APEX MINING CO., INC.

June 23, 2011

PHILIPPINE STOCK EXCHANGE, INC.
Disclosure Department
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: JANET ENCARNACION
Head – Disclosure Department

Dear Ms Encarnacion:

We are submitting herewith the Definitive Information Statement Report of Apex Mining Co., Inc.

Thank you.

Very truly yours,

ROSANNA A. PARICA
Corporate Information Officer

Head Office: Unit 1704 17th Floor, Prestige Tower Condominium, F. Ortigas Jr. Road, Ortigas Center , Pasig City 1605
Tel. Nos.: 706-2805/706-2806 * Fax No.: 706-2804 Minesite: Maco, Compostela Valley

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

Please be informed that the **Annual Stockholders' Meeting** of **APEX MINING CO., INC**. will be held on July 14, 2011 at 3:00 in the afternoon at the Valle Verde Country Club, Capt. Javier St., Bo. Ugong, Pasig City.

The agenda for the meeting is as follows:

1. Call to order;
2. Certification of notice and quorum;
3. Approval of the Minutes of the Stockholders Meeting held on July 9, 2010;
4. Report of the Chairman of the Board;
5. Approval of the Financial Statements as of December 31, 2010 embodied in the 2010 Annual Report;
6. Approval and Ratification of all actions of the Board of Directors and Management during the previous year;
7. Election of Directors;
8. Appointment of External Auditors;
9. Other matters;
10. Adjournment.

The Board has fixed the close of business hours on June 22, 2011 as the record date for the determination of stockholders entitled to notice of meeting and to vote at the specified election date.

If you cannot personally attend the meeting, you may appoint a proxy to represent you by accomplishing the attached form and returning the same to the Corporate Secretary at the above address before the meeting.

By Order of the Board of Directors

ROSANNA A. PARICA
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [/] Definitive Information Statement

2. Name of Registrant as specified in its charter - **APEX MINING CO., INC**.

3. Country of Incorporation - **Philippines**

4. SEC Identification Number - **40621**

5. BIR Tax Identification Number : **000-284-138**

6. Address of principal office**: Unit 1704 17th Flr. Prestige Tower Cond. F. Ortigas Jr., Road, Ortigas Center, Pasig City**
   Postal Code : **1605**

7. Telephone Number **: +63 2 706-2805** Fax Number : **+63 2 706-2804**

8. Date, time and place of meeting of security holders:

   Date - **14 July 2011**
   Time - **3:00 p.m**.
   Place - **Valle Verde Country Club, Capt. Javier St., Bo. Ugong, Pasig City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders - **04 July 2011**

10. Securities registered pursuant to Sections 8 & 12 of the Code

Title of Each Class	Number of Shares
Class A	800,116,953
Class B	515,532,610

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

    Yes [/] No [ ]

All securities in item 10 above are listed in the Philippine Stock Exchange.

INFORMATION REQUIRED IN INFORMATION STATEMENT

Date, Time and Place of Meeting of Security Holders

PART 1

A. **GENERAL INFORMATION**

Item 1. Date, Time and Place of Meeting of the Security Holders

Date	:	14 July 2011
Time	:	3:00 P.M.
Place	:	Valle Verde Country Club, Capt. Javier St., Bo. Ugong, Pasig City
Principal office:		Unit 1704 17th Flr., Prestige Tower Cond., F. Ortigas Jr. Road, Ortigas Center, Pasig City

This information statement shall be first sent or given to the security holders on **23 June 2011.**

WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY

Item 2. Dissenters' Right of Appraisal

There are no corporate actions that will be taken up at the Annual Stockholders' Meeting for which a stockholder may exercise the right of appraisal. In the event that an action will give rise to the right of appraisal, a stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. The procedure outlined in Article X of the Corporation Code of the Philippines shall apply.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) No current director or officer of the Corporation or nominee for election as directors of the Corporation, nor any associate thereof has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

(b) No director has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of May 31, 2011 there are 1,315,649,563 outstanding and voting common shares of stock of the Corporation which are further subdivided into 800,116,953 Class A shares and 515,532,610 Class B shares. Each share of stock is entitled to one vote.

