APEX MINING CO., INC.

19 November 2013

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, 2013.

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, 2013

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

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

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

Industry Classification Code : (SEC Use Only)

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

Postal Code: 1605

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding or amount of Debt Outstanding
Common	1,868,639,664

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

Yes [x] No [ ] Phil. Stock Exchange - listed 1,589,240, 587 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 September 30, 2013.

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

Geology and Exploration

This quarter, exploration in MPSA 225 was focused on drilling the current near mine-extensions of epithermal veins. Underground diamond drilling was being done operating two (2) DE-140 rigs, and one (1) Kempe rig to delineate the vertical extensions of Masara Vein, Bonanza Hangingwall Split Vein, Sandy North Vein, and Don Calixto vein

Below are the holes with available assay results as of end of 3rd quarter 2013.

HOLE ID	FROM	TO	SAMPLE WIDTH (meters)	AU PPM	VEIN
AMA-590-003	4.3	7.3	3.00m	4.842	Bonanza Hangingwall Split
AMA-590-003	8.8	9.7	0.90m	2.264	Bonanza Hangingwall Split
AMA-590-003	12.1	13	0.90m	3.746	Bonanza Hangingwall Split
AMA-590-004	7.07	9.4	2.33m	4.154	Bonanza Hangingwall Split
AMA-590-005	1.1	3.1	2.00m	1.797	Bonanza Hangingwall Split
AMA-590-005	7.27	9.5	2.23m	1.115	Bonanza Hangingwall Split
ASA-590-013	281.3	283.4	2.10m	3.577	Bonanza Hangingwall Split, Masara
ASA-590-021	64.6	65.5	0.90m	8.15	Bonanza Hangingwall Split, Masara
ASA-590-021	171.65	173.3	1.65m	2.459	Bonanza Hangingwall Split, Masara
ASA-590-021	177.4	183.3	5.90m	7.392	Bonanza Hangingwall Split, Masara
ASA-590-021	189.85	193.9	4.05m	1.581	Bonanza Hangingwall Split, Masara
ASA-590-022	107.6	109.2	1.60m	3.448	Bonanza Hangingwall Split, Masara
ASA-590-022	135.15	142.3	7.15m	2.000	Bonanza Hangingwall Split, Masara
ASA-590-023	78.5	80.3	1.80m	3.801	Bonanza Hangingwall Split, Masara
ASA-590-023	225.15	228.6	3.45m	1.823	Bonanza Hangingwall Split, Masara
ASA-590-030	383.9	384.2	0.3m	3.064	Sandy North
DCX-530-001	375.75	376.65	0.9m	9.68	Don Calixto

Mining and Milling Operations

Operations Summary

	PROJECT HIGHLIGHTS 3rd QUARTER 2012						
			YTD	3rd Qtr	JUL	AUG	SEPT
1	**Exploration Diamond Drilling**	Meters	6,840	3,265	949	1,625	692
2	**Mine Operations**						
	Development						
	Ore development	Meters	1,924	1,128	359	319	450
	Waste development	Meters	4,625	1,603	501	481	621
	Production						
	Ore production	Tonnes	256,899	101,686	29,803	34,827	37,056
	Mine Grade	gpt Au	3.77	3.40	3.30	3.50	3.40
	Waste mined	Tonnes	167,816	68,650	21,566	20,857	26,227
	Waste mined Surface Slope Stabilizat	Tonnes	712,506	185,300	86,204	98,903	193
	Total ore + waste mined	Tonnes	1,137,221	355,636	137,573	154,587	63,476
3	**Mill Plant Operations**						
	Ore Milled	Tonnes	208,232	76,207	25,573	25,922	24,712
	Calculated Mill Head-GPT	gpt Au	3.71	3.06	2.98	3.09	3.13
		gpt Ag	23.22	21.81	21.19	24.12	20.04
	Mill Recovery	percent Au	81.91%	78.63%	77.75%	78.49%	79.69%
		percent Ag	69.86%	64%	56.77%	64.12%	72.60%
	Metal Production-Oz	oz Au	18,772	6,080	2,048	2,125	1,907
		oz Ag	105,819	35,609	10,995	12,617	11,997
4	**Operating cost (USD)**						
	Mining Cost (per tonne ore produced)	USD/tonne		37	41	37	33
	Milling Cost (per tonne ore milled)	USD/tonne		33	35	29	36
	Total Cost Per Tonne Mined	USD/tonne		97	128	83	78
	Total Cost Per Tonne Milled	USD/tonne		126	150	112	117
	Total Cost Per Oz Au Produced-all costs	USD/oz Au		2,053	2,068	1,879	2,211
	Total Cost Per Oz Au Produced-direct cos	USD/oz Au		1,925	1,961	1,738	2,075
	Total Cost Per Oz- w/ silver credit	USD/oz (Au+Au eq Ag)		1,371	1,345	1,273	1,495
	USD Per Oz (Metal Prices)	Gold		1,357	1,326	1,404	1,342
		Silver		22	20	24	22
5	**Manpower**						
	Company Regular Employees	Managers		41	39	41	43
		Supervisors		202	202	200	204
		Rank & File		822	826	821	819
		Total		1,065	1,067	1,062	1,066
	Contractors' Employees	Total		652	676	637	644
		Total Reg+Cont		1,717	1,743	1,699	1,710
6	**Safety Incident Statistics**						
		NLTA (FAC)	78	47	9	30	8
		LTA (Non-Fatal)	4	4	2	2	0
		Property Damage	79	29	13	2	14
7	**Power Utilization**	kWatt-hr	28,631,148	10,641,740	3,414,245	3,685,266	3,542,229
		peso/kWhr	4.64	4.62	4.89	4.26	4.73

Mine Operations

The Mine produced a total 101,686 tonnes of gold ores with an average mine grade of 3.4 grams per tonne. Ore extraction was focused on the active vein systems, such as Bonanza, Masara, Bibak veins at Mine East (Maligaya Area) and Sandy & Maria Inez at Mine Others (Malumon). At Mine West, Don Calixto, and Masarita veins are undergoing access decline ramp development as future sources of ore production by the 4th quarter of the year.

Mine waste development recorded a total advance of 1,603 meters composed of 1,390 meters of primary and 213 meters of secondary. Waste development attained 53% of the target this quarter due to the low mine equipment utilization. Mine development on ore (on vein) was advanced with a total of 1,128 meters or 38.35% attained.

Mine Expansion Project's activity for Mine's infrastructures during the 3rd quarter of 2013 has accomplished five (5) major structures to support the long term requirement of the Mine operations..

The Mine constructed, installed and completed the following infrastructures as of the end of the 3rd quarter;

a) Level 545 Barabadan Underground Explosive Magazine,
b) Maligaya Level 545 Underground Maintenance and Repair shop,
c) Level 590 Arkbro Raise for Ventilation Exhaust at the 590 Malumon GAP
d) Level 590 Portal Silt trap and water recovery pond
e) Level 700 Sandy North Vein, Main Access, Portal Collar concreting

The Mine is now maintaining one (1) fleet of heavy equipment (Backhoe –Truck) to continuously implement the clearing of sand and slime along the Malumon creek. This routine clearing operation will be sustained to mitigate risk of material build up along the Malumon creek upper streams. In the past, there was an incident of damming of the creek and sudden in rush of lahar that affected the downstream causing elevated flood line and siltation along Masara lines.

