approved the Company's Mineral Production Sharing Agreement (MPSA) covering 679.02 hectares situated in Maco, Compostela Valley. On June 25, 2007, MGB approved the Company's second MPSA covering an additional 1,558.5 hectares near the same area where the existing operations are located.

The company has already complied with the requirements for the MPSA which included the endorsement by the local government units in the locality of the mine, which endorsements Apex obtained. Also required was the free and prior informed consent (FPIC) of the indigenous peoples and indigenous communities (IPs/ICs) within the area covered by the application. With such IPs/ICs giving their FPIC to the Company's application for the MPSA and to the continued operation and development, as well as to all related, collateral, incident and indirect projects/activities of the Company.

In the area covered by the application, the Company executed in June 2005 a Memorandum of Agreement (MOA) with the IPs/ICs and the National Commission on Indigenous Peoples, agreeing to a royalty payment of 1.0% of gross output as required under the Philippine Mining Act of 1995.

The company has been compliant relative to its obligations to the Maco Ancestral Domain Inc. for its various projects under the approved Ancestral Domain Sustainable Development Plan which the company assisted them to draft.

Pending Applications for Mineral Production Sharing Agreements (MPSA)

1) APSA 000099-XI – This was reactivated in 2010 but the Mines Geosciences Bureau (MGB) has included this application in their cleansing program and an Order of Denial was issued to the Company in February 2011. Presently, the Company filed a Motion for Reconsideration/Appeal with MGB as the management saw justifiable reasons for the delays in processing.

2) APSA 000249-XI – This was also reactivated in 2010 and processing of application is currently on-going with the MGB. This has an area of 353.453 hectares in Maragusan, Compostela Valley.

3) APSA 000165-XI – This application has an area of 2,799.61 located in Barangays Manurigao, Santa Fe, San Pedro, Municipality of Caraga, Province of Davao Oriental. This was reactivated in 2010 also and processing is still on-going with the MGB.

Government Regulations and Approvals

Compliance with existing governmental regulations entails costs to the Company which are appropriately reflected either as expense or as capital asset based on the related financial reporting

standards. Future and probable government regulations are considered but the effects cannot be determined until the specific implementing guidelines are known.

Other than the usual business licenses or permits, there are no government approvals needed on the sale of the Company's products.

Exploration and Development

Exploration and development are undertaken in-house, in close consultation with the Abracadabra Speculative Ventures Inc. Technical Services Group.

OPERATIONS

GEOLOGY AND EXPLORATION

The exploration program in 2011 was a continuation of the activities in 2010 with the aim of (1) testing the near mine vein targets through drilling and (2) delineating the extent of the earlier known porphyry copper deposits within the tenement.

The drilling program focused on evaluating the extensions of the veins in the active mine areas, particularly the Bonanza, Bibak, Masara, Sandy and Maria Inez Vein Systems. A total of 82 holes were drilled using a total of five (5) surface and underground rigs. The total length of cores drilled is 12,627 meters, which is below the targeted 1500 meters per month or 18,000 meters for the year.

Two (2) rigs – Hanjin 6000SD and Hanjin 4000SD – were used in surface drilling. In early 2011, near-mine extensions of Bonanza Vein were the main target. Later, the Hanjin 6000 was moved to PJAC to target Maria Inez and Sandy Veins. It was later transferred to Bunlang to again test the Bonanza North Extension, after the drill site in PJAC area was made inaccessible of the landslide along the access road. The Hanjin 4000, on the other hand, was later moved to target the vein systems at Malumon Gap, then to Biucadan to evaluate a hanging wall split of Bonanza delineated from underground mapping. The Don Fernando-Don Joaquin area is not drilled due to the difficulty in drilling on the priority targets.

One (1) LM-55 rig and two (2) Kempe rigs were used in underground diamond drilling. The LM 55 rig was initially commissioned at Maligaya to target Bonanza, Bibak and Masara Veins. The rig was later transferred to Level 810 to evaluate the Sandy Vein at Malumon Gap. The Kempe rigs were used to drill short holes to assess the veins ahead of the development.

Several veins have been intercepted in the drilling campaign in the Bonanza North area. However, the correlation proves to be challenging as the lithological and structural characteristics in the area is complicated as compared to the known Bonanza area. One intercept from BNZ-012 returned a composite grade of 23.44 g/t gold at a sampling width of 2.5 meters at 343 meter elevation, while the other the intercept from BNZ-019 has composite grade of 7.66 g/t Au @ 4.3m sampling width at around 250ASL

The Masara Vein was also intercepted in several underground drillholes but drillhole AMA-530-007 intersected the vein at 490m ASL, with a composite grade of 68.14 g/t gold and sampling width of 6.3 meters.

In the western area, surface exploration activities were concentrated in Parcel IV and in some parts of Parcel III of the tenement.

Reconnaissance geological field mapping was initially conducted in both parcels and was followed by semi-detailed mapping, then detailed geological mapping. This activity covered 90,923 meters in Parcel IV and 1,780 in Parcel III.

A total of 1,936 rock samples were collected from Parcel IV where 1,511 are channel samples, 422 are rock chips and 3 are grab samples. A total of 50 rock chips were collected from Parcel III. Ridge-and-spur soil sampling was completed during the year and 1,123 soil samples were collected in Parcel IV and 862 samples were obtained in Parcel III. A channel sampling in St. Francis area

yielded a 1.01% Cu and 1.63g/t Au at an apparent width of 6m. Another channel sampling in the former Kurayao open pit yielded a 0.47% Cu and 0.21 gpt Au at an apparent width of 36m.

Six (6) trenches were dug using an excavator during the year.

Vein wireframes were also created last year and were used for the resource estimation work in the latter half of 2011. An internal resource estimate report by a consultant was released but is still being reviewed to be PMRC compliant. Initial figures from the report of Scott McManus is as follows:

Don Area
Indicated 2,100,000 tonnes at 6.1 ppm Au
Inferred 690,000 tonnes at 5.5 ppm Au
* This is at a block cut off 1.5ppm Au

Maligaya Area
Measured 1,100,000 tonnes at 5.0 ppm Au
Indicated 410,000 tonnes at 4.4 ppm Au
Inferred 2,740,000 tonnes at 4.2 ppm Au
* This is at a block cut off 1.5ppm Au

The data used are from the historical and current face data and drillhole intercepts as of June 2011.

Structural and lithological analyses were also carried out during the last quarter of the year. This provides insights on the controls or its effects on the mineralization in the area and suggests possible areas to be explored.

Plans for 2012

The exploration program for 2012 will be focused on drilling several targets within the tenements. The priority targets are (i) the extension of veins near-mine; (ii) the identified porphyry copper body and its possible extension; and (iii) the continuity of the mineralization at depth of the Don Calixto, Don Alberto, and other Don veins. Exploration efforts will also be directed to other parcels such as Parcels I, II, V and VI of MPSA-234-2007-XI.

Drill-testing the in-mine and near-mine targets will be given priority to provide enough confidence for the development of the identified resources. Drilling will be done underground to have a more efficient drilling program. Extension of Bonanza Hanging Wall Split to the east, Malumon Gap and Maria Inez will be prioritized for the first half of the year while the Bonanza, Masara, and Sandy-Jessie is scheduled to be drilled on the second half.

On surface drilling, testing the porphyry potential of the area is given the utmost priority. Pag-Asa Area will be the first area to be drilled to verify if the porphyry mineralization still exists at depth. A couple of holes were planned in the area to be drilled during the first and second quarter of the year. One surface rig is committed to drill the planned holes in Pag-Asa. Other porphyry prospects like Teresa, Kurayao and Mapula are also included in the areas where drilling will be done, by another in-house rig being planned to carry out the drilling.

Veins like Don Calixto and Don Alberto are also included in the priority list of the vein systems that will be drill-tested during the course of this Exploration Program. Don Calixto will be drilled during the first and second quarter of the year, with 5 holes programmed to drill from surface to about 450RL to confirm the downward extension of the vein. Don Alberto will be drilled after the conclusion of the Don Calixto targets.