All stockholders of record as of 22 June 2011 are entitled to notice and to vote at the Annual Stockholders' Meeting.

At every meeting of the stockholders of the Corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the Corporation. Provided, however, that in case of the election of directors every stockholder entitled to vote shall be entitled to cumulate his votes in accordance with the provisions of law in such case made and provided.

For purposes of the election of directors, the stockholders have cumulative voting rights as provided by the Corporation Code, and there are no conditions precedent to the exercise thereof.

A stockholder may vote the number of shares standing in his name in the books of the Corporation as fixed in the by-laws , or where the by-laws are silent at the time of election for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

Security Ownership of Certain Record and Beneficial Owners

The beneficial owners of more than 5% of voting shares as of May 31, 2011 are:

Title of Class	Name and address of record owner and relationship with issuer	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	%
A	MAPULA CREEK GOLD CORPORATION 17F Prestige Tower, Ortigas Center, Pasig City PHILIPPINES	Mindanao Gold Ltd. See note 1 below	Filipino	679,864,727	51.68
B	MINDANAO GOLD LTD. Suite 10.3, 10F Rohas Perkasa West Wing 8 Jalan Perak, 50450, Kuala Lumpur MALAYSIA	Mindanao Gold Ltd. See Note 2 below	Malaysian	431,335,531	32.78
A & B	PCD NOMINEE CORPORATION GF MSE Bldg., Ayala Avenue, Makati City PHILIPPINES	PCD Participants See note 3 below	Filipino	179,906,869	13.67

[1] Mapula Creek Gold (“Mapula) is majority owned by Apex Group of Companies Multi Employer Retirement Fund (formerly Teresa Crew Gold Inc., Retirement Fund). Also,

Mindanao Gold held 10,000 Class B shares of Mapula thru a Purchase and Sale Agreement with Crew Gold Corporation. Mapula is the majority stockholder of the Company. Mr. Peri Resabal is the representative on the Mapula's Board of Directors.

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

[3] PCD Nominee, Corp. (PCNC) is a wholly owned subsidiary of Philippine Central Depository Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owner of such shares are PCD's participants who hold the shares on their behalf or in behalf of their clients. As of April 30, 2011, King's Power Securities owns on record 7,670,906 Class A shares and 5,662,000 Class B shares but of which does not qualify as beneficial owner owning more than 5% of the Company's stock. No other PCD participant owns on record or beneficially more than five (5%) of the Company's stock. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transaction in the Philippines.

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

Security Ownership of Directors and Management

The number of voting shares beneficially owned by directors and named executive officers as of 31 May 2011.

Title of Class	Name of beneficial owner	Amount and nature of beneficial ownership	Citizenship	Percent of Class
B	COLIN D. PATTERSON	100	Australian	0.00%
B	THOMAS RODNEY PERCIVAL JONES	1,000	Australian	0.00%
A	DEOGRACIAS CONTRERAS JR.	11,000	Filipino	0.00%
A	RODOLFO CRUZ	1,000	Filipino	0.00%
A	BAIVERTH DIABO	1	Filipino	0.00%
B	PEREGRINO S. RESABAL	100	Filipino	0.00%
A	ARMANDO CASTANOS	298	Filipino	0.00%
	All officers and directors as a group	13,.499		.00%

Voting Trust/Changes in Control

There are no voting trust holders of 5% or more of the Company's stock.

Item 5. Directors and Executive Officers

The names of the incumbent directors and executive officers of the Corporation and their respective ages, periods of directorship in other reporting companies are as follows:

