APEX MINING CO., INC.

14 November 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 September 30, 2012.

Thank you.

Very truly yours,

ROSANNA A. PARICA
Corporate Information Officer

Unit 1704 17th Floor, Prestige Tower Condominium, F. Ortigas Jr. Road, Ortigas Center , Pasig City
Tel. Nos.: 706-2805/706-2806 * Fax No.: 706-2804; Minesite: Maco, Compostela Valley

SECURITES 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: September 30, 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	Number of Shares if Common Stock Outstanding or amount of Debt Outstanding
CLASS A	
CLASS B	

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

Yes [x] No [ ] Phil. Stock Exchange - listed 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 [x] No [ ]

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

Yes [ ] No [x]

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached Unaudited Financial Statements for the period ended September 30, 2012.

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

Explorations, Mining and Milling Operations Highlights

Exploration in MPSA 225 was focused on near-mine extensions of the veins. Two (2) LM55 rigs and one (1) Kempe rig are operating underground to assess these extensions. The first LM55 is targeting Sandy-Malumon from L590 and the other LM55 rig is drilling to assess the Sandy Main Vein.

The Kempe Rig was used to target Bonanza Hanging Wall Split and the Masara Vein.

A Hanjin 4000 surface rig is operating to verify the extensions of the Don Calixto vein.

Below are some significant intercepts during the quarter.

Hole ID	From	To	Sample width	Au ppm	Vein
ASA-590-004	198.5	199.8	1.3	4.04	Sandy-Malumon
ASA-590-004	202.8	206.7	2.3	4.73	Sandy-Malumon
ASA-590-004	211.4	231.1	19.7	5.05	Sandy-Malumon
ASA-590-004	260.75	263	3.15	4.73	Sandy-Malumon
ASA-590-005	84.2	88.5	4.3	1.355	Sandy-Malumon
ASA-785-009	283.5	286.1	2.6	1.34	Sandy
ASA-785-009	289.9	299.3	9.4	2.61	Sandy
ASA-785-009	315.3	322.9	6.2	2.214	Sandy
ASA-785-010	249.3	251.7	2.4	1.239	Sandy
ASA-785-010	252.6	255.7	3.1	17.042	Sandy
ASA-785-011	231.7	215.8	2.1	1.96	Sandy
AMA-515-004	20	24.7	2.8	4.91	Bonanza HWS
AMA-515-004	26.4	28.6	2.2	6.79	Bonanza HWS

Operations Summary Result

	PROJECT HIGHLIGHTS 3rd QUARTER 2012						
			YTD	3rd Qtr	JUL	AUG	SEPT
1	**Exploration Diamond Drilling**	Meters	9,759	3,428	1,186	1,060	1,182
2	**Mine Operations**						
	Development						
	Ore development	Meters	1,747	406	186	89	131
	Waste development	Meters	2,862	691	196	269	226
	Production						
	Ore production	Tonnes	119,481	25,234	10,400	4,446	10,388
	Waste mined	Tonnes	91,387	24,497	6,788	9,700	8,009
	Total ore + waste mined	Tonnes	210,868	49,731	17,188	14,146	18,397
3	**Mill Plant Operations**						
	Ore Milled	Tonnes	171,076	63,336	21,128	21,735	20,473
	Calculated Mill Head-GPT	gpt Au	3.83	3.63	3.33	3.44	4.14
		gpt Ag	23.06	22.01	24.77	19.09	22.26
	Mill Recovery	percent Au	85.06%	85%	82.81%	84.86%	85.95%
		percent Ag	70.49%	71%	71.20%	71.42%	71.56%
	Metal Production-Oz	oz Au	17,905	6,380	2,031	2,063	2,286
		oz Ag	89,466	32,501	11,943	9,804	10,754
4	**Operating cost (USD)**						
	Mining Cost (per tonne ore produced)	USD/tonne	66	106	77	145	96
	Milling Cost (per tonne ore milled)	USD/tonne	30	30	37	27	27
	Total Cost Per Tonne Mined	USD/tonne	254	478	401	706	327
	Total Cost Per Tonne Milled	USD/tonne	178	169	197	144	166
	Total Cost Per Oz Au Produced-all costs	USD/oz Au	1,696	1,686	2,052	1,521	1,485
	Total Cost Per Oz Au Produced-direct costs	USD/oz Au	1,259	1,475	2,096	1,180	1,150
	Total Cost Per Oz- w/ silver credit	USD/oz (Au+Au eq Ag)	1,547	1,538	1,892	1,389	1,332
	USD Per Oz (Metal Prices)	Gold	1,639	1,639	1,582	1,608	1,726
		Silver	30	29	27	28	32
5	**Manpower**						
	Company Regular Employees	Managers		37	36	37	37
		Supervisors		179	176	183	177
		Rank & File		797	815	810	766
		Total		1,012	1,027	1,030	980
	Contractors' Employees	Total		427	391	402	489
		Total Reg+Cont		1,440	1,418	1,432	1,469
6	**Safety Incident Statistics**						
		NLTA (FAC)		1	1	0	1
		LTA (Non-Fatal)		1	0	1	1
		Property Damage		2	2	1	2
7	**Power Utilization**	kWatt-hr	26,064,174	9,028,097	2,938,114	2,904,012	3,185,971
		peso/kWhr	3.78	3.50	3.45	3.57	3.47

While the Mining group anticipate for the arrival of the newly acquired underground equipment fleet, the delivery of ore materials to the Mill Plant were provided mostly from the Coarse Ore Stockpile (COS) representing 60% of the total delivery. By means of the existing old equipment fleet, the Mining Operations group extracted 25,234 tonnes of ore from the underground, (representing 40% of the total delivery). The Mine developed on the vein with a total of 406 meters. Furthermore, the development on waste drives to further access the extension of the ore body aggregate to 691 meters for the 3rd quarter 2012.

The implementation of Mine manpower work cycle of 2 shifts 12 hours per day was on its 3rd month to-date and still under observation as to safety & health, productivity and cost effectiveness.

The Mine continued the implementation of the planned temporary suspension to re-open other areas. Meantime, the focus was to optimize whatever resource available in the development of Maligaya (Mine East).

Also, the Mine in coordination with the Training Department focused on the training and certification of Mine personnel who are currently operating the old fleet of equipment. This project was a joint effort of the Training Department and the equipment supplier (Atlas Copco Philippines) to ensure the availability of highly skilled equipment operators for the incoming brand new equipment.

For third quarter of the year, average throughput increased from an average of 652 tonnes per day (TPD) in second quarter to 696 TPD due to improved mechanical availability and commissioning of tertiary crusher in July 2012 but due to already worn-out liners its operation was intermittent and only resumed continuously starting September 8, 2012. Tertiary crusher operation allows finer product feed to rod mill, thereby increasing Grinding capacity.

Crushing circuit was limited due to sticky ore and presence of metallic and other tramp objects in the ore, which caused crushing section downtimes. Fine Ore Bin new compartment and belt feeder was commissioned in August 20, 2012. Rectification of old FOB compartments is on-going and expected to be completed in October 15, 2012.

Rehabilitation on Stripping and Gold Room sections are completed and now troubleshooting and fine-tuning, especially on elution pipelines are on-going. Parallel stripping was tested in September 2012. Critical spares supply are on site such as drum scrubber and rod mill bearings, ball mill gear reducer and tailings pump spares.

Site preparation for the construction of new plant is on-going, significant excavation works have been done on new Crushing and CIL areas. Chemical store has already been relocated and process water lines have been rerouted.