Mill Highlights

For third quarter of 2013, average throughput based on calendar days was 828 TPD, which is the highest ever quarterly throughput since the Mill operated in 2006. Based on operating days, the Mill attained an actual rate of 876 TPD. Throughput was affected by jaw crusher pitman bearing repair on July 21-22, 2013, rod mill shell relining on August 6, 2013 and refurbishment of secondary Symons crusher from August 25-September 4, 2013 wherein operation was by-passed to tertiary crusher. Despite these maintenance shutdowns, the target throughput of 875 TPD was attained. Close monitoring of operations parameters and maintenance inspections enabled to push the tonnage at the level of 900 TPD if the ore is not gougy or sticky.

Mine Ore delivered to the Mill Plant average grade for the quarter was 3.07 gpt Au and 21.81 gpt Ag, which is significantly lower than the previous quarter due to limited production of high grade ore from underground. To cope up with the throughput, ore that was fed to the Mill was blended with low grade ore. Due to the lower grade, overall gold production decreased from 7,508 oz Au of 2nd quarter to 6,080 oz Au in the 3rd quarter despite the higher tonnage.

For the new 3000 TPD plant, construction of new gold room is on-going, jaw crusher is already installed, surge bin steel structure has been erected and some reagent pumps are installed. The new SAG Mill is in transit and will be delivered to Davao early October 2013. Progress was affected by payment delays. Most of the equipment such as thickener mechanism, cyclones, tailings pumps, elution and acid wash columns are ready for shipment but cannot be delivered. Piping, electrical and instrumentation works are also still on hold due to lack of down payment.

Subsequently, on October 21, the Company reported the deferment of the expansion of the plant due to structural changes in the management team and re-assessment of the mine and mill expansion project.

Human Resource/Administration

The following activities spearheaded by the Human Resource took over the quarter:

1. Cascade memo on Vacation Leave without pay, to minimized absenteeism of mine operations group.
2. Strictly imposed disciplinary action for those employees caught stealing company property.
3. Salary Increase of underground operators were granted, based on length of service in the company, length of service in the position, performance and attitude
4. Movement of personnel from rank & file to supervisory position due to resignations and retirement.
5. Hiring of personnel for replacement of vacancies and additional manpower for project employees
6. Review of policies including the code of conduct.

Meanwhile, some employees' welfare activities were also conducted during the quarter:

1. Regular monthly meetings with Employees Representatives were conducted and 1 special Meeting with Sir Benoit which discussed issues and concerns of employees in their different work areas.
2. Organized a Mine Tour with Employees Representatives and observations were brought during the CSHC meeting
3. A Referendum was conducted regarding the extension of term of office of Employees Representatives. This was brought because of their active involvement in the proposed formation of Labor Management Council (LMC).
4. Thanksgiving Offering or Cañao was performed at the 4 portals – Don Fernando, L840, L700, & Barabadan. This was done to ask the protection and guidance of the "super natural powers" within the mine site areas.
5. Counseling sessions were on-going for employees with Disciplinary Actions and those with prolonged absences.
6. Home visitations were conducted to employees with prolonged leave of absences and had filed SSS sick leave
7. Hospital visits were conducted to employees who were confined due to work connected cases.

On the other hand, the Training Department continued with the following major training interventions for the Mine, Mill and Support groups.

1. Refresher courses and actual coaching for at least 100 Underground equipment operators (LHD, LPT, Jumbo, Simba, Rock Bolt)
2. Refresher courses and actual coaching for miners and miner-helpers
3. Assessment for light vehicle drivers
4. Effective Performance Coaching seminar-workshop for Mill supervisors and managers
5. Monthly seminars and workshops for at least 120 Mill operators and staff
6. Learning sessions for the Support groups (i.e. Legal for Non-legal Professionals, Mining for Non-miners, HR for Non-HR practitioners)
7. Basic First Aid and BPLS Training for 40 participants (1st batch)

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-2013 the following environmental activities were implemented with the corresponding cost as follows:

Activity	Actual Expenditure
Reforestation and Forest Protection	364,763.26
Domestic Waste Management	229,761.64
Construction and maintenance	10,500,504.20
Monitoring ,workshop and water sampling	645,051.50
Air quality	48,000.00
Total	**11,788,080.60**

The following environmental activities were likewise conducted during the quarter:

Land Resources

Reforestation / Forest Rehabilitation

Forest Nursery Operations

a. A total of 60,453 assorted seedlings were produced for this quarter.
b. There are 221,648 assorted seedlings stocked at the mangrove and central nurseries.
c. Continuous used of recyclable materials such as styro cup, pet bottles and tetra pack as potting materials.

SALT Demonstration Farm

a. Sustained the maintenance and protection of the Demonstration Farm.

Tree Planting / Reforestation

a. The company's forestry section were conducting tree planting, protection and maintenance to enhance the disturbed areas, also planting of assorted shrubs / grasses. Enrichment planting in low density areas was also conducted. For this quarter a total of 3,150 seedlings were planted with an area of 5.31 has..

   On the other hand, a Tree planting and River clean-up was also conducted by the company and Brgy. Teresa Officials/constituents in celebration of National Clean-up month last September 20, 2013 on the adopted water body at Buenatigbao creek situated at barangay Teresa, Maco.

   Protection and maintenance of our planted seedlings was also conducted. A total of 10,772 seedlings were protected and maintained with an area of 16.82 has.

b. Donated seedlings to LGU's, DENR, Civil Organization, and different Brgy. Council, schools and private individuals for National Greening Program. There were 2,700 assorted seedlings were disposed to different agencies with an approximate area of 5.40 has.
c. Sustained the tree planting maintenance and protection of the adopted mangrove project at Pantukan and Bucana, Maco, Compostela Valley.
d. Establishment of clonal garden for rubber Demo-farm and African tulip cuttings at Central nursery

Surface Maintenance

a. De-ilting at Header dam, Malumon creek, Masarita creek, Bibak creek, Bunlang creek.
b. Road maintenance within mine site.
c. Continued maintenance of drainage canals.
d. Conducted geohazard inspection of the area to evaluate the conditions.

Solid Waste Management

Sanitation and Domestics Waste / Scraps Management.

Maintained the collection and hauling of domestic waste from the minesite and four (4) host barangays and dumped to the company's Residual Containment Area (RCA).

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

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.

Water Resources

Tailings Pond Operations and Maintenance

a. Conducted regular de-silting at the inlet of Lumanggang creek diversion pipe.
b. Conducted maintenance of siphoning pipe at the tailings dam.
c. Conducted maintenance of tailings pipe lines through patching of leaking pipes and replaced the worn out pipes.
d. Conducted maintenance of drainage canal along the tailings pond.
e. On-going construction of Phase 2E Dam raise elevation 645m.