Directors

Name	Age	Citizenship	Position	Term	Business Experience For the past five(5) years	Relatives Up to the 4th civil Degree	Legal Procee-dings
COLIN PATTERSON	56	Australian	Chairman of the Board since December 18, 2009 (Nominee)	1 yr	Former Managing Director-Emperor Mines Owner of Consulting Firm President-Mindanao Gold Ltd. Director – Odin Mining(TSX listed) Director – Goldminex (ASX listed)	None	None
THOMAS RODNEY PERCIVAL JONES	66	Australian	Director since February 21, 2011 (Nominee)		Senior Mining Consultant-ASVI Technical Services Group Former VP Operations-Olympus Pacific Minerals Inc. Executive Officer-Minerals and Energy Research Institute Inst. of WA	None	None
PEREGRINO RESABAL	55	Filipino	Director since December 18, 2009 and President since Jan. 1, 2010 (Nominee)	1 yr	VP Operations/Director-Mineserv VP Operations/Director-Peti Trading, Inc. VP Operations/Director-Energycoal Marketing Manager-BB Fischer & Co.	None	None
DEOGRACIAS CONTRERAS, JR.	63	Filipino	Director since January 2006 and President & CEO from March 1, 2008 to December 31, 2009 (Nominee)	1 yr	VP-Legal & HR – Philex Mining Co. EVP-Chamber of Mines Consultant-Mining Firms	None	None
RODOLFO CRUZ	61	Filipino	Independent Director since January 2006 (Nominee)	1 yr	Consultant – US AID Consultant – FF Cruz Project Dev't Director – RAC Director – San Dominico Minerals	None	None
BAIVERTH DIABO	39	Filipino	Independent Director since October 2006 (Nominee)	1 yr	Asst. to the President & CEO – Eastern Shipping Lines – 1999 to present Business Controller – Kling Plantation Co., Inc. – 2003 to present Business Controller – Eastern Aqua Ventures, Inc. – 2003 to present Managing Director – Caliber Logistics Corp. – 2006 to present Head, Buss. Dev't – Allah Copper Phorphyry, Inc. – 2005 to present	None	None
ARMANDO CASTAÑOS	64	Filipino	Director since 2008 (Nominee) and as	1 yr	President-Eltech Resources Corporation	None	None

With respect to the election of the directors and independent directors, every stockholder shall be entitled to cumulate his votes in accordance with the provisions of the Corporation Code.

The Nomination Committee has screened the nominees and prepared the Final List of Candidates for election to the Board of Directors on July 14, 2011. The Nomination Committee determined that the candidates possess all the qualifications and none of the disqualifications for election as director or independent director.

The Nomination Committee is composed of three (3) members, namely, Deogracias G. Contreras, Jr. (Chairman), Peregrino Resabal and Baiverth Diabo (Independent Director) conducted the nomination of the independent directors.

Independent Director

There are two (2) incumbent directors of the Corporation, namely Messrs. Baivert Diabo, Rodolfo Cruz, are nominees as independent directors. They are not employees of the Corporation and do not have relationship with the Corporation which would interfere with the exercise of independent judgment in carrying out the responsibility of a director. Messrs. Diabo, Cruz possessed the qualifications and none of the disqualifications of an independent director.

Mr. Peri S. Resabal nominated Rodolfo Cruz. Mr. Deogracias G. Contreras, Jr. nominated Baivert Diab. The two (2) nominees for independent directorship have accepted their nominations. There are no relationships between the foregoing nominees for independent director and the persons who nominated them that would hinder their judgment as independent directors.

In approving the nominations for independent directors, the Nomination's Committee considered the guidelines on the nomination of independent directors prescribed in SRC Rule 38.

Certain Relationships and Related Transactions

In the normal course of business, the Company transacted with companies which are considered related parties. A summary of the more significant transactions with related parties is shown on Note 17 of the Audited Financial Statements for the year ended December 31, 2010.

Peti Trading, Inc. (Peti), a mine and mill equipment supplier and Paramina Earth Technologies. Inc., (Paramina), a major mining operations and services contractor have had related transactions with the Company since 1991 and 1996 respectively. Mr. Peregrino S. Resabal, the current President of Apex Mining, is also the President of Peti and VP for Operations of Paramina. Both companies having participated in mine and mill equipment and consumables supply tenders and competitive mining operations and services biddings long before Mr. Resabal was appointed as Apex President follows all company policies on bidding procedures to the letter. As of December 31, 2010, the Company has outstanding balances with Peti and Paramina amounting to P1,598,958.00 and P1,035,032.39 respectively. All transactions made between Peti, Paramina and Apex were done on an arm's length basis and on commercial terms. Other than the foregoing, there is no transaction or proposed transaction undertaken or to be undertaken by the Corporation in which any director or executive officer was involved or had a direct or indirect material interest.