Cyanide consumption was maintained at level of no more than 2.0 kg/t, which is a significant cost control measure.

Corporate Social Responsibility

Human Resource/Administration

The 3rd quarter of 2012 evolved into a more challenging role for HR. Major changes were implemented as management pushed through with its planned new work schedule for all APEX employees.

On July 16, 2012, management pursued the implementation of its new work schedule. Employees under the Mine Division and some of the Mill Division now work on a 7am – 7pm work schedule where they work for 7 continuous days and rest for 7 days straight. Those not covered by this work schedule work on a 5-2 scheme where an employee is required to work for 9 hours a day for 5 days with 2 days off. All daily paid employees were converted to being monthly paid. Employees were also required to sign a contract in support of this new schedule. Apart from that, salary standardization was implemented t which was incorporated in each of the employee's contract and 98% of employees were given increases. Such increases addressed the wage distortion was aligned to the new pay grade.

Another major activity that was held last July was the launching of APEX 3000 .The launching was one of the celebrated events of the company. Aside from its employees, barangay officials of the impact barangays, IP chieftains, as well as the municipal mayor and LGU officials were also invited and present during the program.

Manpower for the 3rd quarter has reduced to 4.85%. Freeze hiring is still implemented although critical positions are being posted as a project employment only.

Benefits were maintained, employee programs were continuously done to inspire and motivate employees despite the major changes. An upcoming major event is to be held on October, 2012 which is the 5-year Service Awarding Ceremony. 174 employees will receive an award on that day.

While some changes in the organizational structure have been set up, employees continued to be committed to each of their jobs.

On the other hand, for its employees' welfare, the annual sports fest is on its constant momentum where employees are cheering for their respective teams and vying for the championship. Selection of Model Employee and Supervisor was likewise awarded to the Mill and Admin Division employees, respectively. Mine tour for the employees' representatives was also done. This would give them better understanding about the issues raised during the CSHC meeting and to familiarize other work areas and their working conditions. Counselling sessions was also observed. This is an approach to address issues concerning employees' behaviour and attitude towards work and subordinates.

Side by side with the efforts of HR department are various initiatives implemented by the Training, Education, and Development Department (TEDD). For the quarter, the department followed through with its launching of APEX Mines Academy that aims to develop and enhance training programs for various competencies, particularly for the Mine and Mill Divisions, in support of the Apex 3000 project.

Previously, the department conducted a Training of Trainers for key functions at the mine. About 10 selected miners and supervisors were trained on basic facilitation and presentation skills who later served as resource persons in the Refresher Courses for the 243 miners, blasters and underground equipment operators. On the other hand, for the Mill Division, the department has started the Mill Operator Training Program for 18 existing operators for the crushing, grinding, CIL, stripping, gold room, control room operations. This is essential to ensure that the numbers of operators are enough to support the operations once the new shifting of work was implemented.

As part of the company's corporate social responsibility, the department also spearheaded the Student Summer Training Program (SSTP) and On-the-Job Training (OJT) Program. SSTP is a two-month training program for selected Engineering students taking up metallurgy and mining as well as Geology students. A total of 21 senior students have availed of the summer program. They come from the University of the Philippines, Marawi State University, Bicol State University, and University of Southeastern Philippines. On the other hand, 11 vocational students from Tagum Trade School, Magugpo Institute of Technology and Agriculture School were able to undergo the OJT program.

Moreover, to ensure that all drivers are re-oriented with the principles of defensive driving and duty of care, the department conducted a Defensive Driving Assessment for 132 participants. This assessment is an essential part in the issuance of the authorization to drive.

Apart from the in-house training, the company also sent participants to external training such as Negotiation Seminar, IT Training, Ergonomics Training, Effective Performance Coaching, among others.

At the start of the quarter, the department also played a significant role in the selection of participants to the 59th Annual National Mining Conference in Baguio City to be held in November 2012. Serving as a facilitator, it developed the project design and convened the event team leaders for the various mine events such as Machine Drilling, Hand Mucking and First Aid and documentation for the company's entry to the PMIEA.

Finally, in preparation for the arrival of new equipment, a series of operators' assessments were conducted. At least 100 Jumbo Drill, LPT, and LHD operators were evaluated in three areas namely, safety, maintenance and *operations/training. The top performers were recommended to undergo the technical training for the new equipment to ensure optimum productivity and equipment efficiency.*

Environmental Management

It is the goal of the company to demonstrate world standard environmental practices by minimizing the environmental impact of our mining operations by safeguarding the environment, for the present and for future generations. The company believes that environmental stewardship is based on planning, implementation, evaluation of programs and a strong desire to improve and achieve excellence in what we do.

For the 3rd quarter of CY-2012 the following environmental activities were implemented with the corresponding cost as follows:

Activity	Actual Expenditure (PhP)
Reforestation and Forest Protection	320,091.00
Waste Management	116,417.00
Construction and Maintenance	7,387,398.27
Monitoring Workshops and River System	455,157.00
Air Quality	119,000.00
Total	8,398,063.27

The company's forestry section through casual workers conducted tree planting, protection and maintenance to enhance the disturbed areas. Also planting of assorted shrubs / grasses, establishment of watling structures were used for slope stabilization and erosion control. Enrichment planting in low density areas was also conducted. For this quarter a total of 680 seedlings were planted with an area of 2.85 hectares.

In support to the National Greening Program, the company was also able to donate 8,100 assorted seedlings to LGUs, DENR, civic organizations, schools, barangays and other institutions. Maintenance and protection of the adopted mangrove was also sustained.

A permanent Material Recovery Facility (MRF) and Hazardous Waste Storage were constructed to facilitate the garbage segregation within the landfill site.

Maintained backfilling / soil covering of the garbage disposal area and maintained the gradient of the landfill area to prevent water ponding in case of rain.

Likewise, all metal scraps and metal chips / cuttings generated from various operations were collected and transported to the scrap yard for proper disposal to qualified buyers.

Collection and hauling of domestic garbage and waste was also maintained.

Community Relations

During the 3rd Quarter of 2012, the company has reached out to the community a total of P1, 517,096.20 through the programs under Social Development and Management Plan 2012.

Health and Sanitation Program

Under its Heath Program, the company continues to extend free medical and dental consultation for the community members and free medicines from the company clinic. For the period of July – September, Pnp 71,500.00 was spent particularly for this program.

Sustainable Livelihood Programs and Activities

Another is the Sustainable Livelihood Program, which launched various income-generating projects for the women and farmers for the third quarter of 2012. There were training conducted such as the Philippine BizCamp Entrepreneurship Training for Apex Mines Communities. To add, farmers training on Cacao Production in partnership with ACDI-VOCA (a USDA funded NGO) with their CoCoPal Project (Cocoa, Coconut and Palay). And after the trainings, seedlings were distributed to those deserving farmers. All these activities have incurred a total of P 362,375.00 in costs.

Social Development Programs and Responsive Education

Moreover, programs on Social Development and Responsive Education were prioritized. Scholarship grants from High School to College students both Indigenous Peoples (IPs) and Non-IPs, were continually turned over to qualified students. Also, TESDA welding trainees from Masara Lines were assisted financially for their training in Davao City. And aside from that, four of the teachers at New Leyte National High School – Teresa Campus were being paid P5,000.00 each on a monthly basis, as honorarium. Furthermore, transportation and financial assistance requests from barangays, schools and religious groups were responded to accordingly. In fact, an Alternative Learning System in barangays New Leyte and Tagbaros are supported; one computer set for Barangay Teresa was turned over; and a Kasalan ng Bayan (Mass Wedding) in Paloc, Maragusan was pushed through with P 90,000.00, as assistance from Apex.