Geologic and structural data of the different parcels that compose the MPSA-234 will be made available by conducting a more aggressive exploration of the areas. These areas will be assessed for their epithermal and porphyry potential from early second to early third quarter of the year. Rock Chip sampling will also be conducted in the area.

Continued geological data interpretation, synthesis and modelling in both epithermal and porphyry targets are being done to reinforce the geological ideas and to provide a clearer understanding of the

deposits within the tenement. Modernized technologies (use of 3D modeling) are being utilized to provide higher resolution in targeting ore bodies and veins.

MINE

Development

An aggregate of 7,730 meters was developed for the year 2011. Development on waste drive is 5,092 meters or 66% of the total meters advanced. Meanwhile, development on ore drive and raises contributed 2,638 meters or 34% of the total meterage. This year, the achieved development meterage was higher compared to the 6,733 meters of development in 2010.

Ore Production

The mine produced a total of 254,312 tonnes of ore at a grade of 4.9 gpt Au which is equivalent to a production rate of 697 tonnes per day. From the total production of the mine, a total of 208,849 tonnes of ore at a grade of 5.0 gpt Au were delivered to the mill plant for processing.

To sustain and upgrade the mine performance in terms of development and production, the company acquired additional fleet of mine equipment. The composition of the fleet includes the following, two (2) underground 20 tonner trucks, two (2) ST3.5 Loaders, and two (2) LH202 Loaders.

Further, the following mine infrastructures were completed this year which will support the mine in sustaining and enhancing safety as well as mine environment;

- L530 to Surface, Arkbro raise as ventilation exhaust – Bonanza and Bibak Veins
- L860 & L785 to Surface, Arkbro raises as ventilation exhaust – Maria Inez vein
- L515 Dewatering Sump at Decline Ramp2 at Maligaya – Masara vein
- L500 Dewatering Sump at Decline Ramp1 at Maligaya – Bonanza and Bibak Veins
- L500 to L530 ventilation exhaust raise – Maligaya – Bibak vein

During the year, the mine operations successfully mitigated the adverse effect of the following; mine flooding due to excessive water seepage, mine ventilation issues due to the occurrence of high concentration of carbon dioxide and hydrogen sulfide gases underground, and poor ground condition along the vein, and country rocks. The company engaged the services of experts in the fields of Geotechnical from Australia (Turner Mining & Geotechnical), Mine Ventilation (RME Mining Consultant of South Africa) and Grouting (Murray & Robert Cementation of South Africa) to assist our mine operations team in the formulation and validation of the result of the mitigating measures currently employed.

Plans for 2012

Mine development and production will be focused at the active vein systems such as Bonanza, Masara, Bibak, (at Mine East) and Sandy & Maria Inez (at Mine Others) to sustain the current production rate of 600 tonnes per day ore.

The mine expansion project will be implemented starting 2nd quarter of 2012 to prepare the mine for higher production rate from 700 tonnes per day to 1,000 tonnes per day by the end of 2013.

The Mine West (the third mining area), composed of the following in-active vein systems such as Malumon Gap (Sandy North vein), Don Calixto, Don Fernando and Wagas will be opened, in addition to the current two (2) active areas such as Mine East (Maligaya) and Mine Others (Sandy).

A new set of mining equipment will be acquired to be used in the implementation of the expansion project as well as replacement of non-operational mining equipment at the active mining areas.

MILL PRODUCTION

Period	Tonnes		Grade, g/t		% Recovery		Metal Produced (oz)	
	Milled	per Day	Au	Ag	Au	Ag	Au	Ag
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
Total 2011	202,581	555	4.73	31.99	85.16%	69.88%	26,256	146,294
2010	192,586	529	4.92	28.35	84.54%	59.18%	25,659	113,007
2009	151,320	414	5.09	31.58	83.46%	49.20%	20,727	79,968