Monitoring of effluent and piezometer

The company sustained the monitoring of effluents from the different established sampling station points. During the 3rd quarter, the company successfully implemented and ensured that the DENR Standards are met. Piezometer monitoring was also continuously conducted at the tailings pond for information and reference. All safety measured and maintenance works were undertaken to ensure the smooth operations of tailings conveyance to disposal area.

Monitoring of chemical waste

a. Chemical wastes at Assay Laboratory were disposed properly.
b. Acid and alkali wastes were diluted with water to reduced acidity and alkalinity and treated with sodium hydroxide at the sump box before disposal to sewerage.
c. Cupels and slags were contained in drums and brought to a designated area at the mill suitable for disposal.
d. Analysis of water and effluents samples from the tailings pond was conducted.

Handling of Used / Waste Oil

Maintained the collection and handling of used / waste oil generated from various operations to the oil depository area for proper disposal to buyers who have permit to transport from the Environment Management Bureau – DENR.

All used oil-water separators installed in the different discharge areas were regularly monitored and inspected to ensure no oil spillage that will affect the river system.

Noise

No monitoring on sound level conducted. The use of PPE (earmuffs / plugs) was continuously enforced among workers assigned in areas where noise level is not tolerable.

Air Quality

Underground

Maintained and sustained the operations of the ventilations system at the underground to ensure the production / generations of good quality of air in the working areas.

The use of respirators was also enforced among workers assigned in the different areas.

Surface

Source Emission Monitoring was conducted by EMB-DENR accredited Environmental Service provider on the three (3) units Generator sets located within the mine site. Emission test results are within the DENR standard limit.

Mill Plant

The used of PPE (Dust mask/respirators) was continuously enforced among workers assigned in the area.

Community Relations

Apex Mining Co., Inc. is constantly working hand in hand with the people and for the people in its nearby communities, in accordance to the Annual Social Development and Management Program (SDMP) of the company.

For the Third Quarter of 2013 (July to September), the accomplishments are as follows:

Assistance under MEDICAL & HEALTH PROGRAM, incurred a total of *P 252,798.19;* which includes free medical assistance to the community patients through the Company Clinic, support to the Medical Civic Action Program of 2nd Field Artillery Batallion of the Philippine Army, Family Health Fair in the Municipality of Maco, and donation of wheel chair to the tribal chieftain of Mainit – Bea Emeliana Icalina. Also, emergency request for ambulance to ferry patients with serious cases from Apex to their preferred hospital in Tagum City was responded.

For the SOCIAL DEVELOPMENT AND RESPONSIVE EDUCATION, *P 708,692.50* was contributed to the following: Four Year Course Scholarship granted to 23 students, 9 students under Two-Year Course Scholarship, Alternative Learning System Program (ALS), turn-over of 14 computer sets to high schools, teachers' honorarium, constant support to community activities and provision of students' transportation.

Moreover, for SUSTAINABLE LIVELIHOOD PROGRAM, P 205,720.00 was provided for the Cacao Production training, including the Farmer Field School (FFS) in partnership with ACDI-VOCA, Philippine

BizCamp Entrepreneurship Training in Gubatan and Bamboo bench-marking with the Department of Trade and Industry held in Cagayan de Oro.

Mining potentials were promoted by reaching out to 12 students for a Mining-Related Course Scholarship Program (with a grant of P20,000.00 per scholar), who are now taking up the following courses: BS Mining Engineering, BS Metallurgical Engineering, BS Geology, BS Chemical Engineering and BS Geodetic Engineering.

There is also the support to the Advocacy on Responsible Mining (ARM) Project, by participating in exhibits and trade fairs organized by the project. Apex also participated in the Mindanao Mining Summit held in Davao City, as Silver Sponsor and Gold Sponsor for the conference of the Society of Metallurgical Engineers in the Philippines.

A total of P359,100.00, was incurred under this program.

Broadcast Media Information System was realized through the support of the company to the initiated project of the Mines and Geosciences Bureau on a video production entitled “What is responsible mining”. Also, symposia activities region-wide on environmental awareness campaign were conducted.

In addition, on top of SDMP are the continuing initiatives of the company such as scholarship grants to deserving high school students, from generous Apex employees, and monthly rice donations to the Home for the Aged and quarterly rice donations to the orphanage in Tagum City.

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.

	PROJECT HIGHLIGHTS 3rd QUARTER 2013				
			JULY	AUGUST	SEPTEMBER
	Safety Incident Statistics				
		NLTA (FAC)	9	30	8
		LTA (Non-Fatal)	2	2	0
		Property Damage	13	2	14

The department undertook a range of initiative in the 3rd quarter of 2013 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's both from surface and underground working areas
- Conducted Safety orientation to visitors and newly hired Apex Employees
- Daily Monitoring and inspection at the 3000 tpd project
- Conducted Geohazard and Risk Monitoring at the Tailings Pipeline area and at the slope at the back of the Admin Building
- Conducted Spot Monitoring of Temperature and Humidity at UG areas (Humidex)
- Revised and Issued Safety Policies and Memorandum
- Conducted an investigation to an accident/incident incurred for the period and provide recommendations.
- Prepared and Installed safety signages at mine site roads and all working areas.
- Conducted first aid training refresher course.
- Conducted risk assessment on the proposed underground projects:
    - Utilization of handheld radio in underground
    - Underground explosives magazine
    - Underground servicing shops
- Conducted monthly inspection of fire hydrants installed at Mill and admin areas
- Secured construction permit at MGB-XI for the proposed underground projects.
- Attended MDRRMC at Municipality of Maco.
- Conducted inspection to all new equipment / vehicle used in the mine areas.
- Monitored and Follow-up action taken to all MGB-XI negatives findings' recommended action plans.
- Monitored the compliance of MGB-XI and company safety rules.
- Prepared and submitted monthly (GAR) report to MGB-XI and DOLE.
- Reported all inspection report especially unsafe acts/practices to concern managers.
- Conducted first aid refresher training to mine operation employees and ERT members.
- Conducted driver and operators reassessment.
- Conducted training on jumbo drilling safety operation

<u>Health Awareness Programs</u>

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

- Nutrition Month, Conduct lectures presentations regarding proper nutrition
- Conducted Survey and Identification of malnourished children of 4 impact barangays and dependents.
- Conduct close identification and monitoring progress of malnourished children.
- On-going Apex Vaccination Program (Influenza "Flu", Pneumonia vaccines) to employees and dependents.
- Close follow-up on the status of employees diagnosed with Diabetes, Hypercholesterolemia, Hypertension, Heart Diseases and PTB.
- 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.
- Lifestyle diseases monitoring, conduct lectures regarding hypertension, diabetes, hypercholesterolemia, obesity.
- Prepare employees medical records and their laboratory examinations to undertake for the coming Annual PE.
- Conducted departmental cascading on memo of Annual Physical Examination to all employees.
- Participated Mill Operations tour together with the company physician and nurse to identify and follow-up occupational health hazard.