Infrastructures

For the Infrastructure Projects, there were two for this quarter: One is the construction of GKK San Isidro Labrador, assisted with P30,000.00 and another is the improvement of One Way Outreach Church, with P 50,000.00 grant from Apex.

Indigenous Peoples Programs and Projects

Through its SDMP, the company was able to grant scholarship to IP college students worth P50, 000.00 and the construction of Tribal Center in Tagbaros worth P150, 000.00

Information Education Campaign

Lastly, Information and Education Campaign was implemented through series of Environmental Symposia and Tree Planting Activities. In addition, is the granting of Mining-Related Course scholarships to three college scholars from Barangay New Leyte.

Safety and Health

It is the mission of the company's Safety and Health Department to promote the well-being of all the 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 ensuring that all employees, contractors and visitors to go home to their families safe and sound. The commitment is underpinned by the newly formulated Company's Annual Occupational Health and Safety Plan.

The department undertook a range of initiative in the 3rd quarter of 2012 to facilitate and increase the health and well-being 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 health.

The following are the milestones for the quarter

- *Conducted Monthly CSHC and Departmental Safety Meetings*
- *Conducted routine inspection at underground and surface working area*
- *Conducted inspection and audit of fire extinguisher and first aid paraphernalia's at respective underground and surface working areas and equipment & vehicles*
- *Conducted audit of underground tools at underground working areas*
- *Installed safety signage (exit, underground location and blasting sign) at respective underground areas*
- *Conducted Safety orientation to visitors and newly hired Project engineer for CCW*
- *Conducted exploration and removal of brattice at Masarita underground to determine the air flow using the BG4 breathing apparatus*
- *Conducted inspection with Masara Brgy.officials and Apex technical team at Masara landslide*
- *Conducted risk assessment at the proposed hauling of ore from underground to Mill ore yard using Low Profile Truck (LPT)*
- *Daily Monitoring and inspection at the 3000 tpd project*
- *Installed 2 sets of convex mirror at blind curves access road going to Maligaya area*
- *Follow-up the MGB inspection report at respective departments and working areas*
- *Ongoing training for PMSEA competition*

Health Awareness Programs

Lastly but not the least, the following Health Awareness Programs were implemented during the quarter:

- *Conducted survey and identification of malnourished children of nearby barangays.*
- *Started nutrition program, lectures and presentations regarding proper nutrition and provided multivitamins to malnourished children of 4 impact barangays and dependents.*
- *On-going vaccination program (Influenza "Flu", Pneumonia) to employees and dependents.*
- *Close follow-up on the status of employees diagnosed with Diabetes, Hypercholesterolemia, Hypertension, Heart Diseases and PTB.*
- *Attended Lung Month Celebration coordination with Municipal Health Office (MHO) at Mawab, Compostela Valley*
- *Attended Family Health Fair coordination with Provincial Health Office (PHO) at New Bataan, Maco, Compostela Valley*
- *Conducted monitoring and giving of multivitamins to identified malnourished children.*
- *Prepared employees medical records and their laboratory examinations to undertake for the coming Annual PE*
- *Conducted Annual Physical and Dental Examinations to all regular employees*
- *Routine Medical, Dental Consultations and treatments of employees, contractors, dependents and community residents.*
- *Routine consultation and evaluation of surgical mass or cyst and perform minor surgical procedures.*

Management Discussion and Analysis of Financial Condition and Results of Operations

Result of operations

Apex Mining Co. Inc.'s (AMCI) result of operations for the nine-months ended September 30, 2012 continues to soar as it reported ₱85.8 million net income from a net loss of ₱19.5 million in the same comparable period last year. The turnaround in net results was attributable to reduction in direct costs of metals sold, which offset the decline in revenue on sale of gold and silver.

Sales
Revenue dropped by 12% or ₱0.18 billion in 2012 (₱1.34 billion) as compared to 2011 (₱1.52 billion) due to lower average gold price and lower volume of sales made from January 1 to September 30, 2012.

Nine-months ended September 30	Qty sold	Ave. Price
2011	18,794 oz	$1,650
2012	17,731 oz	$1,639

Cost and expenses
Direct costs of metals sold declined by 24% or ₱279.4 million (2012 - ₱900.5 million compared to 2011 - ₱1,179.9 million) while administrative expenses increased by 20% or ₱64.5 million (2012 - ₱388.7 million compared to ₱2011 - 324.2 million) primarily due to the following fluctuations:

- Rent on milling equipment decreased by ₱227.2 million. Effective January 1, 2012, the Company assumed all the assets of Teresa previously rented by virtue of a statutory merger as approved by the SEC.

- Cost of direct and indirect materials and supplies decreased by ₱42.4 million from ₱408.7 (direct - ₱382.2 million; administrative - ₱26.5 million) to ₱366.3 (direct - ₱342.4 million; administrative - ₱23.9 million) in line with the decrease in production volume. 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.

- Salaries and employment benefits increased by ₱11.0 million due to salary review and upgrade implemented effective July 2012.

- Net increases in utilities, contracted services, depreciation, amortization and depletion costs and other expenses by ₱43.7 million due to inflationary increase in the cost of materials and services. Excise tax and royalties declined in line with decrease in sales. Marketing expense, on the other hand, increased due to processing and testing charges billed to the Company.

Other income and charges
Other income included net foreign exchange gains amounting to ₱33.6 million (unrealized ₱34.4 million gain, realized ₱0.8 million loss) principally arising from the translation of the foreign currency-denominated advances from related parties at ₱41.88:$1 as of September 30, 2012 from ₱43.64:$1 as of September 30, 2011. In 2011, the Company also wrote off ₱73.0 million input VAT incurred in 2009.

Financial position

At September 30, 2012, the Company was able to generate funds and maintained a cash balance of ₱468.2 million or a 552% increase from its previous cash balance of ₱71.8 million last quarter and 774% increase from ₱53.5 million from December 31, 2011 cash on hand and in banks. Cash inflows were primarily sourced from new share subscriptions from Monte Oro Resources & Energy Inc., Solar Securities, Inc., Vicsal Development Corporation and Mindanao Gold Ltd.

Trade receivables arising from uncollected sales of metals as of September 30, 2012 amounted to ₱220.5 million (December 31, 2011: ₱328.9 million) while non-trade receivables arising from advances to suppliers and employees as of September 30, 2012 amounted to ₱345 million (September 30, 2011: ₱78.5 million). The material increase in non-trade receivables is due to cash advanced to suppliers for equipment to be used in expansion of mine and mill operations.

Inventories were higher at ₱532.2 compared to last quarter amount of ₱490.7 million and last year's inventory balance of ₱350.0 due to increased requirements of goods to be used in daily operations and expansion.

The increase in Prepayments and Other Current Assets in September 2012 was mainly due to transfers of Other Current Assets of Teresa, the merged entity, to the Company. ₱15.0 million Input VAT accumulated for the period also contributed to the increase.

Deferred exploration and development costs continued to increase to ₱844.1 million as of September 30, 2012 from ₱530.2 million as at end of December 31, 2011 due to opening of various portals for the exploration activities.

Property, plant and equipment (PPE), net, as of September 30 increased to ₱681.1 million from ₱579.3 in 2011. The increase was mainly due to various acquisitions of mine & mill equipment, office equipment and several constructions that are in progress.