Table 1. Mill Production Data 2009-2011

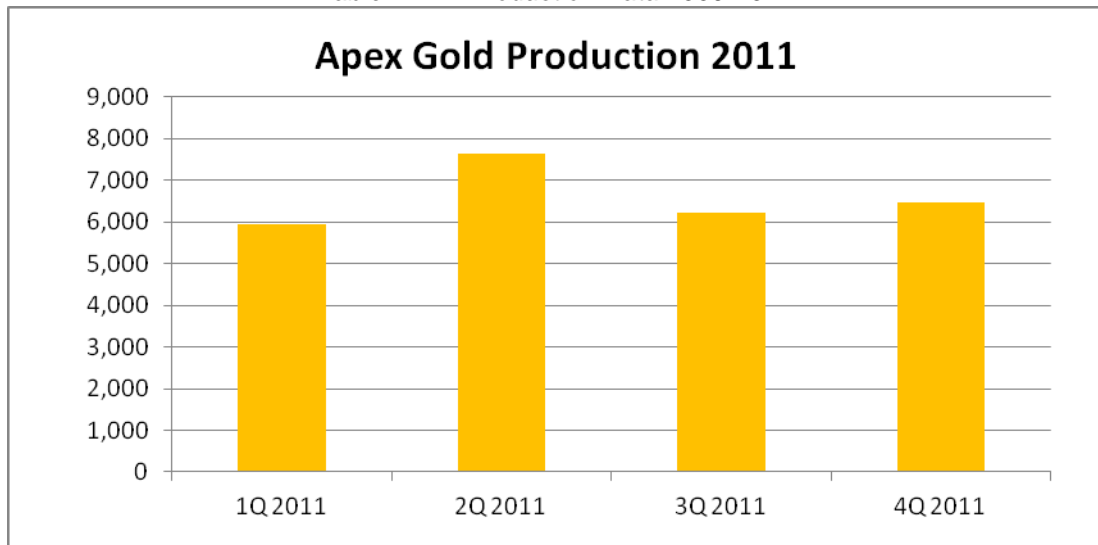


Figure 1. Gold Production 2011

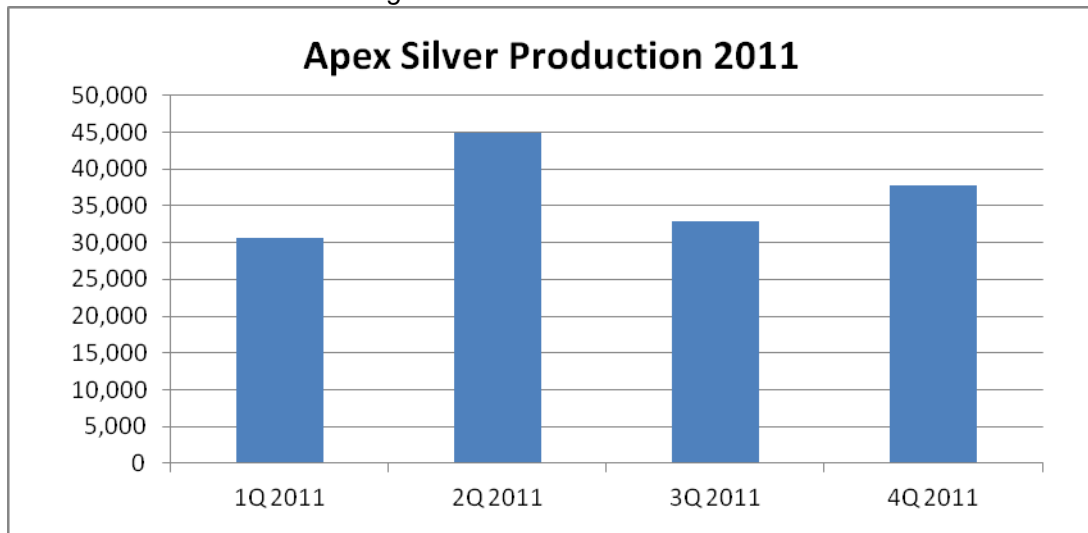


Figure 2. Silver Production 2011

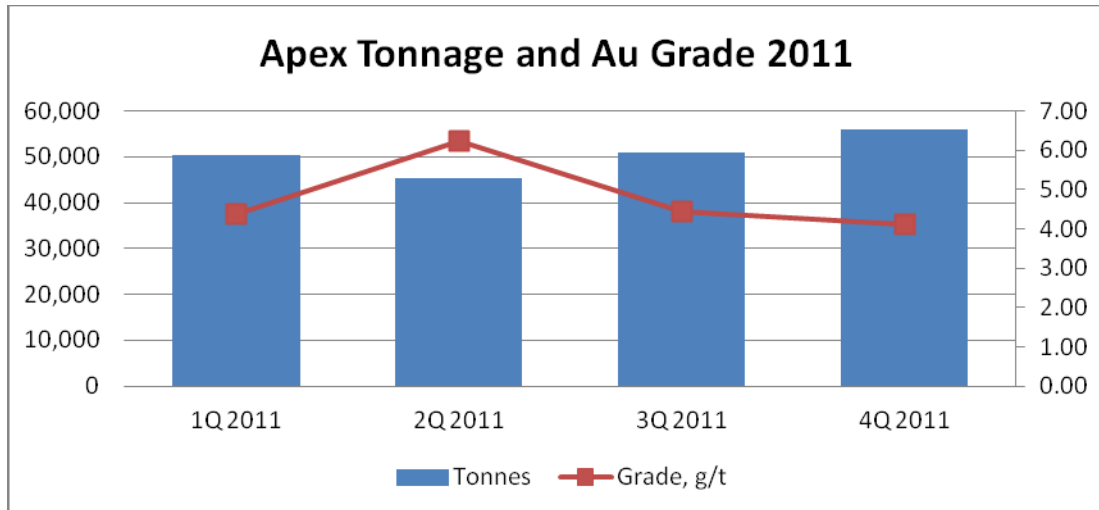


Figure 3. Tonnage and Au Grade 2011

The production in 2011 improved by 2% compared to the previous year. Significant improvement brought by Mill projects was only attained in the 4th quarter with the commissioning of new tanks, tailings line and upgrading of pumps at the Grinding section. Below are the quarterly updates.

Operation was affected by relining of jaw crusher, cone crusher, rod mill and ball mill, and replacement of vibrating screen and conveyors. The oxygen generator and spargers were commissioned in February 11, 2011. Dissolved oxygen levels in the leach tanks have greatly increased but the positive effects on the recoveries and reduction of cyanide consumption were not very significant.

The average throughput was almost 20% below the budget at an average of 498 tonnes per day 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 this, Au produced was only 5% below budget while Ag produced was more than double due to the good feed grades.

Operating time was affected by cone crusher and jaw crusher relining and replacement of scrubber feed spout in July, ball mill gear reducer repair in August and cone crusher repair in September. Projects completed for this quarter include Assay sample preparation laboratory at Level 4 core house commissioned on August 1, new CIL tanks 1 and 6 operational by July 19 and spargers installed on July 23, commissioning of new slime circuit on August 27.

For 4Q 2011, operating time affected by cone crusher repair in December. Continuous operation of Tailings Line 4 starting October 20 and upgrading cyclone feed pipeline and pumps brought significant improvement in throughput up to 610 tpd from 553 tpd of the previous quarter.

Plans for 2012

Several upgrading projects are lined up for 2012 to increase the throughput to 850 tons per day in the final quarter. These include the installation of tertiary crusher, expansion of fine ore bin and upgrading of tailings pumps.

CORPORATE SOCIAL RESPONSIBILITY

The year 2011 has proven to be a harmonious and productive one for APEX.

The first quarter of 2011 continued the steady improvement in the operations as shown throughout 2010. Manpower totals rose due to increased Exploration activity and increased Mine Development.

As the company moved forward to achieving its vision and goal, management ensured all employees upheld the value of the “Walang Lokohan Charter” by promoting employee activities, company sports fests, and counseling/coaching as part of the employee welfare program. A supervisors’ forum was conducted every month to enhance supervisors’ skills in dealing with staff, HR giving pep talks with all shifts in the mine; cascading and updating of new policies and memoranda while getting feedback on their issues and concerns.

Employees sponsored high school students by shouldering tuition fees, the students becoming the employee’s scholar as part of their community involvement.

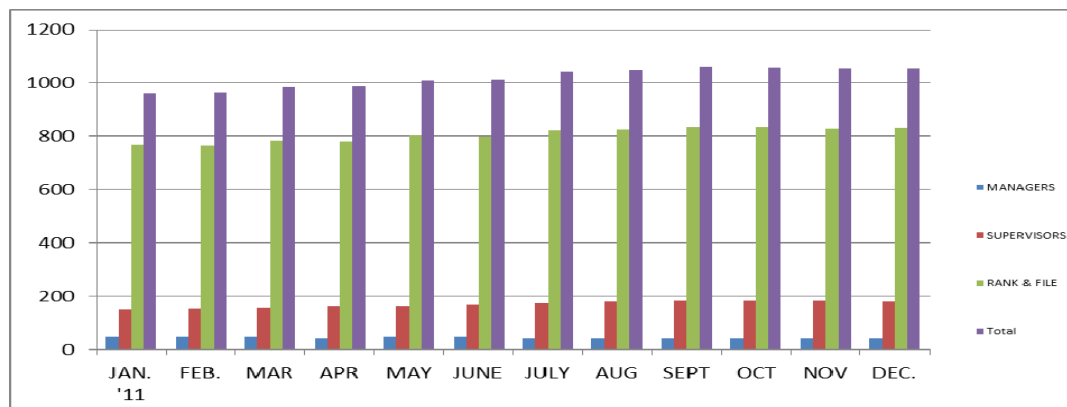
The Company acquired corporate memorial plans for employees’ death as an additional benefit on top of their life insurance. A mortuary fund was also initiated by the employee representatives where employees are able to donate a certain amount by salary deduction to cover employees’ and dependents’ death.

The second quarter of the year saw several promotions and changes of designation. During the third quarter, management awarded employees a 5% across-the-board increase based on basic salary. Employees continued to receive monthly performance based cash bonuses ranging from 13% to 36% of the employees’ basic wage, with the exception of September.

As the 4th quarter came to a close, employees celebrated the Christmas season with sick leave conversion and the payment of 13th month pay, as well as additional cash bonuses for qualified employees. Cash, noche buena packages and raffle prizes were distributed during the company Christmas party.

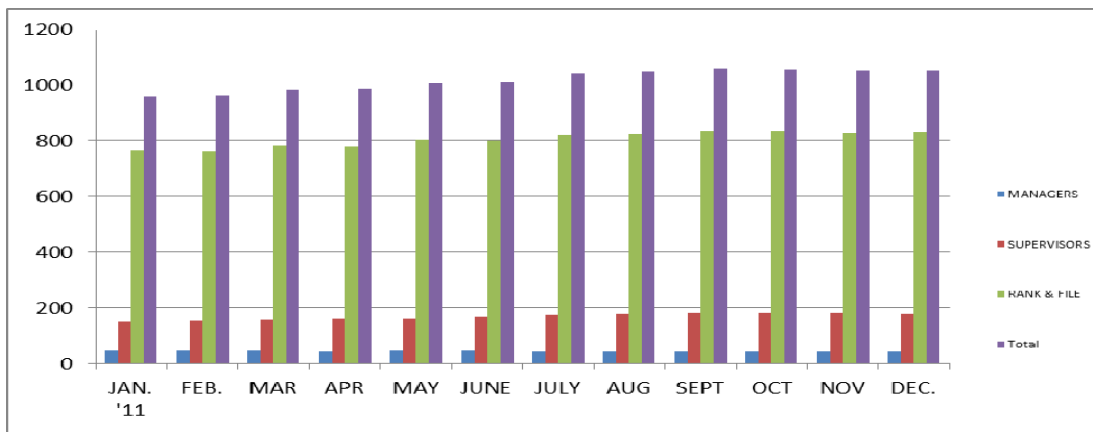
A. BY EMPLOYMENT CATEGORY

	JAN.11	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC.
REGULAR	961	963	985	987	1011	1014	1043	1050	1061	1059	1054	1056
CONTRACTORS	489	470	488	477	485	544	503	521	488	535	540	480
Total	1450	1433	1473	1464	1496	1558	1546	1571	1549	1594	1594	1536



B. BY JOB CATEGORY (regular employees)

	JAN. '11	FEB.	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT
MANAGERS	45	45	45	44	45	45	44	44	42	43
SUPERVISORS	149	153	156	162	164	168	176	180	183	182
RANK & FILE	767	765	784	781	802	801	823	826	836	834
Total	961	963	985	987	1011	1014	1043	1050	1061	1059



COMMUNITY RELATIONS AND COMMUNITY DEVELOPMENT

One of the primary goals of responsible mining companies is to have a double bottom line. This means ending up a fiscal year with an acceptable net profit and at the same time being able to help its workforce and surrounding communities to have multiple opportunities for improvement. Auspiciously, Apex Mining Co., Inc. (AMCI) has fruitfully ended the year 2011 with a double bottom line.