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

Significant Employees

While all employees are expected to make significant contributions to the Corporation, there is no one particular employee, not an executive officer, who is anticipated to make a significant contribution to the business of the Corporation on his own.

Family Relationships

There are no family relationships among the officers of the Corporation. None of the directors and executive officers of the Corporation are related up to the fourth civil degree, either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

The Corporation has no knowledge of the involvement of the current directors and officers in any legal proceedings as defined in the Securities Regulation Code for the last 5 years.

Item 6. Compensation of Directors and Executive Officers

The members of the Board of Directors who are not Executive Officers are elected for a term of one year. They also receive remuneration on a per meeting participation.

(1) **Compensation Table**

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Executive Officers, Senior Executive Officers and Directors of the Company are as follows:

Summary Compensation Table
(Annual Compensation)

	2011 (Estimated		2010		2009		2008	
	Salary/Fee		Salary/Fee		Salary/Fee		Salary/Fee	
Directors	140,000		260,000		260,000		420,000	
Officers: Peregrino Resabal - President Valeriano Bongalos-VP Operations Emelita Fabro-VP Administration Rodolfo Bravo-VP Finance/Treasurer Arceo Rubio-VP Service Rosanna Parica-Corporate Secretary								
Total Officers	4,477,096		10,557,781		12,494,425		13,400,014	
All other officers and directors as a group	7,883,262		17,999,701		12,754,245		13,820,014	

(2) Standard Arrangements

(a) Compensation of Officers

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

(b) Compensation of Members of the Board of Directors

The members of the Board of Directors of the Corporation are paid PhP 20,000.00 for each meeting (whether regular or special) of the Board of Directors or the Stockholders. Apart from the foregoing, there are no arrangements regarding the compensation (whether direct or indirect) of the members of the Board of Directors for their services.

(3) Other Arrangements

No compensatory arrangements executed during the last four (4) years of operations other than the compensation arrangements mentioned above.

(4) Description of the Other Terms and Condition

(a) Employment Contract between the Registrant and Named Executive Officers

The contractual relationship between the executive officers and the Corporation are employer-employee in nature. The remuneration they receive from the Corporation is solely in the form of salaries and bonuses. There are no compensatory plans or arrangements with respect to any executive officer which results or will result from his resignation, retirement or any other termination of his employment or from any change in control of the Corporation or a change in the executive officer's responsibilities following any change in the control of the Corporation.

There are no outstanding warrants or options held by the Corporation's chief executive officer, and other executive officers.

Compensation Plans

There is no action intended to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

Item 7. Independent Public Accountant

The auditing firm of SGV & Co. with address at SGV Bldg., Ayala Avenue, Makati City has been the Company's Independent Public Accountant since 2010.

For the fiscal year 2010, Mr. Aldrin M. Cerrado signed the Company's Audited Financial Statements for 2010, a copy of which is attached to this Information Statement. Mr. Cerrado has been designated as the certifying partner of SGV & Co. for the Company, in compliance with SRC Rule 68.1 (3)(b)(IV).

Representatives of SGV & Co. are expected to be present at the stockholders' meeting and will have the opportunity to make a statement if they desire to do so and will be available to answer appropriate questions.

As of December 31, 2010, the Company's Audit Committee is composed of Baiverth Diabo (Chairman), Rory Taylor (Vice Chairman), and Armando Castanos.

External Audit Fees and Services

Audit and Audit-Related Fees

For 2010 and 2009, the audit was basically engaged to express an opinion on the financial statements of the Company. In addition, the audit included providing assistance to the Company in the preparation of its income tax return in as far as agreement of the reported income and costs and expenses with the recorded amounts in the books. The procedures conducted include those that are necessary under auditing standards generally accepted in the Philippines. This, however, did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses. The audit fees for these services were P1.7 million for 2010 and P6.5 million for 2009.

Tax Fees

A tax review was performed by external auditors as special engagement resulting in the availment of the Abatement of Program of the Bureau of Internal Revenue in which the total taxes voluntarily paid were P11.07 million for 2009 and P9.8 million for the year 2008.

All Other Fees

There are no other services rendered by the external auditors other than the usual audit services and tax review services done in 2009 and 2008 as mentioned above.