A decline in mine and mine properties to ₱673.5 million in 2012 from ₱774.4 million last year was due to periodic amortization of costs and write off of mined out Areas.

Other assets increased to ₱55.3 million from ₱49.9 million in December 2011 due to transfer of idle machineries from Teresa with a net book value of P21.9 million, which was depreciated during the quarter. Remaining balance of idle asset as of September 30, 2012 is ₱6.8 million.

Current liabilities as September 30, 2012 amounted to ₱1.4 billion as compared to ₱1.5 billion in 2011.

The increase in Accounts Payable and Accrued Liabilities to ₱453.0 million from ₱271.1 million in 2011 were mainly from purchases of goods, machineries for expansion, services and employee benefit accruals during period.

Advances from shareholders and affiliates fell down to ₱910.9 million from ₱1.2 billion at the end of 2011 due to payments made during the period.

As of September 30, 2012, non-current Liabilities amounted to ₱153.2 million, slightly greater than the than the figure in 2011 of ₱134.1 million. The significant factor that contributed to the increase is the movement of deferred income tax liabilities arising from translation of monetary liabilities.

Deferred income tax liabilities amounted to ₱53.2 million at September 30, 2012 and ₱36.0 million at December 31, 2011.

The Provision for Mine Rehabilitation Cost is maintained in the amount of P66.8 million at September 30, 2012 and December 31, 2011.This amount is based on estimated cost for reforestation, dismantling and decommissioning of property and equipment as included in the FMRDP.

In compliance with PAS no. 19, Accounting for Employees Benefits, the Company's accrual at September 30, 2012 and December 31, 2011 was P33.1 million and P31.3 million respectively. The December 31, 2010 accrual was P19.6 million.

On December 1, 2011, the SEC approved the Articles and Plan of Merger of the Company and Teresa. 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 became effective on January 1, 2012.

On July 20, 2012, additional subscription to the share capital of the Company was placed by Monte Oro Resource and Energy Inc. (120,000,000 Class A common shares), Vicsal Development Corp (18,000,000 Class A common shares), Solar Securities, Inc. (12,000,000 Class A common shares), Mindanao Gold Ltd (48,048,864 Class B Common shares) and Mapula Crew Gold Corporation (37,292,725 Class A common shares).

The September 30, 2012 share capital and related premium amounted to ₱1.66 billion and ₱2.57 billion respectively.

With the net income of ₱85.3 million, the deficit at September 30, 2012 improved to ₱1.87 billion as compared to ₱1.967.4 million in 2011.

Net cash provided by operating activities amounted to ₱793.6 million for the nine-month ended September 30, 2012 as compared to ₱295.8 million for the same period in 2011 mainly due to higher net income earned.

Net cash used in investing activities, comprising of additions to property, plant and equipment, non-current assets and exploration expenditures, was ₱1.2 billion for the nine-month ended September 30, 2012 as compared to the net amount used in investing activities during the same period last year of ₱483.3 million.

Net cash generated in financing activities amounted to ₱836.1 million due additional subscription as described in stockholders' equity section. In 2011 of the same period, cash provided by financing activities amounted to ₱146.7 million.

FREE CASH FLOW (FCF)

The company generated a positive FCF of ₱414.7 million during the nine-month period ended September 30, 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.

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 171,076 tons with a mill head of 3.82 gpt Gold (Au) and 22.88 gpt Silver (Ag) with average calculated metal recovery of 85.07% and 70.47% for Au and Ag respectively. This is higher than the prior period tons milled of 146,509 in September 30, 2011. Total tons milled for the year-ended December 31, 2011 is 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.

Tons Mined

The Maco mine production attained 119,481 tons with a grade of 4.7 Au, g/t compared to 188,779 tons with a 5.0 Au, g/t in comparable period last year. Ore produced were sourced from the stopes and on vein development drives.

Total Production Cost Per Ton 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.

As of nine months period ended September 30, 2012, total production cost (excluding marketing charges, rentals, excise taxes, royalties depreciation and amortization and other non-cash expenses) of ore milled was ₱5,235.

In 2011, the total production cost per ton of ore milled was ₱6,132 from the total production cost of ₱1.2 billion over ore milled of 202,586 tonnes.

Total cost per ounce to produced gold before silver revenue credits was ₱50,088 ($1,196) in September 30, 2012 and ₱52,187 ($1,188/oz) in December 31, 2011.

After silver revenue credit, the corresponding cost per ounce was ₱43,764 ($1,045) in September 30, 2012 and ₱43,473 ($990/oz) in December 31, 2011.

FINANCIAL SOUNDNESS INDICATORS

Current and solvency ratio significantly improved to 1.23:1 and 0.41:1, respectively, in September 30, 2012 compared to 0.58:1 and .19:1 ratio for the year ended December 31, 2011. Debt to equity jumped from 1.41:1 in 2011 to 0.63:1 this period.

Total asset over equity at September 30, 2012 declined compared to December 31, 2011 primarily due to Merger of Teresa and additional subscriptions obtained during the period.

Return on Assets and Equity shifted to 3% and 5% in September 30, 2012 compared to -3% results in December 31, 2012. The Company reported a net income of ₱85.8 million in September 30, 2012.

Financial Ratios		9/30/2012	12/31/2011
Current Ratio	Current assets / Current liabilities	1.23:1	0.58:1
Solvency Ratio	Net Income plus depreciation / Total liabilities	0.28:1	0.19:1
Debt to equity Ratio	Total liabilities / Total Equity	0.63:1	1.41:1
Asset-to-equity Ratio	Total assets / Total equity	1.63:1	2.41:1
Return on Assets	Net Income / Average Total Assets	3%	-3%
Return on Equity	Net Income / Average total Equity	5%	-3%

Apex Mining Co., Inc.
Balance Sheets
(all in Philippine Pesos)