An allotted budget of PhP 5.7 M was utilized in accordance with the Approved SDMP 2011 with programs, projects and activities classified below.

Health Program

Free Medicines were made accessible to community patients in addition to free medical and dental consultations in the company clinic. Annual blood donation, in coordination with the Municipal Health Office of Maco, was financially assisted. Child health programs, particularly addressing the health of undernourished children in the impact barangays, included a nutrition feeding program.

Sustainable Livelihood Program

A series of training programs for the sustainability of livelihood projects were conducted among community members. Community-based entrepreneurship training for women was carried-out through a 15-day program which paved the way for them to venture into small businesses through seed capital provided by AMCI.

The youth sector was also included in development programs, with a number of out-of-school youth (OSY) undergoing training in plumbing under the direction of technical personnel from TESDA. The acquired knowledge and skills from this training will eventually lead the OSY to assessment for National Certification from TESDA.

Farming communities were encouraged to engage in the production of coffee and rubber. Interested farmers from the host and neighboring communities underwent training on the latest production technology for coffee in coordination with Nestle Philippines. Coffee and rubber seedlings were then distributed. Free insecticides and fertilizers were also given to the satellite nursery at New Leyte National High School. Goats and tilapia were distributed to barangays Mainit and Tagbaros and the senior citizens of Barangay Mainit were organized and trained for a micro-finance business.

Social Development and Responsive Education Programs

As a holistic approach to development, AMCI provides not only assistance for physical development but also social development. Scholarship grants to financially-challenged but deserving students were provided. 20 two-year course scholars were granted giving financial assistance per semester. Training in tile-setting and painting were conducted for the OSY in need of skills enhancement, in partnership with TESDA – KorPhil in Davao City. Alternative Learning System (ALS) honoraria for the teachers were provided for the benefit of the OSY with the aim of passing the ALS acceleration examination.

Summer job programs for 20 students (with a daily wage) were initiated, aiding the students in their studies in such a way that the money they earn from the program would be utilized for their school payments. Daily transportation for elementary and high school students continued to be provided.

Community service requests from the barangays, religious organizations and schools were addressed through provision of a company service, as well as the company ambulance during emergencies.

Infrastructure Projects

The bulk of the SDMP budget was allotted to infrastructure projects. Several churches were assisted. Church grills were installed at Faith Tabernacle Church, Masara and New Leyte GKK Chapel. Sliding window glass for Faith Tabernacle Church was also donated. Four Square Gospel Church in Elizalde and Tagbaros were assisted with improvements.

Road maintenance in New Leyte and Teresa was financially assisted, as well as the improvement of drainage in Tagbaros. The bridge at Purok 3 in Teresa was repaired to ensure the safety of Teresa constituents. A Purok structure in Bunlang, Masara, was moved to a more convenient place for meetings and assemblies of Bunlang Purok members.

Science laboratories were constructed in Thompson Christian School, Teresa and Tagbaros Elementary Schools to aid the enhancement of students' familiarization with Science. A mini gym was also constructed in Teresa Elementary School, to serve as venue for school programs and activities.

A multi-purpose training center was constructed in Tagbaros to provide a venue for training to be conducted by the impact Barangay Council, communities and/or AMCI. The Barangay Defense Systems in Teresa, Masara and Mainit were also provided, to serve as posts in times of emergency.

Indigenous Peoples Programs

The Indigenous Peoples, particularly the Mansaka, were given equal importance in all matters and programs conducted by AMCI.

Education was a primary focus. Scholarship grants to deserving IP students and a special medical scholarship were endorsed by the Elders and Leaders of Maco, in the person of Mr. Jerry Onlos, a medical scholar who is on his last semester in medical school. A computer was donated to the Tribal Council of Mainit to allow a more convenient and easy access to necessary documents.

Capability-building programs were also carried out, including training in tribal jewelry-making for the preservation of Mansaka culture. Tribal assemblies were also assisted to promote unity among the Mansaka. The Oversight Committee together with MADC (Maco Ancestral Domain Council) was assisted with a performance review and assessment to evaluate the efficiency of IP programs. IP women were prioritized and were engaged in community-based entrepreneurship training and assisted with seed capital for their small businesses.

A Tribal Hall was constructed in Teresa to serve as a place for meetings and assemblies of IP leaders, elders and members.

Information Education and Communication Campaigns

One of the strategies of AMCI in promoting the potential of the mining industry is through scholarships for Mining-Related Courses. Four scholars are now enjoying their first year in college with two taking BS Geology, one taking BS Mining Engineering and one taking BS Metallurgical Engineering.

An information education campaign on Climate Change and Reduction Management was conducted in partnership with Mines and Geosciences Bureau, for the tribal councils and barangay officials. AMCI participated in the Launching and Commitment Signing of the Inter-Agency Task Force with the Company fully supporting the developmental and responsible programs of the private-public sectors.

OCUPATIONAL SAFETY & 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 2011

The department undertook a range of initiatives in 2011 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, 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.

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

Compliance with Environmental Laws

The Company is committed to its environmental and policy statement of protecting and enhancing the environment and has spent total environmental expenses for the year 2009 of about P6.12 million.

Related Party Transactions

Part III, Item 12 discusses related party transactions.

Major Business Risks

Risk Factors and Uncertainties

1. We will not be able to insure against all possible risks: Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays, monetary losses and possible legal liability. If any such catastrophic event occurs, investors could lose their entire investment. Obtained insurance will not cover all the potential risks associated with the activities of the Company. Moreover, the Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons.

Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations. Should a catastrophic event arise, investors could lose their entire investment.

2. **Commodity Price Fluctuations** - If the price of gold declines, our properties may not be economically viable: The Company's revenues are expected to be, in large part, derived from the extraction and sale of base and precious metals such as gold. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new or improved mining and production methods. The effect of these factors on the price of base and precious metals cannot be predicted and the combination of these factors may result in us not receiving adequate returns on invested capital or the investments retaining their respective values. If the price of gold (including other base and precious metals) is below our cost to produce gold, our properties will not be mined at a profit. Fluctuations in the gold price affect the Company's reserve estimates, its ability to obtain financing and its financial condition as well as requiring reassessments of feasibility and operational requirements of a project. Reassessments may cause substantial delays or interrupt operations until the reassessment is finished.
3. **Non-compliance with environmental regulation** may hurt our ability to perform our business activities: The Company's operations are subject to environmental regulation in the jurisdiction in which it operates. Environmental legislation is still evolving in this jurisdiction and it is expected to evolve in a manner which may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. If there are future changes in environmental regulation, they could impede the Company's current and future business activities and negatively impact the profitability of operations.
4. **Exchange rate changes** may increase the Company's costs: The profitability of the Company may decrease when affected by fluctuations in the foreign currency exchange rates between US Dollars and Philippine Pesos because its sales proceeds and advances from affiliates are denominated in dollars.. The Company does not currently take any steps to hedge against currency fluctuations.
5. **Our stock price could be volatile**: The market price of our common shares, like that of the common shares of many other natural resource companies, has been and is likely to remain volatile. Results of exploration activities, the price of gold and silver, future operating results, changes in estimates of the Company's performance by securities analysts, market conditions for natural resource shares in general, and other factors beyond the control of the Company, could cause a significant decline on the market price of common shares.

Item 2. Properties

The Company owns real property in Davao where the warehouse office is situated.

It likewise owns mining facilities and administrative support facilities in its Maco mine site.