- Conduct ANNUAL PHYSICAL AND DENTAL EXAMINATION including Hearing test to all regular employees.
- Attended Family Health Fair at Compostela Valley, Sponsored by the PHO (Provincial Health Office) of Comval Province.
- Continued monitoring and giving of multivitamins to identified malnourished children.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached Unaudited Financial Statements for the period September 30, 2013.

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

Statement of Comprehensive Income

Sales

The Company's sales in the third quarter ended September 30, 2013 and 2012 amounted to ₱389 million and ₱510 million, respectively, a decline in sales of 24% or ₱121 million, bringing the sales for the nine months ended September 30, 2013 to ₱1,247 million compared to the same period in 2012 of ₱1,344 million, a decrease of ₱97 million in the comparative nine-month period.

Information on the realized price and volume shipped of gold for the third quarter and the nine-month period ended September 30, 2013 and 2012 are as follows:

	Third Quarter			Nine-Month Period		
	2013	2012	Change	**2013**	2012	Change
Volume in ounces (oz)	**6,203**	6,661	(7%)	**19,298**	17,746	9%
Realized price/oz	**$1,313**	$1,646	(20%)	**$1,449**	$1,631	(11%)

Information on the realized price and volume shipped of silver for the third quarter and the nine-month period ended September 30, 2013 and 2012 are as follows:

	Third Quarter			Nine-Month Period		
	2013	2012	Change	**2013**	2012	Change
Volume in oz	**35,417**	34,547	4%	**103,638**	83,437	24%
Realized price/oz	**$21**	$34	(38%)	**$24**	$32	(20%)

The weighted average foreign exchange rate of US$1.0 to PHP used for the third quarter ended September 30, 2013 and 2012 was at ₱43.75 and ₱41.98, respectively, and for the nine-month period ended September 30, 2013 and 2012 at ₱40.98 and ₱42.50, respectively.

An analysis of the sales variance, which comprises of volume, price and exchange rate variances, between the comparative third quarter and nine-month period ended September 30, 2013 and 2012 of the Company are as follows:

Third Quarter 2013 and 2012	Nine-Month Period 2013 and 2012

Variances	Gold	Silver	Total	Gold	Silver	Total
Volume	(₱31,676,576)	₱1,281,921	(₱30,394,655)	₱107,531,774	₱27,717,117	₱135,248,891
Price	(86,814,830)	(20,499,155)	(107,313,986)	(149,203,781)	(37,175,449)	(186,379,229)
Exchange rate	15,735,454	1,355,004	17,090,458	(42,568,900)	(3,762,486)	(46,331,386)
Sales	(₱102,755,952)	(₱17,862,231)	(₱120,618,182)	(₱84,240,907)	(₱13,220,817)	(₱97,461,724)

The sales for the third quarter were affected by the decrease in the volume of gold shipped and the decline in market prices in 2013 as compared to the volume and market prices in the same period in 2012. The decrease in volume was a direct result of the lower grade and recovery percentages during the third quarter in 2013 as compared to 2012 as the ore being fed to the mill were highly oxidized with high copper content. These negative volume and price variances were slightly lifted by the depreciation of the Peso (PHP) against the United States Dollars (USD) in the third quarter of 2013 compared to the same period in 2012.

Year-to-date sales variance can be broken down into an increase in volume shipped for the nine-month period ended September 30, 2013 compared to the same period in 2012, but was dragged down by the decline in the average realized metal prices and the appreciation of the PHP in the comparative nine-month periods.

Cost of Sales

Cost of sales incurred in the third quarter ended September 30, 2013 and 2012 amounted to ₱495 million and ₱360 million, respectively, bringing the cost of sales for the nine months ended September 30, 2013 and 2012 to ₱1,091 million and ₱900 million, respectively. A breakdown of the main components of cost of sales for the third quarter is as follows:

- Mining and milling costs grew by ₱97 million or 66% as a result of the increase in the following factors, among others:
    - Ore mined totaled 101,686 tons and 25,234 tons of ore in the third quarter of 2013 and 2012, respectively, or an improvement of 303%;
    - Ore milled tallied 76,207 tons and 63,336 tons in the third quarter of 2013 and 2012, respectively, an increase of 12,871 tons or 20%; and
    - Consumption of major mill consumables, specifically sodium cyanide, rose by 50% per unit of measure. Sodium cyanide used per ton milled climbed to 2.9 kilograms (kgs)/ton in the third quarter of 2013 from 1.9 kgs/ton in the same period in 2012.

- The acquisition of a new fleet of heavy equipment and completion of various construction works in 2013 on the core house building, refuge chamber inside the mine, and container vans, as well as the increase in ore mined, contributed to the increase of ₱25 million or 25% in the depreciation, depletion and amortization expense in the third quarter of 2013 compared to the same period in 2012.

- Personnel cost dropped by ₱5 million or 12% as the third quarter of 2012 bonus scheme provided for a monthly assessment and payout of the performance bonus, while the new bonus scheme in the third quarter of 2013 called for a quarterly assessment and payout of the performance bonus of non-managerial employees, and annually for middle to top managers.

- Rent surged by ₱24 million or 250% as a direct result of gradual addition of equipment rented out from a supplier from four units in 2012 to 10 units in 2013. Another reason for the increase in rent is due to the Company's decision to reduce its exploration and development activities in the third quarter of 2013 and focus utilization of its rented out equipment to expensed out operational activities.

General and Administrative Expense
General and administrative expenses incurred for the third quarter ended September 30, 2013 and 2012 amounted to ₱124 million and ₱146 million, respectively, bringing the general and administrative expenses for the nine months ended September 30, 2013 and 2012 to ₱406 million and ₱389 million, respectively. Details of the significant elements of general and administrative expenses are shown below.

- Depreciation and amortization decreased by ₱8 million or 45% due to items being written off in the first half of 2013 or were sold in the third quarter of 2013. There were also items that were already fully depreciated in the first half of 2013, but were still being depreciated in the third quarter of 2012.

- The decline in personnel cost in the third quarter of 2013 as compared to the same period in 2012 was due to the difference in the structure of the bonus schemes during both periods (refer to Personnel Cost explanation under Cost of Sales).

- Contracted services fell ₱8 million or 63% in the third quarter of 2013 compared to the same period in 2012. The drop in cost was brought about by the shift in activity focus from general services in the third quarter of 2012 to exploration and development in the third quarter of 2013.

- Excise taxes, royalties and surface rights, which are a percentage of sales, dipped by ₱4 million or 22% in the third quarter of 2013 as compared to the same period in 2012 as a result of the decrease in sales.

Other Income (Charges)
The breakdown of the main components of other income (charges) in the third quarter of 2013 and 2012 amounting to ₱38 million in other charges and ₱4 million in other income, respectively, is presented below. Other income (charges) for the nine months ended September 30, 2013 and 2012 amounted to ₱101 million other charges and ₱31 million other income, respectively.