Audit Committee's Approval Policies and Procedures

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

Authorization or Issuance of Securities Other than for Exchange

There is no action to be taken with respect to the authorization or issuance of any securities.

Modification or Exchange of Securities

There is no action to be taken with respect to the modification of any class of securities of the Corporation, or the issuance or authorization for issuance of one class of securities of the Corporation in exchange for outstanding securities of another class.

Financial and Other Information

Audited Financial Statements as of 31 December 2010, Management's Discussion and Analysis and Market Price of Shares and Dividends and other data related to the Corporation's financial information are attached hereto. The schedules required under Part IV (c) of Rule 68 are included in the Annual Report.

Mergers, Consolidations, Acquisitions and Similar Matters

There is no action intended to be taken with respect to any transaction involving the following: (1) the merger or consolidation of the Corporation into or with any other entity; (2) the acquisition by the Corporation or any of its stockholders of securities of another person or entity; (3) the acquisition by the Corporation of any other going business or of the assets thereof; (4) the sale or other transfer of all or any substantial part of the assets of the Corporation, and (5) the liquidation or dissolution of the Corporation.

Acquisition or Disposition of Property

There is no action to be taken with respect to any material acquisition or disposition of any property of the Corporation.

Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Corporation.

D. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports

Action is to be taken on the reading and approval of the following:

1. Minutes of the Previous Stockholders' Meeting

(1) Presentation and approval of the financial statements for the fiscal year ending 31 December 2009 as embodied in the 2009 Annual Report;
(2) Approval of the Minutes of the Stockholders meeting held on 9 July 2010
(3) Ratification of the acts of the Board of Directors, committees and officers of the corporation
(4) Election of the Board of Directors
(5) Appointment of SGV & Co. as external auditors

Matters Not Required to be Submitted

There is no action intended to be taken with respect to any matter which is not required to be submitted to a vote of the stockholders.

Item 18. Other Proposed Action

As of this report, there are no other matters which the Board of Directors intends to present or has reason to believe others will present at the meeting.

Item 19. Voting Procedures

The affirmative vote of the stockholders representing at least two thirds (2/3rds) of the outstanding capital stock shall be required for the amendment of the Articles of Incorporation and By-Laws of the Corporation.

The votes required for the election and approval of the Corporation's external auditor, SGV & Co. shall be majority of the stockholders present. The same vote (majority of stockholders present) is also needed for the approval of the following:

(a) Minutes of the Stockholders meeting held on 9 July 2010;
(b) 2010 Audited Financial Statements;
(c) Ratification of acts of directors, committees and officers of the Corporation; and
(d) Any other proposed action.

With respect to the election of the directors and independent directors, every stockholder shall be entitled to cumulate his votes in accordance with the provisions of the Corporation Code.

Nominees for the Election of Directors are:

1. Colin D. Patterson
2. Thomas Rodney Percival Jones
3. Peregrino S. Resabal
4. Deogracias G. Contreras, Jr.
5. Armando Castaňos
6. Baiverth Diabo (Independent Director)
7. Rodolfo Cruz (Independent Director)

Provided there is a quorum (majority of all stockholders in good standing), the candidates receiving the first five highest number of votes shall be declared elected.

Votes may be cast and counted by show of hands or by viva voce or, upon motion duly approved, by balloting.

The Committee of Inspectors composed of three members namely (1) the Corporate Secretary or his official representative; (2) the official representative of the external auditor of the Corporation; and (3) the official representative of the Stock and Transfer Agent of the Corporation shall act as Election Inspectors and shall have the power to rule on all issues pertaining to the election of directors, validity of proxies or voting of shares. The affirmative vote of at least two members shall be a valid act of said committee.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Pasig City on 07 June 2011.

APEX MINING CO., INC.
By:

ROSANNA A. PARICA
Corporate Secretary

MANAGEMENT REPORT TO STOCKHOLDERS

Management Discussion and Analysis of Financial Condition and Results of Operations

For the years ended December 31, 2010, 2009 and 2008

Financial Statements are incorporated hereto by reference.

The Company's operating revenue amounted to P1.547 billion in 2010 and P1.018 billion in 2009. The company's operating revenue amounting to P802 million in 2008 was offset against Mine Exploration and Development Costs on that year.