The Company leases milling plant from one of its affiliates, Teresa Crew Gold Corporation ("Teresa") and in consideration thereof pays 15% of its net proceeds from sale of metals. On January 31, 2008, Teresa has decided to cease from its milling operations and lease related assets to the Company still for a consideration equivalent to 15% percent proceeds received for shipments made. As of December 31, 2010, the agreement is deemed effective until cancelled by both parties.

Machinery and equipment are acquired month to month as needed usually through direct purchase or through letters of credit, if imported, under supplier's credit terms.

Item 3. Legal Proceedings

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

- a) The Company has two (2) MPSA applications pending approval by the MGB. These claims are subject of dispute over the Financial and Technical Assistance Agreement application of another mining company and are pending resolution under the Regional Panel of Arbitrators (the Panel). The Company has filed an Adverse Claim/Protest against the other mining company with the MGB regional office.

On September 4, 1998, the Panel issued a decision dismissing the adverse claim of the Company. On July 21, 2006, the Company's legal counsel filed a motion for reconsideration and on July 28, 2006, the Panel issued an Order requiring the other mining company to file its comment/opposition to the motion filed by the Company. On March 31, 2007, the Panel conducted a clarificatory hearing between both parties. As of todate, the case is still subject of appellate proceedings and for resolution of the Panel.

Item 4. Submission of Matters to a Vote of the Security Holders

There were no matters covered under this item submitted to the security holders for a vote.

PART II OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's common shares are traded at the Philippine Stock Exchange. The high and low sales prices for each quarter within the last two (2) years and the interim period of January to March 2011 are, as follows:

	A Shares	A Shares	B Shares	B Shares
	High	Low	High	Low
2010 Jan – Mar	2.75	2.66	3.00	2.87
Apr – Jun	3.10	3.00	3.02	2.98
Jul – Sep	3.50	3.45	2.98	2.92
Oct – Dec	4.24	4.20	3.00	2.93
2010 Jan - Mar	3.50	3.50	3.40	3.40
Apr - Jun		3.00	3.04	3.02
Jul- Sep		3.45	3.50	3.43
Oct - Dec		4.20	4.27	4.17
2011 Jan - Mar	3.50	3.50	3.40	3.40

Holders

As of 31 December 2011, the Company has 2,838 shareholders with One Billion Three Hundred Eighty Eight Nine Hundred Eighty Seven One Hundred Eighty Eight (1,388,987,788) common shares divided into Eight Hundred Seventy Three Million Four Hundred Fifty-Four Five Hundred Seventy Eight (873,454,578) Class A shares and Five Hundred Fifteen Million Five Hundred Thirty Two Thousand Six Hundred Ten (515,532,610) Class B shares.

As of 31 December 2011, the top twenty (20) stockholders of Apex are as follows:

Name of Stockholder	Total Number of Shares	Percentage of Ownership
Mapula Creek Gold Corporation	679,864,727	48.95%
Mindanao Gold Ltd.	431,335,531	31.05%
PCD Nominee Corp.	179,016,283	12.80%
Monte Oro Resources and Energy, Inc.	73,337,625	05.28%
PCD Nominee Corporation (Non-Filipino)	1,412,815	0.10%
Rexlon Industrial Corporation	1,006,525	0.07%
Cualoping Sec. Corporation	627,094	0.05%
Lucio W. Yan &/or Clara Yan	485,525	0.03%
Jalandoni, Jayme, Adams & Co., Inc.	484,892	0.03%
Northwest Insurance and Surety Co., Inc.	400,000	0.03%
Ignacio Ortigas	311,665	0.02%
Ansaldo, Godinez & Co., Inc.	304,448	0.02%
Prudential Sec., Inc.	295,385	0.02%
F. Yap Sec., Inc.	281,509	0.02%
JRT Sec. Corp.	233,749	0.02%
David Go Securities	219,094	0.02%
First Integrated Cap., Sec. (201204)	200,000	0.01%
Golden Tower Sec. and Holdings, Inc.	200,000	0.01%
Lippo Sec., Inc. A/C 112011076	200,000	0.01%
Solar Sec., Inc.	200,000	0.01%

Dividends

The Company did not declare any cash dividends on each class of its common equity for 2010, 2011 and the interim period of January to March 2012.

The Company has not established any restriction that would limit the ability to pay dividends on common equity. The Company does not have any plans 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 within the past three years which were not registered under the Code. There was no sale of reacquired securities during the same period.

Item 6. Management Discussion and Analysis of Financial Condition and Results of Operations

For the years ended December 31, 2011, 2010 and 2009

Information on the Company's results of operations and financial condition presented in the 2011. Audited Financial Statements and accompanying notes. Financial Statements are incorporated hereto by reference.

The Company's operating revenue for the year increased to ₱2.039 billion or 31.8% higher than the 2010 revenue of ₱1.547 billion. In two years, the Company was able to double its operating revenue from ₱1,018 billion in 2009 as a result of higher realized gold prices and volume sold.

Realized gold prices per ounce averaged \$1,592 in 2011, \$1,390 in 2010 and \$1,030 in 2009. Total gold shipped amounted to 26,460 oz., 22,851 oz. and 19,732 oz. respectively.

Total costs and expenses incurred in 2011, 2010 and 2009 amounted to ₱2.134 billion, ₱1.695 billion and ₱1.702.0 respectively.

Cost of sales amounted to ₱1.514.1billion in 2011, ₱1.131.9 billion in 2010 and ₱955.6 million in 2009 while general and administrative expenses for three years amounted to ₱619.5 billion, ₱563.6 billion and ₱746.2 billion. These included non-cash expenses amounting to ₱410.0 million and ₱428.8 million pertaining to depreciation, depletion and amortization for 2011 and 2010, respectively.

The higher cost of sales and general and administrative expenses in 2011 was primarily caused by the following:

- Write-off of input VAT (₱73.0 million)

- Write-off of deferred exploration and development costs (₱37.2 million)
- Rentals for the lease of milling facilities from Teresa, which is settled through 15% revenue share from Apex's sale of metals. As discussed above, the revenue increased by ₱491.9 million, hence a corresponding increase in rentals. The rental agreement was terminated upon merger of Teresa and Apex effective January 1, 2012.
- Increase in materials

Earnings before interest, taxes and depreciation and amortization (EBITDA) amounted to ₱320.9 million in 2011 and ₱279.9 million in 2010.

Other income during the year includes ₱3.5 million foreign exchange gains and ₱2.3 million interest income. In 2010, the Company reported ₱65.2 million of foreign exchange gains principally arising from the assumption of TCG liability and conversion of Company's advances from Mapula and Mindanao Gold into shares of stocks. No similar transaction occurred in 2011.

Losses before tax amounted to ₱89.3 million in 2011, ₱85.5 million in 2010 and ₱599.5 million in 2009.

Benefit from deferred income tax is ₱49.5 million in 2011. Provision for deferred income tax is ₱35.1 million and ₱1.3 million in 2010 and 2009, respectively.

Net loss after tax amounted to ₱39.8 million in 2011 representing 67% reduction from the net loss suffered in 2010 of ₱120.6 million. Net loss in 2009 amounted to ₱600.8 million. The net loss was caused by the write-off of input taxes and exploration costs.

Cash at the end of 2011 amounted to ₱53.5 million, compared to ₱17.8 million in 2010 and ₱16.8 million in 2009.

Accounts receivable from sale of gold and silver amounted to ₱328.9 million in 2011, ₱81.0 million in 2010 and ₱147.0 million. These amounts were collected early in the following year. No provision was made for 2011 balance as the amount is one-hundred percent (100%) collectible.

Inventories remained at a relatively the same level at ₱350.1 million level compared to ₱343.4 million in 2010. In 2009, the amount of inventory at year-end was ₱194.5 million.

Other current assets dropped to ₱68.8 million in 2011 from 134.4 million in 2010 due to ₱73.0 write-off of 2007 input VAT upon receipt of denial from the tax authorities to apply such payments as tax credits.

Property, plant and equipment (PPE) increased to ₱579.3 in 2011 from ₱418.3 in 2010 due to acquisition of mining, milling, power and exploration equipment with an aggregate costs of ₱358.0 million. Depreciation charged in 2011 amounted to ₱190.2.