	September 30, 2012 (Unaudited)	December 31 2011 (Audited)	2010 (Audited)	Change Amount	%
Current Assets	**1,682,595,933**	**879,827,345**	**728,484,734**	**802,768,587**	**3%**
Cash	468,209,984	53,550,286	17,859,662	414,659,698	774%
Receivables - net	565,480,786	407,376,223	232,769,295	158,104,563	39%
Inventories - net	532,246,321	350,054,504	343,397,510	182,191,817	52%
Other current assets	116,658,842	68,846,332	134,458,267	47,812,510	69%
Property and Equipment	**681,115,421**	**579,316,307**	**418,365,809**	**101,799,114**	**18%**
Mill machineries and equipment	960,025,537	608,534,053	573,920,413	351,491,484	58%
Heavy mobile equipment	566,209,497	546,927,930	405,064,481	19,281,567	4%
Mine machineries and equipment	415,030,466	412,802,533	400,111,228	2,227,933	1%
Dams and diversions	417,927,845	347,914,489	306,982,635	70,013,356	20%
Power gen. and electrical	362,827,572	118,787,399	87,725,764	244,040,173	205%
Buildings and structures	190,075,046	156,603,219	137,973,771	33,471,827	21%
Pumps and motors	121,459,993	56,476,526	20,908,861	64,983,467	115%
Roads and bridges	97,259,684	97,860,081	92,687,895	(600,397)	-1%
Exploration and drilling equipment	85,849,843	2,896,233	133,932	82,953,610	2864%
Transportation equipment	65,967,959	5,711,445	3,189,511	60,256,514	1055%
Assay and met. laboratory	45,884,907	16,513,446	545,878	29,371,461	178%
Small tools and equipment	16,603,380	733,813	5	15,869,567	2163%
Computers	11,617,243	4,449,264	4,049,884	7,167,979	161%
Communication equipment	4,261,907	2,368,130	2,293,964	1,893,777	80%
Office furniture	943,875	519,768	204,601	424,107	82%
Fixed assets for asset retirement obligation	597,721	597,721	1,109,848	-	0%
Staff house furniture	390,000	390,000	390,000	-	0%
Land and improvements	-	35,515,000	35,515,000	(35,515,000)	-100%
Construction in progress	127,574,859	76,342,550	45,274,918.13	51,232,309	67%
At Cost	**3,490,507,334**	**2,491,943,600**	**2,118,082,589**	**998,563,734**	**40%**
Accumulated Depreciation	**2,809,391,913**	**1,912,627,293**	**1,699,716,780**	**896,764,620**	**47%**
Deferred mine exploration and development costs	**844,097,878**	**530,156,205**	**161,880,451**	313,941,673	**59%**
Mine and mine properties	**673,537,721**	**774,453,464**	**1,007,351,523**	(100,915,743)	**-13%**
Other assets	**55,258,544**	**49,877,351**	**20,273,259**	**5,381,193**	**11%**
Non-current deposits	24,250,591	23,108,236	11,878,971	1,142,355	5%
Idle Assets, net	6,854,775	-	-	6,854,775	
Others	24,153,178	26,769,115	8,394,288	(2,615,937)	-10%
Total Assets	**3,936,605,497**	**2,813,630,672**	**2,336,355,776**	**1,122,974,825**	**40%**

Apex Mining Co., Inc.
Balance Sheets
(all in Philippine Pesos)

Current Liabilities	**1,364,017,095**	**1,509,807,114**	**1,177,111,415**	**(145.790,019)**	**-10%**
Accounts Payable & Accrued Liabilities	453,043,749	271,074,982	292,109,620	181,968,767	67%
Due to Mapula	164,061,361	12,701,610	19,169,589	151,359,751	1,192%
Due to Teresa	-	482,842,673	137,552,525	(482,842,673)	-100%
Due to ASVI-TSG	51,186,326	62,349,865	-	(11,163,539)	-18%
Due to Mindanao Gold	695,725,658	680,837,984	728,279,681	(14,887,674)	2%
Non-Current Liabilities	**153,174,640**	**134,121,017**	**185,413,344**	**19,053,622**	**14%**
Deferred Tax Liability	53,201,922	35,995,557	85,487,863	17,206,365	48%
Asset Ret. Obligation	66,811,963	66,811,963	80,296,912	0	0%
Accrued Ret. Payable	33,160,754	31,313,497	19,628,569	1,847,257	6%
Total Liabilities	**1,517,191,735**	**1,643,928,131**	**1,362,524,759**	**(126,736,396)**	**-8%**
Total Capital Stock	**4,290,213,279**	**3,137,171,855**	**2,912,979,163**	**1,153,041,424**	**37%**
Capital Stock	1,664,565,290	1,390,955,655	1,317,618,030	273,609,635	20%
In excess of par	2,567,992,821	1,665,701,307	1,503,380,955	902,291,514	54%
Revaluation increment	57,655,168	80,514,893	91,980,180	(22,859,725)	-28%
Retained Earnings	**(1,870,799,517)**	**(1,967,469,313)**	**(1,939,148,148)**	**96,669,796**	**-5%**
Total capital deficiency	**2,419,413,763**	**1,169,702,541**	**973,831,017**	**1,734,606,211**	**148%**
Liabilities and Equity	**3,936,605,497**	**2,813,630,672**	**2,336,355,776**	**1,122,974,825**	**40%**

Apex Mining Co., Inc.
Unaudited Statements of Comprehensive Income
(all in Philippine Pesos)

	Nine-months ended September 30		Quarter-ended September 30		Change	
	2012	**2011**	**2012**	**2011**	**Amount**	**%**
Revenue						
Sale of gold	1,229,911,152	1,347,385,439	458,912,246	506,851,953	(117,474,287)	-9%
Sale of silver	114,481,756	174,470,032	50,885,785	62,434,050	(59,988,276)	-34%
	1,344,392,908	**1,521,855,471**	**509,798,031**	**569,286,003**	**(177,462,563)**	**-12%**
Costs of Sales						
Materials and supplies	342,444,290	382,193,222	146,581,438	100,639,430	60,890,498	-10%
Depreciation, depletion & amort	285,440,544	320,349,870	99,724,779	138,618,103	(34,909,326)	-11%
Utilities	87,395,146	70,401,797	35,688,881	23,258,820	16,993,349	24%
Salaries and employee benefits	76,521,677	85,770,595	37,189,201	34,819,155	(9,248,918)	-11%
Rent	46,060,151	279,275,352	9,617,413	105,096,480	(233,215,201)	-84%
Marketing	19,062,889	15,289,796	9,637,900	5,647,263	3,773,093	25%
Contracted services	4,719,255	4,857,264	1,536,491	1,513,527	(138,008)	-3%
Others	38,854,732	21,750,159	20,252,565	6,941,552	17,104,573	79%
	900,498,684	**1,179,888,053**	**360,228,669**	**416,534,331**	**(279,389,369)**	**-24%**
GROSS PROFIT	**443,894,224**	**341,967,418**	**149,569,362**	**152,751,671**	**101,926,806**	**30%**
General and Administrative Expense						
Salaries and employee benefits	109,730,311	89,467,012	44,658,243	32,133,868	20,263,299	23%
Depreciation, depletion and amort	47,846,403	14,415,797	16,612,902	5,281,300	33,430,606	232%
Rent	28,235,255	22,199,117	9,482,651	8,208,090	6,036,138	27%
Contracted services	30,349,582	30,183,002	12,380,422	11,476,992	166,580	1%
Materials and supplies	23,861,497	26,525,265	9,246,527	9,363,158	(2,663,768)	-10%
Excise tax	26,750,425	30,286,140	9,959,544	11,346,014	(3,535,715)	-12%
Royalties	13,434,811	16,815,777	5,001,139	7,287,591	(3,380,966)	-20%
Surface rights	13,443,930	12,173,535	5,097,981	2,654,166	1,270,395	10%
Marketing	3,929,702	160,983	71,792	160,983	3,768,719	2341%
Utilities	2,349,055	3,760,406	720,973	831,799	(1,411,351)	-38%
Others	88,781,039	78,235,573	33,008,651	30,286,707	10,545,466	13%
	388,712,010	**324,222,607**	**146,240,825**	**119,030,667**	**64,489,403**	**20%**
INCOME (LOSS) FROM OPERATIONS	**55,182,214**	**17,744,811**	**3,328,537**	**33,721,004**	**37,437,403**	**211%**
Other Income and Expenses						
Unrealized forex gain (loss), net	32,821,679	(1,599,795)	5,076,299	(4,693,681)	34,421,474	2125%
Foreign exchange gain (loss)	(6,927,994)	(6,115,989)	-3,633,852	(10,624)	(812,005)	13%
Interest & other income (expense)	901,422	(3,614,392)	909,084	(2,911,972)	4,515,814	-125%
Write-off of inventories and assets	3,843,279	(67,120,821)	2,056,053	(65,674,347)	70,964,100	-106%
Total	**30,638,386**	**(78,691,880)**	**4,407,584**	**(73,290,625)**	**109,330,266**	**-139%**
Provision for Income tax	8,678	5,905	3,706	2,352	2,773	47%
NET INCOME	**85,811,922**	**(19,460,924)**	**7,732,415**	**1,920,076**	**105,272,846**	**541%**
Basic EPS/Diluted EPS	**0.05**	**(0.01)**	**0.05**	**0.00**		