Higher realized gold prices and higher volume sold increased the operating revenues.

Realized gold price per ounce averaged $1,390 in 2010 and $1,030 in 2009. Total gold shipped amounted to 22,851 oz and 19,732 oz in 2010 and 2009, respectively.

Total costs and expenses incurred in 2010 and 2009 amounted to P1.695 billion and P1.702 billion, respectively, which included non-cash expenses amounting to P428.8 million and P355.1 million pertains to depreciation, depletion and amortization.

Rentals primarily pertain to the lease of milling facilities from Teresa, which is settled through 15% revenue share from Apex's sale of metals.

Total costs and expenses during the commercial operating years of 2010 and 2009 amounted to P1.267 billion and P970 million, respectively and P253 million during the pre-operating commercial year of 2008.

Other income (expense) included foreign exchange gains amounting to P65.2 million principally arising from the assumption of TCG liability and conversion of company's advances from Mapula and Mindanao Gold into shares of stocks and translation of the foreign currency-denominated advances from Mindanao Gold Limited at P728 million at P43.84:$1 as of December 31, 2010, from P727 million at P46.20:$1 as of December 31, 2009 and nil as of December 31, 2008.

In January 2010, Mindanao Gold Ltd, an entity incorporated and registered in Malaysia acquired from Crew Gold Corporation its equity share in the Company. In line with this agreement, outstanding intercompany advances to Apex from Crew Gold Corporation amounting to P727 million were transferred to Mindanao Gold Ltd.

The Company has written off its liabilities of P83 million to PJS Investment Corporation arising from the settlement agreement entered into with the Company after the lapse of the two-year prescription period provided for by the Share and Purchase Agreement as previously agreed by Crew Gold Corporation and PJS Investment Corporation. The write-off is presented as other income net of other charges.

Net losses before tax amounted to P85.5 million in 2010 from 599.5 million in 2009 and 351.6 million in 2008.

Provision for deferred income tax is P35 million and P1 million in 2010 and 2009, respectively. Benefits from income tax amounted to P8 million in 2008.

Net loss after tax amounted to P120.6 million and P600.8 million in 2010 and 2009, respectively, from P343.7 million in 2008. As explained above, the losses in 2009 were caused primarily by the non-cash expenses related to the recognition of depletion, write-off of input taxes and provision for impairment of assets in 2009.

Cash as at the end of 2010 amounted to P17.8 million, compared to P16.8 million in 2009 and P27.3 million in 2008.

Accounts Receivable from metal sales in 2010 amounted to P81 million compared to P147 million in 2009 which were collected early in the following year. In 2008, the sales of metals were conducted by its affiliate Teresa Crew Gold Corporation (Teresa) as an agent of the Company and accordingly, receivables were recognized in Teresa's books. Other receivable arising from advances to suppliers amounted to P148 million compared to P26 million in 2009.

Inventories were higher at P343.4 million compared to P194.5 million in 2009. Inventories amounted to P164.6 million in 2008.

Other current assets were higher at P134.4 million compared to P75.5 million in 2009. The increase in Prepayments and Other Current Assets in 2010 was mainly due to the increase on input tax

Deferred exploration and development costs additions consist of expenditures related to the exploration of the Sagaysagay vein in the amount of P90 million. It declined substantially by P1,262 million in 2009 due to the transfer of accumulated development costs including provision for reforestation costs directly related to Maco Mines into Mine and Mining Properties, in view of the company's declaration of commercial operations. This reclassification amounted to P1,276 million, with a corresponding depletion costs of P153 million.

Property, plant and equipment (PPE) as of December 31 decreased to P418.4 million in 2010 from P440.6 million in 2009 and P619.7 million in 2008. The decrease in 2010 was mainly due to net effect of disposal, depreciation and write-off of some assets totaling to P207.0 million, offset by additions of P184.7 million.

Current liabilities as of December 31 amounted to P1.177.1 billion in 2010, compared to P2.983.1 billion in 2009 and P 2.811.4 billion in 2008.

The increase in Accounts Payable and Accrued Liabilities to P292 million from P128 million and P104 million in 2009 and 2008, respectively, were mainly from increased purchases of goods and services. No significant amount of the company's Trade payable have been unpaid within their acceptable terms.