The deferred exploration and development costs significantly increased during the year to ₱530.1 million from ₱169.1 million in 2010. Total additions to exploration and development costs amounted to ₱193.3 million ₱216.8 million respectively, for expenditures on exploration of additional veins discovered within the area.

Current liabilities at the end of the year amounted to ₱1,509.8 billion in 2011 compared to ₱1,177.1 billion in 2010 and ₱2,983.1 billion in 2009.

The decrease in Accounts payable and accrued liabilities to ₱271.1 million from ₱292.1 in 2010 were mainly from payments made to suppliers. No significant amount of the Company's trade payable have been unpaid within their acceptable terms. The 2009 Accounts payable and accrued liabilities is ₱128.0 million.

Advances from shareholders and affiliates increased to ₱1,238.8 billion from ₱885.0 million in 2010 due to rental charges of Teresa to the Company as discussed above and purchases of machineries and accrual of consultancy fees to Abracadabra Speculative Ventures Inc., (ASVI). In 2010, the advances of Mindanao Gold and Mapula to Teresa were assumed by Apex and were subsequently

settled thru issuance of shares of stocks which resulted into significant decrease of advances from ₱2.9 billion in 2009.

As of December 31, 2011, Non-current liabilities amounted to ₱134.1 million compared to 185.4 million in 2010 and 95.7 million in 2009.

Deferred income tax liabilities decreased to ₱36.0 million from ₱85.5 million in 2010 and 50.4 million in 2009 primarily due to fluctuations in unrealized foreign exchange rates used in translation monetary assets and liabilities denominated in foreign currencies.

Under PAS no. 19, Accounting for Employee Benefits, the Company provided for the year Accrued Retirement Cost amounting to ₱31.3 million in 2011 compared to ₱19.6 million in 2010 and ₱22.3 million in 2009.

The Provision for Mine Rehabilitation Cost decreased to ₱66.8 million in 2011 compared to ₱80.3 million in 2010. The Company recognized a deduction in 2011 and an addition in 2010 which are based on estimated cost for reforestation, dismantling and decommissioning of property and equipment as included in the FMRDP, as well as in the EPEP after management has determined that certain activities included in the EPEP refer to mine rehabilitation.

Deficit at year-end amounted to ₱1.967.5 billion in 2011 after the effect of ₱39.8 million net loss mainly due to increasing cost of materials, supplies and salaries as well as write-off of input VAT and deferred exploration and development costs. 2010 and 2009 deficit reported were ₱1.9 and ₱1.8 billion respectively.

Revaluation surplus decreased to ₱80.5 million in 2011 from ₱92.0 million in 2010 and ₱103.3 million in 2009 due to depreciation of revalued amount of fixed assets.

Net cash provided by operating activities in amounted to ₱79.8 million in 2011 and ₱111.5 million in 2010. In 2009, the net cash used in operating activities amounted to ₱8.6 million. This represents the Company's ability to generate cash from operations despite the net losses.

The ₱401.9 million net cash used in investing activities such as acquisition of property and equipment and deferred exploration costs was significantly provided for by additional subscription in capital stock by Monte Oro Resource, Inc., (MORE) during the year. MORE purchased 73,337,625 class "A" shares equivalent to 5% of the total outstanding capital stock of the Company. Total transaction value amounted to US\$6 million or ₱256.6 million. 2010 and 2009 net cash used in investing activities amounted only to ₱269.4 million and ₱68 million respectively.

Net cash provided by financing activities amounted to ₱365.4 million in 2011 compared to ₱160.8 million in 2010 and ₱68.4 million in 2009 resulting from increase in intercompany payables as discussed above.

Stockholders' Equity

The stockholders' equity at December 31, 2011 amounted to ₱1.169.8 billion. This is higher than the 2010 value of ₱973.8 million due to additional subscription for the year of ₱256.6 million. In 2009, the capital deficiency is reported at ₱965.6 million in 2009 which was subsequently brought to positive values after the ₱2.06 billion conversion of advances from shareholders and affiliates in 2010.

The Board of Directors and stockholders of the Company and Teresa 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"), thus the Merger will be effective on January 1, 2012.

Key Performance indicators

The key performance indicators below are not based on Generally Accepted Accounting Principles (GAAP) financial measures and are therefore not audited. Similar data may be interpreted and presented differently when compared to other entities' data.

Tons Milled and Ore Grade

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

The mill plant processed a total of 202,586 tons with a mill heads of 4.73 gpt Gold (Au) and 32.01 gpt Silver (Ag), with average calculated metal recovery of 85.24% and 70.40% for Au and Ag respectively. This is higher compared to 192,586 tons in 2010 and 151,320 tons in 2009. Likewise, gold ounces produced in 2011 (26,263 oz) is higher than the 2010 (25,659 oz) and 2009 (20,727 oz) output. 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.

Gold ounces and silver ounces shipped for the year 2011 were 26,460 (2010 - 22,852) and 145,493 (2010 - 104,780), respectively.

Tons Mined and Tons per Day

The Maco mine production attained 254,314 tons with a grade of 4.73 Au, g/t compared to the 214,650 tons with a grade of 5.2 g/t of gold ores produced in 2010. Ore produced were sourced from the stopes and on vein development drives.

Development for 2011 achieved an aggregate total of 9,094 meters (4,672 meters and 4,422 meters were on vein drifting and waste development drives respectively). The achieved development meter was higher compared to 6,733 meters attained in 2010.

The average tonnes mined per day for 2011 is 665 (2010 -588).

Total Production Cost Per Tonne and Operating Cost Per Ounce

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

At the same cost level, higher production volume results to lower cost per ton. 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.

In 2011, the total production cost (excluding marketing charges, rentals, excise taxes, royalties depreciation and amortization and other non-cash expenses) per ton of ore milled was P6,132 from the total production cost of P1.242.3 billion over ore milled of 202,586 tonnes.

Total cash operating cost for the year amounts to ₱1.370.5 million (including marketing charges ,excise taxes and royalties) while cost per ounce to produced gold before silver revenue credits was ₱52,187 (\$1,188/oz) in 2011.

After silver revenue credit, the corresponding cost per ounce was ₱43,473 (\$990/oz) in 2011.

FREE CASH FLOW (FCF)

The company earned a positive FCF of ₱35.7 million during the year despite net loss.

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 December 31, 2011, the peso to dollar exchange rate was at P43.93 compared to P43.84 as of December 31, 2010.

Item 7. Financial Statements

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

Item 8. Information on Independent Accountants and other Related Matters

External Audit Fees and Services

Audit and Audit-Related Fees

For 2011 and 2010, the audit was basically engaged to express an opinion on the financial statements of the Company. In addition, the audit included providing assistance to the Company in the preparation of its income tax return in as far as 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 auditing standards generally accepted in the Philippines. This, however, did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses. The audit fees for these services were ₱1.0 million for 2011 and ₱1.7 million for 2010.

Tax Fees

A tax review was performed by external auditors as special engagement resulting in the availment of the Abatement Program of the Bureau of Internal Revenue in which the total taxes voluntarily paid were P11.07 million for 2009. No similar engagement was performed in 2010 and 2011.

All Other Fees

There are no other services rendered by the external auditors other than the usual audit services as mentioned above.

Audit Committee's Approval Policies and Procedures

Prior to the commencement of audit work, the external auditors present their program and schedule to the Company's Board Audit Committee which include discussion of issues and concerns regarding the audit work to be done.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

PART III CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

As of 31 December 2011, the positions, names, ages and citizenship of all directors and executive officers of the Company are, as follows:

Position	Name	Age	Citizenship
Directors:			
Chairman of the Board	Colin D. Patterson	57	Australian
Director/President	Peregrino S. Resabal	55	Filipino
Director	Thomas Rodney Percival Jones		Australian
Director	Deogracias G. Contreras, Jr.	64	Filipino
Director	Armando Castanos	60	Filipino
Independent Director	Baiverth Diabo	39	Filipino
Independent Director	Rodolfo Cruz	61	Filipino
Officers:			
VP-Operations/Resident Mgr	Robert Wagtingan	61	Filipino
Executive Vice President	Emelita Fabro	49	Filipino
VP-Finance/Treasurer	Rodolfo G. Bravo	43	Filipino
VP-Services	Arceo D. Rubio	49	Filipino
Corporate Secretary	Rosanna A. Parica	45	Filipino

Directors

The following are the present directors of the Company whose terms of office are for one (1) year or until their successors are elected and qualified:

COLIN D. PATTERSON

He became a Director of the Company last December 18, 2009. He is currently the Chairman of the Board of the Company. He has some forty years' experience in the mining industry, having worked extensively as Operations Manager, General Manager CEO, Managing Director and Chairman for some of the world's largest and successful mining operations in South Africa, Vietnam, United States and Australasia. He owned and managed a consulting firm involved in numerous projects for clients worldwide including South Africa, Australia, Vietnam, Fiji, Malaysia, China, Japan and Philippines. He is currently the President and CEO of Mindanao Gold Ltd.