- The Company recognized ₱1.4 million in net foreign exchange losses in the third quarter of 2013 compared to a ₱1.4 million net foreign exchange gains in the same period in 2012. For the nine months ended September 30, 2013 and 2012, the Company recognized ₱59 million net foreign exchange losses and ₱30 million net foreign exchange gains, respectively. The amount is a combination of transaction and translation adjustments to foreign currency-denominated financial assets and liabilities. The Company is in a net foreign currency-denominated financial liability position as of September 30, 2013 and 2012.

  The closing exchange rate of $1.0 to PHP as of June 30, 2013 and September 30, 2013 was ₱43.30 and ₱43.31, respectively; as of June 30, 2012 and September 30, 2012 was ₱42.28 and ₱41.88, respectively; and as of December 31, 2012 and 2011 at ₱41.19 and ₱43.93, respectively. The slight weakening of the PHP against the USD in the third quarter of 2013 and its strengthening as of the same period in 2012 resulted in a recognition of unrealized foreign exchange losses and gains, respectively, due to the translation of the Company's net foreign currency-denominated financial liabilities.

- In 2013, the Company entered into finance lease agreements for the purchase of a new fleet of heavy equipment and transportation vehicles, and loan facilities with banks. These transactions resulted in a recognition of interest expense charges totaling ₱33 million in the third quarter of 2013. These arrangements were not yet entered into by the Company in 2012.

- Loss on write off of input value-added tax (VAT) arose from the input taxes disallowed by the regulators to be converted to tax credit.

Other Comprehensive Income

There are no items of other comprehensive income or loss in the third quarter and nine-month periods ended September 30, 2013 and 2012.

<u>Statement of Financial Position</u>

Current Assets

Total current assets increased by ₱197 million or 14% from ₱1,434 million as of December 31, 2012 to ₱1,631 million as of September 30, 2013 primarily due to the following:

- The Company was able to generate positive cash flows from operating and financing activities during the nine months ended September 30, 2013 amounting to ₱745 million and ₱656 million, respectively, which resulted in an increase in cash balance by ₱277 million compared to the cash balance as of December 31, 2012. However, mill expansion project and continuous exploration and development activities required the Company to disburse ₱1,124 million for its investing activities for the purchase of property and equipment and for the funding requirements of its exploration and development activities.

- Receivables shed ₱121 million mainly because of the collection of trade receivables.

- Prepayments and other current assets added ₱55 million mainly as a result of an increase in deferred input tax asset from importations of materials and equipment used or to be used in the mill expansion project.

Noncurrent Assets

Total noncurrent assets grew by ₱990 million or 38% from ₱2,601 million as of December 31, 2012 to ₱3,591 million as of September 30, 2013 primarily due to the following:

- Property, plant and equipment account increased by ₱722 million from acquisitions made during the nine months ended September 30, 2013 amounting to ₱868 million but was partially set off by depreciation charges amounting to ₱146 million in the nine months ended September 30, 2013.

- Deferred mine exploration and development costs climbed to ₱1,637 million as of September 30, 2013 from ₱966 million as of December 31, 2012 as a result of continuous exploration of new areas of interest, and development of existing areas showing economic feasibility.

- The dip in mine and mining properties of ₱183 million is due to depletion charges in the nine months ended September, 30, 2013.

- Other noncurrent assets went down by ₱21 million as of September 30, 2013 because of amortization charges of the Company's idle and intangible assets. The decline was partially countered by an increase in long term deposits representing security deposits made to a contractor amounting to ₱8 million as of September 30, 2013.

Current Liabilities
Current liabilities rose by 25% from the December 31, 2012 balance of ₱1,475 million to the September 30, 2013 balance of ₱1,846 million. The breakdown of the change in the current liabilities level is detailed below.

- Accounts payable and accrued liabilities grew by ₱598 million as of September 30, 2013 compared to the December 31, 2012 balance due to the increasing level of purchases and service needs of the Company in connection with its exploration and development activities, and mill expansion.

- A revolving credit line with a bank amounting to ₱80 million as of September 30, 2013 was availed of to pay off maturing supplier payables. The credit line will mature, together with the interest, in tranches in the fourth quarter of 2013.

- The Company recognized finance lease obligation from its acquisition of equipment during the year. The lease runs up to mid-2016 with scheduled monthly and quarterly payments.

- Due to related parties dropped to ₱328 million as of September 30, 2013 from ₱837 million as of December 31, 2012. The decrease is a result of the conversion of related party debts to equity, as approved by regulators in the second quarter of 2013.

Noncurrent Liabilities
Noncurrent liabilities increased to ₱798 million as of September 30, 2013 from ₱164 million as of December 31, 2012 mainly due to the availment of a long term loan with a couple of banks maturing one year from the reporting date; and the recognition of the noncurrent portion of the finance lease liability arising from the acquisition of heavy equipment and transportation vehicles.

Equity
Equity improved by 16% or ₱388 million, which is the net impact of the additional capital from shareholders, conversion of debt to equity, and the net loss for the period ended September 30, 2013.

APEX MINING CO., INC.

STATEMENTS OF FINANCIAL POSITION

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
ASSETS		
Current Assets		
Cash	**₱329,855,862**	₱52,923,378
Receivables	**496,434,484**	617,685,238
Inventories	**588,739,997**	598,511,429
Advances to related parties	**29,701,780**	34,738,559
Prepayments and other current assets	**185,909,718**	130,600,582
Total Current Assets	**1,630,641,841**	1,434,459,186
Noncurrent Assets		
Property, plant and equipment	**1,636,884,454**	915,175,677
Deferred exploration and mine development costs	**1,637,468,269**	965,584,744
Mine and mining properties	**479,263,458**	662,204,354
Other noncurrent assets	**44,321,340**	57,861,742
Total Noncurrent Assets	**3,797,937,520**	2,600,826,517
TOTAL ASSETS	**₱5,428,579,362**	₱4,035,285,703
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**₱1,235,854,366**	₱637,499,916
Loans payable	**80,000,000**	–
Current portion of finance lease liability	**201,756,392**	–
Advances from stockholders and related parties	**328,161,497**	837,215,067
Total Current Liabilities	**1,845,772,255**	1,474,714,983
Noncurrent Liabilities		
Loans payable - long term	**339,450,000**	–
Noncurrent portion of finance lease liability	**292,611,429**	–
Accrued retirement benefits	**45,702,050**	43,919,929
Provision for mine rehabilitation and decommissioning	**82,790,453**	82,790,453
Deferred income tax liabilities	**37,769,623**	37,769,623
Total Noncurrent Liabilities	**798,323,555**	164,480,005
Total Liabilities	**2,644,095,810**	1,639,194,988
Equity		
Capital stock	**1,868,639,664**	1,664,565,290
Additional paid-in capital	**3,098,234,838**	2,561,661,966
Revaluation surplus on property, plant and equipment	**55,751,783**	55,751,783
Deficit	**(2,238,142,733)**	(1,885,888,324)
Total Equity	**2,784,483,552**	2,396,090,715
TOTAL LIABILITIES AND EQUITY	**₱5,428,579,362**	₱4,035,285,703