Advances from shareholders and affiliates decreased to P885 million in 2010 compared to P2.9 billion in 2009 and P2.6 billion in 2008 due to assumption of Teresa advances and company's conversion of liabilities into shares of stocks by its majority shareholders and affiliated entities during the year.

As discussed above, outstanding advances payable to Crew Gold Corporation amounting to P727 million were transferred to Mindanao Gold Ltd, while liabilities of P83 million to PJS Investment Corporation were written off.

As of December 31, 2010, Non-current Liabilities amounted to P185.4 million, compared to P95.7 million in 2009 and P41.9 million in 2008.

Deferred Income Tax Liabilities increased to P85.5 million in 2010 compared to P50.4 million in 2009 and P23.3 million in 2008. The increase in 2010 is mainly due to the higher unrealized foreign exchange gains of advances made by major shareholders.

Under PAS no. 19, Accounting for Employees Benefits, the Company provided for the year Accrued Retirement Cost amounting to P19.6 million compared to P22.3 million in 2009 and P11.9 million in 2008.

Provision for Mine Rehabilitation Costs increased to P80.3 million in 2010 from P23.0 million in 2009 and P6.6 million in 2008 due to the increase in estimated nominal cash flows for the rehabilitation of the Maco Mines.

The decrease in Current Liabilities as discussed above significantly contributed to the decrease in Total Liabilities to P1.4 billion in 2010 from P3.1 billion in 2009 and P2.9 billion in 2008.

Deficit at year-end amounted to P1.9 billion in 2010 compared to P1.8 billion in 2009 and P1.2 billion in 2008 in view of the net losses for the year which were primarily caused by increase in purchase of raw materials, rent and recognition of depletion costs and provision for impairment as discussed above.

Revaluation Surplus decreased to P92.0 in 2010 from P103.3 million in 2009 compared to P54.4 million in 2008 and P56.2 million in 2007. The decrease in 2010 resulted from the depreciation of revalued amount of fixed assets.

Net cash provided (used) in operating activities amounted P172 million in 2010, P(7.2) million in 2009 and P(212.2) million in 2008.

Cash used in investing activities, principally the addition to PPE and deferred exploration costs, amounted to P330 million in 2010 compared to P69.3 million and P258.1 million in 2009 and 2008, respectively.

Net cash provided by financing activities amounted to P160.8 million in 2010 due to the effect of debt-to-equity conversion of shareholders' advances. . In 2009 and 2008, cash provided by financing activities amounted P68.4 million and P415.3 million, respectively.

<u>Stockholders' Equity</u>

Stockholders' Equity amounted to P973.8 million compared to capital deficiency (negative stockholders' equity) of P965.6 million in 2009. The turnaround was brought about by the conversion into equity of advances from shareholders and affiliates totaling to P2.06 billion.

Key Performance Indicators

The key performance indicators discussed 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.

Tonnes Milled and Ore Grade

- The mill plant processed a total of 192,586 tonnes with a mill heads of 4.94 g/t gold and 30.73 g/t silver, at an average metal recovery of 84.53% and 59.20%, respectively.
- Throughput was 27% higher than 2009 (151,320 tonnes).
- Gold ounces produced increased from 20,727 oz in 2009 to 25,659 oz in 2010. Gold and silver ounces shipped for the year 2010 were 22,852 and 104,780, respectively.

Tonnes Mined and Tonnes per Day

- The mine produced 214,650 tonnes at a grade of 5.2 g/t Au (2009 - 148,417 tonnes at a grade of 5.88 g/t au).
- Development for 2010 was 6,733 meters (2009 – 4,266 meters), 2,870 meters and 3,863 meters were on vein drifting and waste development drives respectively.
- The average tonnes mined per day in 2010 was 588.

Total Production Cost Per Tonne and Operating Cost Per Ounce

- In 2010, the total production cost (excluding marketing charges, rentals, excise taxes, royalties depreciation and amortization and other non-cash expenses) was P4,594 from per tonne of ore milled.
- Total cash operating cost for the year was P935.7 million (including marketing charges ,excise taxes and royalties) while cost per ounce to produced gold before silver revenue credits was P39,061 ($891/oz) .
- After silver revenue credits, the corresponding cost per ounce was P34,590 ($789/oz).