THOMAS RODNEY PERCIVAL JONES

Mr. Jones was elected as Director on February 21, 2011. He is an internationally experienced mining industry professional. Mr. Jones was the Senior Mining Consultant of ASVI Technical Services Group, former VP-Operations of Olympus Pacific Minerals, Inc. and Executive Officer of Minerals and Energy Research Institute of WA. He resigned as Director last April 17, 2012.

PEREGRINO S. RESABAL

Mr. Resabal was elected as Director of the Company last December 18, 2009. He became the President of the Company on January 2010. He is also a registered APEC Engineer and has over 27 years of professional practice in the mining industry including a stint with the Roan Consolidated Mines in Zambia, Africa. Currently, he is the President of Peti Trading, Inc., the V.P. Operations-Director of Kadabra Mining Corporation and the V.P. Operations-Director of Paramina Earth Technologies, Inc. a company he manages and is engaged in mining and civil construction contracting, including gold, copper and zinc mining operations contracts in Papua New Guinea, Vietnam, Tanzania and India. Mr. Resabal resigned as Director and President on April 18, 2012.

DEOGRACIAS G. CONTRERAS, JR.

He was elected as a Director in 2006. He was also appointed as EVP and General Counsel in June 2007 and became President and CEO of the Company in January 2008. Before joining the Company, he was previously Vice President for Legal and HR at Philex Mining Co. He was previously also the Executive Vice President of the Chamber of Mines of the Philippines.

BAIVERTH DIABO

He was appointed as Independent Director of the Company since October 2006. He is also Asst. to

the President and CEO of Eastern Shipping Lines, Business Controller of King Plantation Co., Inc. , Business Controller of Eastern Aqua Ventures, Inc., Managing Director of Caliber Logistics Corporation, Head of the Business Development of Allah Copper Phorphyry, Inc., Asst. to the President of Sarangani Cocotech Corp., Asst. to the President of Eastship Container Terminal, Inc., Director of NiCu Gold Resources Inc., Director of First Stronghouse Mining Corp. and Independent Director of Sarangani Securities Corp. Mr. Diabo has been elected as Interim President of the Company effective April 18, 2012.

RODOLFO CRUZ

He is the Director of the Company since January 2006. He is also a Consultant of US AID, Consultant of FF Cruz Project Dev't, Director of RAC, Director of San Dominico Minerals.

ARMANDO CASTANOS

He was elected as director of the Company since 2008. He is currently the President of Eltech Resources Corp. and Financial Consultant for various companies.

Significant Employees

Apex is not aware of any employee who is not an executive officer named above but is expected to make a significant contribution to the business of Apex.

Family Relationships

There are no family relationships among the officers of Apex.

Involvement in Certain Legal Proceedings

To the knowledge and information of Apex, none of its present members of the board of directors and its executive officers are presently or during the last five (5) years involved in any material proceeding, affecting, involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere. To the knowledge of Apex, none of the members of its board of directors and executive officers has been convicted by final judgment of any offense punishable by laws of the Republic of the Philippines or of the laws of any other country.

Item 10. Executive Compensation

The executive officers of Apex are regular employees of the Company and are remunerated with a compensation package consisting of twelve (12) months base pay. They also receive whatever mid-year and year-end gratuity pay, if any, that the board of directors of the Company may approve and extend to the managerial, supervisory and regular employees.

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid during the ensuing fiscal year to the executive officers, other officers and members of the board of directors of Apex are, as follows:

Summary of Compensation Table
(Annual Compensation)

Compensation of Directors and Executive Officer				
	2012 (Estimated)	2011	2010	2009
	Salary/Fee/Bonus	Salary/Fee/Bonus	Salary/Fee/Bonus	Salary/Fee/Bonus
Directors	280,000	804,000	260,000	260,000
Officers:				

Peregrino Resabal President				
Robert Wagtingan VP-Operations/Resident Manager				
Emelita Fabro Executive Vice President				
Rodolfo Bravo VP- Finance/Treasurer				
Arceo Rubio VP-Services				
Rosanna Parica Corporate Secretary				
Total Officers	5,096,240	11,786,454	10,557,781	12,494,425
All other officers & directors as a group unnamed	5,376,240	12,590,454	10,817,781	12,754,425

Compensation of Members of the Board of Directors

The members of the board of directors of the Company are paid Philippine Pesos Twenty Thousand (Php20,000.00) for each meeting (whether regular or special) of the board of directors or the stockholders. Apart from the foregoing, there are no arrangements regarding the compensation (whether direct or indirect) of the members of the board of directors for their services.

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

The contractual relationship between the executive officers and Apex are employer-employee in nature. The remuneration they receive from the Company is solely in the form of salaries and bonuses.

Warrants and Options Outstanding: Repricing

The chief executive officer and other executive officers of the Company do not hold any outstanding warrants or options.

Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2011, the following owned at least five percent (5%) of the issued and outstanding shares of the Company:

Title of Class	Name and address of record owner and relationship with issuer	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	%
A	MAPULA CREEK GOLD CORPORATION 17F Prestige Tower, Ortigas Center, Pasig City PHILIPPINES	Mindanao Gold Ltd. See note 1 below	Filipino	679,864,727	48.95

B	MINDANAO GOLD LTD. Suite 10.3, 10F Rohas Perkasa West Wing 8 Jalan Perak, 50450, Kuala Lumpur MALAYSIA	Mindanao Gold Ltd. See Note 2 below	Malaysian	431,335,531	32.78
A & B	PCD NOMINEE CORPORATION GF MSE Bldg., Ayala Avenue, Makati City PHILIPPINES	PCD Participants See note 3 below	Filipino	180,429,098	12.99

¹ Mapula Creek Gold ("Mapula) is majority owned by. Mindanao Gold hold 10,000 Class B shares of Mapula thru a Purchase and Sale Agreement with Crew Gold Corporation. Mapula is the majority stockholder of the Company. Mr. Peri Resabal is the representative on the Mapula's Board of Directors.

² Mindanao Gold Ltd. is one of the majority stockholders of the Company as represented by Mr. Colin D. Patterson to exercise the voting power on behalf of Mindanao Gold and decide how all shares in the Corporation are to be voted.

³ PCD Nominee, Corp. (PCNC) is a wholly owned subsidiary of Philippine Central Depository Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owner of such shares are PCD's participants who hold the shares on their behalf or in behalf of their clients. As of December 31, 2011, Angping & Associates Securities Inc. owns on record 9,858,708 Class A shares and 6,312,595 Class B shares but of which does not qualify as beneficial owner owning more than 5% of the Company's stock. No other PCD participant owns on record or beneficially more than five (5%) of the Company's stock. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transaction in the Philippines.

On November 18, 2011, Monte Oro Resources & Energy Corp. subscribed to 73,337,625 primary Class "A" shares of Apex, equivalent to 5.0% of the total outstanding capital stock of the Company. Proceeds will be used by Apex for its capital expenditures for its mine and mill and to start the exploration drilling program of its Maco porphyry copper-gold tenement.