APEX MINING CO., INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE AND THREE-MONTH PERIODS ENDED SEPTEMBER 30

	Nine Months Ended		Quarter Ended	
	Sept 30, 2013 (Unaudited)	Sept 30, 2012 (Unaudited)	**Sept 30, 2013 (Unaudited)**	Sept 30, 2012 (Unaudited)
SALES				
Gold	**₱1,145,670,245**	₱1,229,911,152	**₱356,156,294**	₱458,912,246
Silver	**101,260,939**	114,481,756	**33,023,555**	50,885,785
	1,246,931,184	1,344,392,908	**389,179,849**	509,798,031
COST OF SALES				
Mining and milling	**453,066,833**	342,444,290	**243,314,402**	146,581,438
Depreciation, depletion and amortization	**350,881,145**	285,440,544	**124,949,027**	99,724,779
Personnel cost	**85,901,888**	76,521,677	**32,585,256**	37,189,201
Utilities	**82,525,718**	87,395,146	**30,073,448**	30,688,881
Rent	**62,637,753**	46,060,151	**33,621,986**	9,617,413
Others	**56,472,017**	62,636,876	**30,008,353**	36,426,956
	1,091,485,354	900,498,684	**494,552,472**	360,228,668
GROSS PROFIT	**155,445,830**	443,894,224	**(105,372,623)**	149,569,363
GENERAL AND ADMINISTRATIVE EXPENSES				
Personnel cost	**110,142,053**	109,730,311	**38,156,605**	44,658,243
Depreciation and amortization	**52,095,843**	47,846,403	**9,065,156**	16,612,902
Excise taxes and royalties	**37,444,948**	40,185,236	**11,836,659**	14,960,683
Contracted services	**34,458,829**	30,349,582	**4,557,052**	12,380,422
Rent	**30,874,471**	28,235,255	**9,563,629**	9,482,651
Materials and supplies	**26,511,400**	23,861,497	**9,575,339**	9,246,527
Surface rights	**12,469,311**	13,443,930	**3,891,798**	5,097,981
Others	**102,255,376**	95,068,474	**37,166,569**	33,805,122
	406,252,231	388,720,688	**123,812,807**	146,244,531
INCOME (LOSS) FROM OPERATIONS	**(250,806,401)**	55,173,536	**(229,185,430)**	3,332,242
OTHER INCOME (CHARGES)				
Foreign exchange gains (losses) – net	**(59,369,727)**	29,736,964	**(1,357,035)**	3,498,500
Interest expense	**(32,797,476)**	(136,488)	**(32,129,125)**	(62,969)
Loss on write off of PPE and input VAT	**(10,678,757)**	–	**(5,427,414)**	–
Gain on sale of property and equipment	**1,253,109**	–	**1,253,109**	–
Interest income	**144,843**	1,037,910	**6,370**	972,053
	(101,448,008)	30,638,386	**(37,654,095)**	4,407,584
NET INCOME (LOSS) FOR THE PERIOD	**(352,254,409)**	85,811,922	**(266,838,525)**	7,732,416
OTHER COMPREHENSIVE INCOME, NET OF TAX	**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**(₱352,254,409)**	₱85,811,922	**(₱266,839,525)**	₱7,732,416
INCOME (LOSS) FOR THE PERIOD PER SHARE - BASIC AND DILUTED	**(₱0.19)**	₱0.05	**(₱0.14)**	₱0.00

STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2013 AND 2012

	Capital Stock	Additional Paid-in Capital	Revaluation Surplus	Deficit	Total
Balances at December 31, 2011	₱1,390,955,655	₱1,665,701,307	₱80,514,893	(₱1,967,469,314)	₱1,169,702,541
Subscriptions during the period	273,609,635	924,915,126	–	–	1,198,524,761
Transaction cost of stock issuance		(28,954,467)			(28,954,467)
Net income for the period	–	–	–	85,811,922	85,811,922
Other comprehensive income, net of tax	–	–	–	–	–
Total comprehensive income for the period	–	–	–	85,811,922	85,811,922
Balances at September 30, 2012	₱1,664,565,290	₱2,561,661,966	₱80,514,893	(₱1,881,657,392)	₱2,425,084,757
Balances at December 31, 2012	₱1,664,565,290	₱2,561,661,966	₱55,751,783	(₱1,885,888,324)	₱2,396,090,715
Subscriptions during the period	93,870,968	161,881,288	–	–	255,752,256
Debt-to-equity conversion	110,203,406	374,691,584	–	–	484,894,990
Net loss for the period	–	–	–	(352,254,409)	(352,254,409)
Other comprehensive income, net of tax	–	–	–	–	–
Total comprehensive loss for the period	–	–	–	(352,254,409)	(352,254,409)
Balances at September 30, 2013	₱1,868,639,664	₱3,098,234,838	₱55,751,783	(₱2,238,142,733)	₱2,784,483,552

APEX MINING CO., INC.

STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

	2013 (Unaudited)	2012 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	**(₱352,254,409)**	₱85,811,922
Adjustments for:		
Depreciation, depletion and amortization	**410,373,517**	333,286,947
Loss on write off of property, plant and equipment and input VAT	**10,678,758**	–
Movement in accrued retirement benefits	**1,782,120**	1,847,257
Operating income before working capital changes	**70,579,986**	420,946,126
Decrease (increase) in:		
Receivables	**121,250,754**	(158,104,563)
Inventories	**9,771,432**	(182,191,816)
Prepayments and other current assets	**(55,309,136)**	(47,812,510)
Increase in accounts payable and accrued liabilities	**598,354,450**	181,968,768
Net cash flows from operating activities	**744,647,486**	214,806,005
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(465,452,334)**	(782,167,489)
Increase in deferred exploration and mine development costs	**(671,883,525)**	(313,941,673)
Decrease (increase) in other noncurrent assets	**13,540,402**	(5,381,193)
Net cash flows used in investing activities	**(1,123,795,457)**	(1,101,490,355)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from subscriptions to capital stock	**255,752,256**	1,169,570,294
Proceeds from availment of long term loan	**419,450,000**	–
Change in accounts with stockholders and related parties	**(19,121,801)**	131,639,394
Cash from merger with Teresa Crew Gold (Philippines), Inc.	**–**	134,360
Net cash flows from financing activities	**656,080,455**	1,301,344,048
NET INCREASE IN CASH	**276,932,484**	414,659,698
CASH AT BEGINNING OF PERIOD	**52,923,378**	53,550,286
CASH AT END OF PERIOD	**₱329,855,862**	₱468,209,984

APEX MINING CO., INC.