**The basic and diluted earnings per share is the same for the periods presented as there are no potential dilutive common share*

Apex Mining Co., Inc.
Unaudited Statements of Changes in Equity
(all in Philippine Pesos)

	Nine Months Ended September 30		
	2012	**2011**	**2010**
CAPITAL STOCK - P1 PAR VALUE	1,664,565,290	1,317,618,030	756,682,170
ADDITIONAL PAID-IN CAPITAL	2,567,992,821	1,503,380,955	4,224,410
REVALUATION INCREMENT	57,655,168	79,865,315	106,894,619
DEFICIT			
Beginning of period	(1,956,611,439)	(1,927,033,282)	(1,829,812,619)
Net Income (loss) for the period	85,811,922	(19,460,924)	(68,010,822)
End of period	(1,870,799,517)	(1,946,494,206)	(1,897,823,440)
TOTAL EQUITY	**2,419,413,763**	**954,370,094**	**(1,030,022,241)**

Apex Mining Co., Inc.
Unaudited Statement of Cash Flows
(all in Philippine Pesos)

	Nine Months Ended September 30		
	2012	**2011**	**2010**
CASH FLOW FROM OPERATING ACTIVITIES			
Net Income/ (Loss)	85,811,922	(19,460,924)	(68,010,822)
Depreciation, amortization and other non-cash expenses	896,764,621	165,868,962	112,320,409
Operating income before changes in working capital	**982,576,543**	**146,408,038**	**44,309,588**
Decrease (Increase) in receivables and advances	(158,104,563)	10,449,753	108,869,744
Decrease (Increase) in Inventory	(182,191,816)	24,438,315	(42,393,505)
(Decrease) Increase in accounts payable and accrued expenses	181,968,768	90,148,184	(6,929,177)
Decrease (Increase) in prepayments	(47,812,510)	65,812,955	(49,331,791)
Decrease (Increase) in deferred tax	17,206,365	(41,492,050)	
Net cash provided by operating activities	**793,642,787**	**295,765,196**	**54,524,859**
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(996,716,478)	(291,616,606)	(93,994,088)
Decrease (Increase) in mine and mining properties	100,915,743	144,597,599	152,472,197
Decrease (Increase) in deferred mine exploration costs	(313,941,673)	(292,991,822)	(73,471,869)
Decrease (Increase) in other noncurrent assets	(5,381,193)	1,710,101	20,900,288
Net cash used in investing activities	**(1,215,123,601)**	**(438,300,727)**	**5,906,528**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in amounts of advances from affiliates	(327,758,786)	140,073,539	(40,467,046)
Increase (decrease) in accrued retirement	-	6,623,302	9,263,658
Increase (decrease) in share capital	273,609,635	-	-
Increase (decrease) in additional paid-in capital	902,291,515	-	-
Increase (decrease) in revaluation surplus	(12,001,852)		3,607,231
Net cash provided by financing activities	**836,140,512**	**146,696,841**	**(27,596,157)**
NET INCREASE IN CASH	**414,659,698**	**4,161,309**	**32,835,230**
CASH AT BEGINNING OF PERIOD	**53,550,286**	**17,859,662**	**16,836,351**
CASH AT END OF PERIOD	**468,209,984**	**22,020,971**	**49,671,581**

APEX MINING CO., INC.

Aging of Accounts Receivable
As of September 30, 2012

1) Aging 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
Type of Accounts Receivable									
a) Trade Receivables	220,470,875	220,470,875							
Less: Allow. For Doubtful Acct.									
Net Trade Receivable	220,470,875	220,470,875	-	-	-	-	-	-	-
b) Non-Trade Receivables									
1) Advances - Temp. Accom.	347,339,781	220,769,165	79,193,470	47,377,146					
Less: Allow. For Doubtful Acct.	(2,329,870)								
Net Non-Trade Receivables	345,009,911	220,769,165	79,193,470	47,377,146		-	-	-	-
Net Receivables (a + b)	**565,480,786**								

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
September 30, 2012

1. Significant accounting policies

The accompanying unaudited financial statements as of September 30, 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.

New Accounting Standards, Interpretations, and Amendments to Existing Standards Effective Subsequent to September 30, 2012

The Company will adopt the revised standards, amendments and interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these revised standards, interpretations and amendments to PFRS to have a significant impact on the financial statements.

Effective in 2013

- PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income* (effective for annual periods beginning on or after July 1, 2012)

  The amendments to PAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and therefore, has no impact on the Company's financial position or performance.

- *PFRS 7, Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2013, with retrospective application)

  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a) The gross amounts of those recognized financial assets and recognized financial liabilities;

  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;

  c) The net amounts presented in the statement of financial position;

d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:

   i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
   ii. Amounts related to financial collateral (including cash collateral); and

e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

- PFRS 10*, Consolidated Financial Statements* (effective for annual periods beginning on or after January 1, 2013)

  It replaces the portion of PAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

- PFRS 11, *Joint Arrangements* (effective for annual periods beginning on or after January 1, 2013)

  PFRS 11 replaces PAS 31 Interests in Joint Ventures and SIC-13 *Jointly-controlled Entities Non-monetary Contributions by Venturers*. It removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Involvement with Other Entities* (effective for annual periods beginning on or after January 1, 2013)

  It includes all of the disclosures that were previously in PAS 27 related to financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PFRS 13, *Fair Value Measurement* (effective for annual periods beginning on or after January 1, 2013)

  It establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance.

- PAS 19*, Employee Benefits (Amendment)* (effective for annual periods beginning on or after January 1, 2013)

  The IASB has issued numerous amendments to PAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company is currently assessing the full impact of these amendments.

- PAS 27, *Separate Financial Statements* (as revised in 2011) (effective for annual periods beginning on or after January 1, 2013)

  As a consequence of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Company does not present separate financial statements.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011) (effective for annual periods beginning on or after January 1, 2013)
  As a consequence of the new PFRS 11 and PFRS 12. PAS 28 has been renamed PAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

Effective in 2014

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial liabilities* (effective for annual periods beginning on or after January 1, 2014, with retrospective application)

  These amendments to PAS 32 clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The Company is currently assessing the impact of the amendments to PAS 32.

Effective in 2015

- PFRS 9, *Financial Instruments: Classification and Measurement* (effective for annual periods beginning on or after January 1, 2015)

  PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company’s financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

2. *Current Assets*

1.1 Cash

Cash as at September 30, 2012 consist of cash on hand and in banks.

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 September 30, 2012, the account includes trade receivable, advances to suppliers and contractors, advances to officers and employees and other receivables.

1.3. Inventories

Inventories consist of gold in bullion and in circuit, parts and supplies being used in operations and on-going development of the mine.

1.4 Prepayments and other current assets

Prepayments and other current assets as of September 30, 2012 consist of input tax receivable and prepaid health and property insurance.

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.

Gains and losses on disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss. On disposal of the revalued asset, the relevant revaluation surplus included in the reserve account is transferred directly to retained earnings.