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of the Members of the Board of Directors and Management

The number of voting shares beneficially owned by the members of the board of directors and named executive officers as of 31 December 2011 are, as follows:

Title of Class	Name of beneficial owner	Amount and nature of beneficial ownership	Citizenship	Percent of Class
B	COLIN D. PATTERSON	100	Australian	0.00%
A	DEOGRACIAS CONTRERAS JR.	1,000	Filipino	0.00%
A	RODOLFO CRUZ	1,000	Filipino	0.00%
A	BAIVERTH DIABO	1	Filipino	0.00%
B	PEREGRINO S. RESABAL	100	Filipino	0.00%
A	DAVID B. PUYAT	1	Filipino	0.00%
B	THOMAS RODNEY PERCIVAL JONES	1,000	Australian	0.00%
A	ARMANDO CASTANOS	298	Filipino	0.00%
	All officers and directors as a group	19,345		.00%

The Company is not aware of any voting trust agreement or similar agreement in which a stockholder of five (5%) or more of the Company shares is a party to.

Item 12. Certain Relationships and Related Transactions

In the normal course of business, the Company transacted with companies which are considered related parties. A summary of the more significant transactions with related parties is shown on Note 18 of the Audited Financial Statements for the year ended December 31, 2011.

The Corporation or its related parties have no material transaction with parties falling outside the definition "related parties" under Statement of Financial Accounting Standards/International Accounting Standards No. 24 that are not available for other, more clearly independent parties on an arm's length basis.

PART IV CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company has adopted a corporate governance evaluation and self-rating system which was approved by the board of directors. The Corporate Governance Compliance Officer, in coordination with other officers of Apex, measures and determines the level of compliance of Apex, the members of its board of directors, corporate officers, and other employees with the provisions of Apex's Manual of Corporate Governance and other relevant laws, rules and regulations relating to corporate governance.

The Corporate Governance Compliance Officer monitors compliance with Apex's corporate governance standards and, together with the board of directors, reviews other leading practices (both within and outside the industry) which may be adopted by Apex. However, as of 31 December 2011, there were no definite plans to improve Apex's corporate governance.

Item 14 Exhibits and Reports on SEC Form 17-C

(A) Exhibits and Exhibit Index

Statement of Management Responsibility for Financial Statements
Report of Independent Auditors
Audited Consolidated Financial Statements and Notes for the year ended December 31, 2009
Schedule E. Other Assets
Schedule G. Indebtedness to Related Parties
Schedule I. Capital Stock

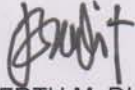
(B) Reports on SEC Form 17-C

<u>Date</u>	<u>Items Reported</u>
January 19	PSE approval on the listing of debt to equity shares
February 21	Resignation of Director Rory Taylor and election of Thomas Rodney Percival Jones as replacement of Mr. Taylor
July 13	Update on Maco Operations
July 14	Organizational Meeting, Stockholders' Meeting
July 19	Change in management structure
August 1	Notice and Agenda for Special Stockholders' Meeting
October 6	Engagement of Isla Lipana & Co. to prepare the Fairness Opinion Special Stockholders' Meeting

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on 20 April 2012.

By:

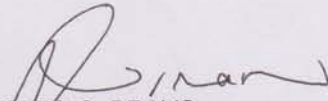


BAIVERTH M. DIABO
Principal Executive Officer

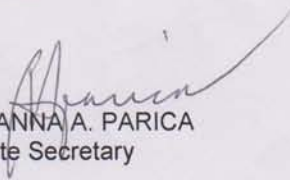
Note: The Company has no
Principal Operating Officer



BILLY G. TORRES
Comptroller



RODOLFO G. BRAVO
VP-Chief Financial Officer and
Treasurer



ROSANNA A. PARICA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 20 2012 day of _____, affiant(s)
exhibiting to me their respective SSS Numbers, as follows:

NAMES

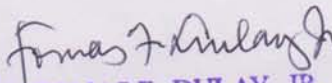
BIAVERTH M. DIABO
RODOLFO G. BRAVO
ROSANNA A. PARICA
BILLY G. TORRES

Identification Nos.

TIN NO. NJ-722-787
TIN NO. 107-682-156
TIN NO. 119-640-615
TIN NO. 235-196-182

Notary Public

Doc. No.: 402
Page No.: 81
Book No.: 99
Series of 2012.


ATTY. TOMAS F. DULAY, JR.
Notary Public

Until December 31, 2014
Roll No. 16583 / 03-13-61
IBP No. 823239 / cy 2012 - Q.C.
PTR No. 6031383 / 01-02-12 - Q.C.
TIN No. 41022591692
92 Legaspi St. Proj. 4, Q.C.
MCLE EXEMPTED



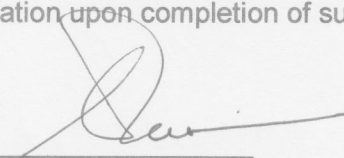
APEX MINING CO., INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

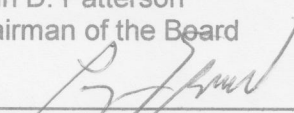
The management of Apex Mining Co., Inc. is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2011 and 2010, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

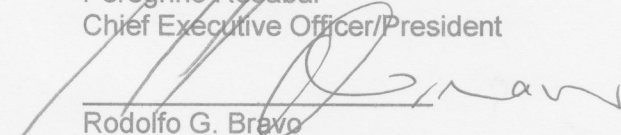
SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing and in its report to the stockholders has expressed its opinion on the fairness of presentation upon completion of such examination.



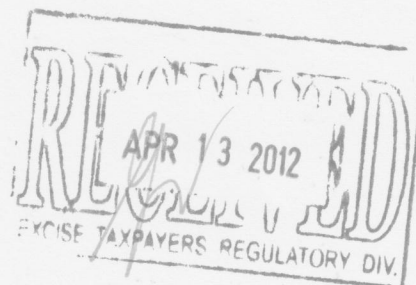
Colin D. Patterson
Chairman of the Board



Peregrino Resabal
Chief Executive Officer/President



Rodolfo G. Bravo
Chief Financial Officer/VP-Finance/Treasurer



Signed this 16th day of March, 2012

REPUBLIC OF THE PHILIPPINES)
) S.S.

QUEZON CITY

SUBSCRIBED AND SWORN to before me this APR 20 2012 day of _____, affiant(s)
exhibiting to me their respective TIN Numbers, as follows:

NAMES	Tax Identification No.
COLIN D. PATTERSON	TIN # 283-367-770
PEREGRINO S. RESABAL	TIN # 123-291-919
RODOLFO G. BRAVO	TIN # 102-082-156

Tomas F. Dulay Jr.
ATTY. TOMAS F. DULAY, JR.
Notary Public

Until ~~December 31, 2014~~
Roll No. 16583 / 05-19-04
Notary Public
IBP No. 823239 / cy 2012 - Q.C.
PTR No. 6031383 / 01-02-12 - Q.C.
TIN No. 41022591692
92 Legaspi St. Proj. 4, Q.C.
MCLE EXEMPTED

Doc. No.: 403
Page No.: 81
Book No.: 99
Series of 2012.

COVER SHEET

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AFTER THE BIR HAS DULY
STAMPED "RECEIVED."

4 0 6 2 1

SEC Registration Number

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

(Company's Full Name)

U n i t 1 7 0 4 , 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 o a d , O r t i g a s
C e n t e r P a s i g C i t y

(Business Address: No. Street City/Town/Province)

Rosanna A. Parica
(Contact Person)

(082) 235-0797
(Company Telephone Number)

1 2 3 0
Month Day
(Fiscal Year)

A A F S
(Form Type)

0 6 2 4
Month Day
(Annual Meeting)

-
(Secondary License Type, If Applicable)

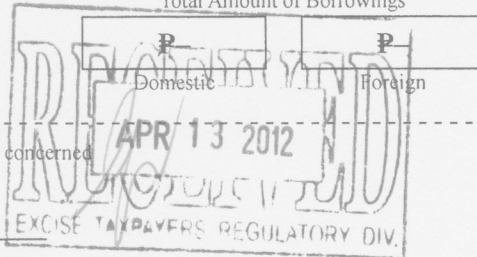
-
Dept. Requiring this Doc.

-
Amended Articles Number/Section

2,838
Total No. of Stockholders

Total Amount of Borrowings
P Domestic P Foreign

To be accomplished by SEC Personnel concerned



File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