AGING OF ACCOUNTS RECEIVABLES - UNAUDITED
AS OF THE PERIOD ENDED SEPTEMBER 30, 2013

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	₱66,755,358	66,755,358							
Less: Allow. For Doubtful Acct.									
Net Trade Receivable	66,755,358	66,755,358							
b) Non-Trade Receivables									
1) Advances - Temp. Accom.	432,008,996	200,091,677	37,968,179	191,619,270	2,329,870				
Less: Allow. For Doubtful Acct.	(2,329,870)				(2,329,870)				
Net Non-Trade Receivables	429,679,126	200,091,677	37,968,179	191,619,270	–				
Net Receivables (a + b)	**496,434,484**								

2) Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
a.) Accounts Receivable	receivable from customers	7 to15 days
b) Accounts Receivable-Others	cash advance to suppliers and contractors, officers and employees/SSS Claims	Within normal operating cycle

3) Normal Operating Cycle: 1 year

1. Corporate Information

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.

The Company currently operates the Maco Mines in Maco, Compostela Valley.

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 ₱50.00 million and having 200 or more stockholders, each of which holds at least 100 shares of its equity securities.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting and Financial Reporting Policies

<u>Basis of Preparation</u>
The financial statements of the Company have been prepared on a historical cost basis, except for property, plant and equipment, which are carried at revalued amounts. The financial statements are presented in Philippine peso, the Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

<u>Statement of Compliance</u>
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

<u>Summary of Significant Accounting and Financial Reporting Policies</u>
<u>Presentation of Financial Statements</u>
The Company has elected to present all items of recognized income and expense in one single statement of comprehensive income.

<u>Cash</u>
Cash consists of cash on hand and demandable deposits in banks.

<u>Financial Instruments</u>
Date of Recognition
The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date (i.e., the date that an asset is delivered to or by an entity).

Initial Recognition and Measurement of Financial Instruments
All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at fair value through profit or loss (FVPL), the initial measurement of financial instruments includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and loans and borrowings.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Company's financial assets are in the nature of loans and receivables, while its financial liabilities are in the nature of loans and borrowings. The Company has no financial assets and financial liabilities classified as FVPL, HTM and AFS investments as of September 30, 2013 and
December 31, 2012.

Subsequent Measurement
The subsequent measurement of financial instruments depends on their classification as follows:

Loans and Receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading or designated as AFS investments or financial assets at FVPL.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization and losses arising from impairment are recognized in other income (charges) in the statement of comprehensive income.

Loans and receivables are included in current assets if maturity is within twelve (12) months from the end of the reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash, receivables, advances to a related party and long term deposits under other noncurrent assets are classified as loans and receivables.

Loans and Borrowings
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. Loans and borrowings are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognized in other income (charges) in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

Loans and borrowings are classified as current when it is expected to be settled within twelve (12) months after the end of the reporting period if the Company does not have an unconditional right to defer settlement for at least twelve (12) months from the end of the reporting period. Otherwise, these are classified as noncurrent liabilities.

The Company's loans and borrowings include trade and other payables (excluding balances payable to government agencies arising from withholding taxes and payroll deductions), advances from stockholders and related parties, finance lease payable and loans payable.

Impairment of Financial Assets Carried at Amortized Cost
An assessment is made at each reporting period to determine whether there is objective evidence that a specific financial asset may be impaired.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Evidence of impairment may include indications that the borrower is experiencing significant difficulty, default or delinquency in payments, the probability that they will enter bankruptcy, or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal period.

With respect to receivables, the Company maintains a provision for impairment losses of receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this provision is evaluated by management on the basis of factors that affect the collectibility of the accounts. A review of the age and status of receivables, designed to identify accounts to be provided with allowance, is performed regularly. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery. If a future write-off is later recovered, the recovery is recognized in the statement of comprehensive income.

Derecognition of Financial Assets and Liabilities
Financial Assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its rights to receive cash from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of Company’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in the statement of comprehensive income.

<u>Determination of Fair Values of Financial Instruments</u>
The fair value of financial instruments that are actively traded in active markets is determined by reference to quoted market close prices at the close of business on the end of the financial reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar financial instruments for which market observable prices and discounted cash flow analysis or other valuation models exists.

Financial instruments recognized at fair value are measured based on:

- Level 1 - Quoted prices in active markets for an identical asset or liability
- Level 2 - Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

- Level 3 - Those with inputs for asset or liability that are not based on observable market data (unobservable inputs)

When fair values of listed equity and debt securities as well as publicly traded derivatives at the end of the financial reporting period are based on quoted market prices or binding dealer price quotations without any deduction for transaction costs, the instruments are included within
Level 1 of the hierarchy.

For all other financial instruments, fair value is determined using valuation technique. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models and other relevant valuation model. For these financial instruments, inputs into models are market observable and are therefore included within Level 2.

Instruments included in Level 3 include those for which there is currently no active market.

Offsetting of Financial Instruments
Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

Business Combination Accounted for Using the Pooling of Interest Method
Business combinations involving entities or entities under common control with no consideration transferred are accounted for using the pooling of interest method. The entity has a choice of two approaches for its accounting policy which it must consistently apply.

a. Restate the financial information in the financial statements of the receiving entity, the surviving entity in the business combination, for periods prior to the combination under common control, to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements, regardless of the actual date of the combination, with due consideration to the period that the entities commenced being under common control.
b. No restatement of financial information in the financial statements of the receiving entity for periods prior to the combination under common control.

The Company's management elected to apply choice (b) as its policy in accounting for the business combination with TCGPI and would involve the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, that would otherwise be done under the purchase method. The only adjustments that are made are to harmonize accounting policies;
- No new goodwill is recognized as a result of the combination; the only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity; and
- The surviving entity statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Inventories

Inventories, which consist of gold and silver bullion, metal in circuit, ore stockpile, materials and supplies used in the Company's operations, are physically measured or estimated and valued at the lower of cost and net realizable value (NRV). NRV is the estimated future sales price of the product that the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Cost of gold and silver bullion, metal in circuit and ore stockpile are determined using the first-in first-out method while cost of materials and supplies on hand are determined using a moving average.

Any provision for obsolescence is determined by reference to specific items of inventory. A regular review is undertaken to determine the extent of any provision for obsolescence.

Prepayments and Other Current Assets
Prepayments are expenses paid in advance and recorded as asset before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expenses either with the passage of time or through use or consumption.

Input taxes, which represent VAT arising from purchases of goods and services, are carried at cost and included as part of "Prepayment and other current assets" in the statement of financial position. These may either be applied against future output tax liabilities or claimed for tax credit or refund. The Company conducts regular assessment on the recoverability of the account balance depending on how these are to be utilized. The amount of the loss is measured as the difference between the recoverable amount and the carrying amount of the asset. Impairment loss is recognized in the profit or loss as the difference between the asset's carrying amount and estimated recoverable value, and the carrying amount of the asset is reduced through the use of an allowance account.

Property Plant and Equipment
Following initial recognition at cost, property, plant and equipment is carried at revalued amounts, which represent the fair value at date of revaluation less any subsequent accumulated depreciation, depletion and impairment losses, if any.

The initial cost of property, plant and equipment comprises its purchase price or construction cost, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing parts of such property, plant and equipment when that cost is incurred if the recognition criteria are met. All other repairs and maintenance are charged to current operations during the financial period in which they are incurred.