The Company's future retained earnings is restricted to the extent of the revaluation surplus recognized in equity until such time that the entire revaluation surplus has been fully realized.
Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Type of Asset	Estimated Useful Life in Years
Building and improvements	5 to 20
Mining and milling equipment	3 to 5
Power equipment	3 to 5
Roads and bridges and land improvements	5 to 10
Exploration equipment and others	3 to 5

The assets' residual values, estimated recoverable reserves and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

4. Other Non-Current Assets

Other non-current assets as at September 30, 2012 include Mine & Mine Properties, Deferred Mine Exploration and Development Costs, and Other assets.

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. *Advances from Shareholders and Affiliate*

Shareholders and affiliate 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.

Advances from shareholders and affiliate as at September 30, 2012 and December 31, 2011 are as follows:

	Relationship	September 30, 2012	December 31, 2011
Mindanao Gold	Shareholder	P 695,725,658	P 680,837,984
Teresa	Entity under common control	-	482,842,673
ASVI	Ultimate Parent	51,186,326	62,349,865
Mapula	Shareholder	164,061,361	12,701,610
Total		P 910,973,345	P1,238,732,132

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. Equity

Share capital is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as share premium.

Deficit represents the accumulated losses as of balance sheet date.

Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's BOD. No dividend was declared and paid for the interim period ended September 30, 2012.

Loss Per Share

Basic. Basic loss per share is calculated by dividing the net loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares.

Diluted. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential dilutive common shares during the period. The Company has no potential dilutive common shares.

8. Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition policies are adopted by the Company:

Sale of Gold and Silver. Income from the sale of gold and silver is recognized upon delivery based on initial assay results and spot market rate of metals as published on the London gold/silver AM or PM fixing net. Revenue is subsequently adjusted to reflect any difference between determined volume of buyer and existing spot market rate at settlement date, which does not exceed 30 days from the time of delivery based on covering agreement with buyer. Proceeds from the sale of gold and silver during development phase are deducted from deferred exploration and development costs and are charged to operations upon start of commercial production.

No significant fluctuations due to seasonality or cyclicality is expected between periods reported.

Interest and Other Income. Interest income is recognized on a time-proportion basis using the effective interest method. Other income is recognized when earned.

9. Costs and expenses

Costs and expenses, including other expenses, are charged to operations when incurred. Interest expense is recognized on a time-proportion basis using the effective interest method. Expenses incurred for exploration of prospective mining areas are capitalized as part of deferred exploration and development costs.

10. *Leases*

The determination whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating Lease. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the profit or loss on a straight-line basis over the lease terms.

11. *Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

The Company recognizes the estimated costs of mine rehabilitation, which includes among others, decommissioning, restoration and reforestation of the areas disturbed during development stage and commercial operations, maintenance and monitoring and employee and other social costs, including residual care, if necessary, over a ten (10) year period. The provision is discounted where material and the unwinding of the discount is recognized as accretion and included as part of interest expense. At the time of establishing the provision, the corresponding asset is capitalized when it gives rise to a future benefit and depreciated/depleted over future production from the mine to which it relates. Estimated costs attributed to decommissioning/dismantling and restoration/reforestation are capitalized as part of property, plant and equipment and mine and mining properties, respectively. No significant changes in contingent assets and liabilities as of interim period ended September 30, 2012.

12. *Retirement Expense*

The Company maintains a funded non-contributory defined benefit retirement plan. A defined benefit retirement plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of credited service, and compensation.

The retirement liability is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), the Company measures the resulting asset at the lower of (a) such amount determined, and (b) the total of any cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available to the Company in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated at least once every two years by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past service costs are recognized immediately in profit or loss, unless the changes to the retirement plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

13. *Foreign Currency Transactions and Translation*

Transactions in foreign currencies are initially recorded in the functional currency exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency closing exchange rate prevailing at the balance sheet date. All differences are taken to the profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

14. *Segment Reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. Management looks at the Company as one business segment operating in one geographical area.

15. *Contingencies*

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

16. Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial period are discussed below:

Estimation of Allowance for Doubtful Accounts.
If the Company assessed that there is objective evidence that an impairment loss has been incurred in the receivables account, the Company estimates the related allowance for doubtful accounts that are specifically identified as doubtful of collection. The level of allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. In these cases, the Company uses judgment based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's credit status based on third party credit reports and known market factors, to record specific reserves for customers against amounts due in order to reduce the receivables to amounts that the Company expects to collect. These specific reserves are re-evaluated and adjusted as additional information received affect the amounts estimated.

The Company has only one customer as of September 30, 2012, December 31, 2011 and 2010. The allowance for doubtful accounts shown in Aging of Accounts Receivable represents the amounts estimated to be uncollectible from advances to officers and employees.

Realizability of Inventories.

The Company reviews the realizability of its inventories based on expected market demands, future technological developments, and changes in selling price. The Company writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Inventory items identified to be obsolete and unusable are also written off and charged as expense for the period. The lower of cost and net realizable value of inventories is reviewed on an annual basis to reflect the accurate valuation in the financial records. The Company maintained as of September 30, 2012 a provision for inventory loss it recognized in December 31, 2011 amounting to ₱15.17 million. No provision for inventory losses and obsolescence was recognized in 2010 and 2009.

Realizability of Input VAT.
The Company assesses the realizability of input taxes based on the Company's ability to utilize the input taxes. A review to determine the realizability of the asset is made by the Company on a continuing basis year on year. No change in estimate was made at interim period ended September 30, 2012.

Estimation of Fair Value, Useful Lives and Residual Values of Property, Plant and Equipment.
The Company estimates the fair value, useful lives and residual values of property, plant and equipment based on the results of assessment of independent appraisers. Fair value and estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. Management does not expect carrying amounts of property, plant and equipment as of September 30, 2012, December 31, 2011 and 2010 to materially vary in the succeeding year as the most recent revaluation adjustment was only recognized the previous year based on appraisal report dated January 25, 2010 covering all property, plant and equipment of the Company.

Remaining property, plant and equipment as of September 30, 2012, December 31, 2011 and 2010 are expected to be realized through continued use under the current mining plan with none identified subject for sale or disposal.

Estimation of Depletion Rate.
Depletion rates used to amortize mine and mining properties are assessed on an annual basis based on the results of latest estimate of recoverable reserves, which are subject to future revisions; hence, render any sensitivity as impracticable. The Company estimates its reserves in accordance with local regulatory guidelines provided under the Philippine Mineral Reporting Code and duly verified and reviewed by a competent person. No change in estimate was made during the interim period September 30, 2012.

Estimation of Provision for Mine Rehabilitation Cost.
The Company determined that it has a constructive obligation for mine rehabilitation particularly decommissioning or dismantling its assets at the end of the project and to conduct restoration through reforestation of disturbed area and projected area to be disturbed. The Company recognized a provision relating to estimated costs which is based on several factors including extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. The Company assesses its mine rehabilitation provision annually.

These costs are capitalized in the balance sheet as part of property, plant and equipment and mine and mining properties and the corresponding liability presented under provision for mine rehabilitation cost. The provision at balance sheet date represents management's best estimate of the present value of the future rehabilitation costs required. Such cost estimates are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Management has determined any sensitivity to be impracticable in consideration of the varying timing of planned rehabilitation activities during the mine life;

consequently, actual payout is expected to be made on intermittent periods. No change in estimate was made during the interim period September 30, 2012.

Estimation of Recoverable Reserves.