Valuations are performed frequently enough to ensure that the fair value of a revalued property, plant and equipment does not significantly differ from its carrying amount. Any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The increase of the carrying amount of an asset as a result of a revaluation is credited directly to other comprehensive income, unless it reverses a revaluation decrease previously recognized as an expense, in which case it is credited in profit or loss. A revaluation decrease is charged directly against any related revaluation surplus, with any excess being recognized as an expense in the profit or loss.

Deferred income tax is provided on the temporary difference between the carrying amount of the revalued property, plant and equipment and its tax base. Any taxable temporary differences reflects the tax consequences that would follow from the recovery of the carrying amount of the asset through sale (non-depreciable assets) and through use (depreciable assets), using the applicable tax rate.

Each year, the Company transfers from revaluation surplus reserve to retained earnings the amount corresponding to the difference, net of tax, between the depreciation charges calculated based on the revalued amounts and the depreciation charge based on the assets' historical costs.

Construction in-progress is stated at cost, which includes cost of construction equipment and other direct costs less any impairment in value. Construction in-progress is not depreciated nor depleted until such time as the relevant assets are completed and put into operational use.

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 reporting date.

Property, plant and equipment are depreciated or depleted from the moment of the asset's availability for use and after the risks and rewards are transferred to the Company. Depreciation and depletion ceases when the assets are fully depreciated or depleted, or at the earlier of the period that the item is classified as held for sale (or included in the disposal group that is classified as held for sale) in accordance with Philippine Financial Reporting Standards 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the period the item is derecognized.

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.

Deferred Exploration and Mine Development Costs

Deferred Exploration Costs

Expenditures for mine exploration work prior to drilling are charged to the statement of comprehensive income. Deferred exploration costs represent capitalized expenditures related to the acquisition and exploration of mining properties, including acquisition of property rights, are capitalized and stated at cost and are accumulated in respect of each identifiable area of interest, less any impairment in value.

The Company classifies deferred exploration costs as tangible or intangible according to the nature of the asset acquired or cost incurred and applies the classification consistently. Certain deferred exploration costs are treated as intangible (e.g., license and legal fees), whereas others are tangible (e.g., submersible pumps). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset. However, using a tangible asset to develop an intangible asset does not change a tangible asset into an intangible asset.

Capitalized amounts may be written down if future cash flows, including potential sales proceeds related to the property, are projected to be less than the carrying value of the property.

If no mineable ore body is discovered, capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value.

Mine Development Costs
When it has been established that a mineral deposit is commercially mineable, development sanctioned, and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), amounts previously carried under deferred exploration costs are tested for impairment and transferred to mine development costs.

Subsequent expenditures incurred to develop a mine on the property prior to the start of mining operations are stated at cost and are capitalized to the extent that these are directly attributable to an area of interest or those that can be reasonably allocated to an area of interest, which may include costs directly related to bringing assets to the location and condition for intended use and costs incurred, net of any revenue generated during the commissioning period, less any impairment in value. These costs are capitalized until assets are already available for use or when the Company has already achieved commercial levels of production at which time, these costs are moved to mine and mining properties.

Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will be continued.

No depreciation or depletion is charged during the mine exploration or development phase.

Mine and Mining Properties
Upon start of commercial operations, mine development costs are capitalized as part of mine and mining properties and presented as a separate line item in the statement of financial position. These costs are subject to depletion, which is computed using the units-of-production method based on proven and probable reserves. Mine and mining properties include the initial estimate of provision for mine and rehabilitation and decommissioning.

Development costs, including construction in-progress incurred on an already operating mine area, are stated at cost and included as part of mine and mining properties. These pertain to expenditures incurred in sourcing new resources and converting them to reserves, which are not depleted or amortized until such time as these are completed and become available for use.

The carrying value of mine and mining properties transferred from mine development costs represents total expenditures incurred to date on the area of interest, net of gross margin from saleable material recognized during the pre-commercial production period, if any.

Deduction is only appropriate if it can clearly be shown that the production of the saleable material is directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Impairment of Nonfinancial Assets

Property, Plant and Equipment and Other Noncurrent Assets
The Company assesses at each reporting date whether there is an indication that property, plant and equipment and other noncurrent assets may be impaired when events or changes in

circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and if the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amounts. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Deferred Exploration and Mine Development Costs
An impairment review is performed when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined. Deferred exploration and mine development costs are carried forward provided that at least one of the following indicators is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation and development activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Retirement Benefits
The Company has a funded, noncontributory defined benefit retirement plan which is actuarially determined using the projected unit credit actuarial valuation method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Retirement cost comprise of current service cost, interest cost and amortization of actuarial gains and losses less the expected return on plan assets, if any.

The defined benefit obligation is calculated annually by an independent actuary. 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 approximating the terms of the related retirement benefits liability.

<u>Provisions</u>

General

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. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. 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. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense in the statement of comprehensive income.

Provision for Mine Rehabilitation and Decommissioning

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and provision for mine rehabilitation and decommissioning when they occur.

<u>Related Party Relationships</u>

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors, or its stockholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Foreign Currency Translation
Transactions in foreign currencies are initially recorded using the prevailing exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated at the closing exchange rate at the end of the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

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

Subscriptions receivable pertains to the amount owed from investors. Subscriptions receivable is classified as an asset when payment of the full amount is expected to be made in the near term, normally the Company's normal operating cycle. Otherwise, the amount is presented as a deduction from capital stock.

Deficit represents the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Dividends are recognized as a liability and deducted from equity when they are approved by the Board of Directors of the Company. Dividends for the period that are approved after the end of the reporting period are dealt with as an event after the reporting period.

Earnings (Loss) Per Share
Basic
Basic earnings (loss) per share is calculated by dividing the net loss attributable to ordinary stockholders of the Company by the weighted average number of common shares outstanding during the period, excluding common shares purchased by the Company and held as treasury shares.

Diluted
Diluted earnings (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.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Gold and Silver
Revenue is recognized when the risk and reward of ownership has passed from the Company to an external party and the selling price can be determined with reasonable accuracy. Revenue is measured at the fair value of the consideration received.

Costs and expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in statement of comprehensive income in the period these are incurred.

Leases

Determination of Whether an Arrangement Contains a Lease

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the period when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the period of renewal or extension period for scenario (b).

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 statement of comprehensive income on a straight-line basis over the lease terms.

Income Taxes

Deferred Income Tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and unused NOLCO and excess of MCIT over RCIT can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that the future taxable income will allow the deferred tax asset to be recovered.

Deferred income tax assets are measured at the tax rate that is expected to apply to the period when the asset is realized based on tax rate and tax laws that has been enacted or substantively enacted as at the reporting date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

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.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
Post period-end events that provide additional information about the Company's position at the reporting 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.

ART II - OTHER INFORMATION

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

SIGNATURES

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

APEX MINING CO., INC.
Registrant

WALTER W. BROWN
President & CEO

RODOLFO G. BRAVO
VP-Chief Financial Officer