Recoverable reserves were determined using various factors or parameters such as market price of metals and global economy. These are mineable reserves based on the current market condition. The estimated recoverable reserves are used in the calculation of depreciation, amortization, and testing of impairment, the assessment of life of the mine, stripping ratios and for forecasting the timing of the payment of mine rehabilitation costs. As of September 30, 2012, December 31, 2011 and 2010, the mine is expected to last until 2030.

Estimation of Retirement Benefits.
The determination of the Company's retirement obligation and employee benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates and salary increase rates. Actuarial gains and losses comprised of experience adjustments and changes in actuarial assumptions are appropriately considered in determining both present value of retirement obligation and fair value of plan assets. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of the retirement benefit obligation estimated at the balance sheet date may differ significantly from the amount reported. No adjustment was made for the interim period September 30 as the next actuarial analysis will be done at year end.

Impairment of Nonfinancial Assets Including Deferred Exploration and Development Costs, Property, Plant and Equipment, and Mine and Mining Properties.
The Company evaluates whether deferred exploration and development costs, property and equipment, and mine and mining properties have suffered any impairment either annually or when circumstances indicate that related carrying amounts are no longer recoverable. The recoverable amounts of these assets have been determined based on either value in use or fair value, if said information is readily available.

Estimation of value in use requires the use of estimates on cost projections, gold and silver prices, foreign exchange rates and mineral reserves, which are determined based on approved mine plan, fluctuations in the market and assessment of either internal or third party geologists, who abide by certain methodologies that are generally accepted within the industry. Fair value is based on the results of assessment done by independent appraisers engaged by the Company. The approach utilizes prices recently paid for similar assets with adjustments made to the indicated market price to reflect condition and utility of the appraised assets relative to the market comparable.

In 2009, based on fair values indicated in the appraisal report dated January 25, 2010, the Company recorded impairment loss on property, plant and equipment amounting to
₱162.67 million as presented in the statement of comprehensive income. The Company did not recognize any provision against deferred exploration and development costs and mine and mining properties since calculated value in use based on the April 15, 2010 competent person's report still exceed the related asset carrying amounts as of June 30, 2012 and September 30, 2011.

Determination of Fair Value of Financial Assets and Liabilities.
PFRS requires that certain financial instruments (including derivative instruments) be carried at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the

timing and amount of changes in fair value would differ using a different valuation methodology. Any change in the assumptions that could have an effect on the fair values of financial instruments (including derivative instruments) would directly affect the statement of comprehensive income and statement of changes in equity.

17. *Events after the Reporting Period*

Post period-end events that provide additional information about the Company's financial position at the balance sheet date (adjusting events) are reflected in the financial statements. Post period-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

18. Cash Flow analyses

Net cash used by operating activities for the period amounted to ₱793.6 compared to the same period last year of ₱295.8 million. The increase during the period is primarily due to higher sales and collection of receivable and corresponding increase in accounts payable and accrued expenses resulting from increased credit purchases.

Net cash used in investing activities for the period, comprising of additions to property, plant and equipment, non-current assets and exploration expenditures, was ₱1,215.1 million as compared to the net amount during the same period last year of ₱438.3million. The increase was largely attributable to the significant amount invested in deferred exploration and development costs of ₱313.9 million and additions to property of ₱998.6 million.

Net cash generated from financing activities for the period amounted to ₱801.7 million. Payments were made to related parties for advances made in the form of capital and operating expenditures. Net cash provided by financing activity during the same period last year amounted to ₱146.7 million.

19. Financial Risk Management Objectives and Policies

Capital Risk Management Policy
The Company's objectives when managing capital is to safeguard its ability to continue as a going concern in order to continuously provide funding for daily operations and comply with capital restrictions and requirements as imposed by regulatory bodies including limitations on ownership over the Company's different types of shares, requisites for actual listing and trading of additional shares, if any, and required minimum debt to base equity ratio in order for the Company to continuously benefit from tax and other incentives provided by its registration with BOI. Base equity ratio represents amount contributed or advanced to the Company. Moreover, the Company continually aims to protect the investing public through transparency and implementation of adequate measures in order to address reported deficiency. Capital pertains to equity excluding reserve from revaluation of property, plant and equipment and advances from shareholders.

As of September 30, 2012 and December 31, 2011 and 2010, the Company is deemed compliant with the required base equity ratio in the absence of any outstanding debts obtained from third parties such as banks and other financial institutions. Accordingly, the Company is not subject to capital requirements or restrictions arising from debt covenants.

General Risk Management Policy
The Company's activities expose it to a variety of financial risks: market risk (including price risk and currency risk), credit risk, and liquidity risk. The Company has no formal risk management program that focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance;

however, the Company complies with written policies as authorized by the BOD and aligned with risk management program as carried out by Mindanao Gold, who is responsible for the review of risk exposures and implementing risk reduction strategies for its entities. Accordingly, the Company's risk management program will cover specific areas such as foreign exchange and interest rate risks in line with management's strategies of addressing fluctuations of foreign exchange rates and identifying alternative sources of funding that will yield minimum charges to the Company.

Market risk

Price Risk. The Company is not exposed to significant price risk due to the absence of material equity investments classified as either AFS investments or at FVPL wherein changes to fair value are directly recognized through equity and operations, respectively. The associated commodity price risk on future cash flows arising from probable change in market spot rates of gold and silver upon delivery (or at initial recognition of revenue) and final settlement dates is determined to be low as the time difference between the two dates does not extend more than 30 days; average monthly fluctuation of market spot rates of gold and silver have been observed to not exceed 5% in period ended September 30, 2012 and year-ended December 31, 2011; and average monthly trade receivable has been determined to be nominal. Moreover, the Company has no other financial assets or liabilities whose realization or settlement is based on future spot price.

Currency Risk. The Company is exposed to currency risk arising from the effect of fluctuations in foreign currency exchange rates mainly on its foreign currency-denominated assets and liabilities. Foreign currency exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Management has initially assessed impact of fluctuations in the exchange rate to future profits to be minimal as payment of advances will be sourced from results of commercial operations mainly through sales proceeds, which are denominated in the same foreign currency.

	September 30, 2012		2011	
	U.S. Dollar	Php[1]	U.S. Dollar	Php[1]
Financial Assets				
Cash	$1,290,773	₱ 54,057,573	$116,698	₱5,116,040
Trade receivables	2,844,166	119,113,672	7,501,444	328,863,305
	4,134,939	173,171,245	7,618,142	333,979,345
Financial Liabilities				
Trade and other payables	–	–	–	–
Advances from shareholders and affiliate	(21,751,990)	(910,973,346)	(16,734,473)	(733,639,296)
	(21,751,990)	(910,973,346)	(16,734,473)	(733,639,296)
Net exposure	($17,617,051)	(₱737,802,101)	($9,116,331)	(₱399,659,951)

[1] *The exchange rate used wasP41.88 to US$1.00 in September 30, 2012 and ₱43.84 to US$1.00 in 2011.*

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant, of the Company's loss before income tax. There is no other impact on the Company's equity other than those already affecting net income.

September 30, 2012		2011	
Increase (Decrease) in Exchange Rate of ₱ to $	**Effect on loss before income tax**	Increase (Decrease) in Exchange Rate of ₱ to $	Effect on loss before income tax
4.47%	**(₱32,979,754)**	**2.63%**	**(₱10,511,057)**
(4.47%)	**32,979,754**	**(2.63%)**	**10,511,057**

PART 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	**RODOLFO G. BRAVO**
President	VP-CFO/Treasurer

Date: November 14, 2012