Free Cash Flow (FCF)

- Despite the capital deficiency, the company earned a positive FCF of P216 million during the year.
- FCF is an indication of the Company's ability to generate cash from its operations, less its capital expenditures, to support its working capital requirements.
- As of December 31, 2010, the peso to dollar exchange rate was at P43.84 compared to P46.20 as of December 31, 2009.

Other Qualitative and Quantitative Factors

The Corporation has no off-balance sheet transactions, arrangements, obligations, and other relationships of the Company with unconsolidated entities or other persons created during the financial year 2010 and until the first quarter of 2011 (the "interim period").

The Corporation is subject to liquidity risk which represents the risk that difficulty may be encountered in raising funds to meet its commitments associated with financial obligation and daily cash flow requirement. This may arise from the Corporation's inability to quickly convert its non-cash financial assets into cash when needed. As part of its liquidity program, the Corporation conducts regular monitoring of projected and actual cash flow information.

Other than the foregoing, there are no material commitments, events or uncertainties that will have a material impact on the Corporation's liquidity.

Further, the Corporation does not know of any trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

The Corporation did not make any material commitments for capital expenditures that would have and important impact on its liquidity.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. The financial statements have been prepared in accordance with the Philippine accounting standards (PAS) and Philippine Financial Reporting Standards (PFRS) issued by the Accounting Standards Council (ASC) of the Philippines. The 2010 Financial Statement is the Corporation's first annual financial statement prepared in compliance with PFRS.

The ASC approved the issuance of new and revised accounting standards, which are based on the revised International Accounting Standards (IAS) and new International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The ASC has renamed the standards that it issued to correspond better with the issuance of the IASB. PAS correspond to adopted IAS while PFRS correspond to adopted IFRS. Previously, standards issued by the ASC were referred to as Statement of Financial Accounting Standards (SFAS).

The ASC issued new and revised PAS to conform to the IAS issued by the International Accounting Standards Committee. The Corporation adopted the following PAS which became effective on January 2005.

i. PAS 19 – Employees Benefits
ii. PAS 32 – Financial Instruments: Disclosure and Presentation
iii. PAS 39 – Financial Instruments: Recognition and Measurement

The Corporation has no significant seasonality or cyclicality in its business operations that would have a material effect on the financial condition or results of operations.

There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.

There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

There are no issuances, repurchases, and repayments of debt and equity securities during the financial year 2005 and the interim period.

Segment reporting is not applicable to the Corporation.

There are no material events subsequent to the end of the interim period that have not been reflected in the unaudited financial statements for the interim period.

There are no changes in the composition of the Corporation during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discounting operations.

There are no changes in contingent liabilities or contingent assets since the last annual balance sheet.

The Corporation is not aware of any event that may trigger direct contingent financial obligations that is material to the Corporation including any default or acceleration of an obligation.

There are no material contingencies and any other events or transactions that are material to an understanding of the interim period.

Highlights of 2010 Results of Operations

Geology

- Exploration activities gave clear insights and priorities for the 2011 program and confirmed the excellent mineral resource potential of the area.
- The completion of 3,872m of drilling including the most significant intercept within drillhole BNZ-001 (formerly named as BNZ-10-01) that returned 165.68g/t Au at 2.10m drilled width suggesting a Bonanza Vein extension at about 490m elevation.
- Ridge-and-soil sampling suggests the potential of a high-gold copper deposit in the west portion of the license.

Mine

- The projected target for 2011 is to produce from the underground mine at least 700 mtpd at an average grade of 4.09 g/t Au, but deliver to the mill only 640 mtpd at an average grade of 5.02 g/t Au. This can be achieved by blending ore with grades higher than 5.02 g/t Au together with ore with grades of not less than 4 g/t Au.

Mill

- The mill increased throughput as a result of:

  Fine Ore Bin commissioning in January 2010
  - Increased Mine delivery in March 2010
  - Conveyor Upgrade in November 2010
  - Conversion of 4 Detox tanks to Leach Tanks which was completed in September 2010
  - Completion of the tailings pipeline number 3 as a back-up for pipeline numbers 1 and 2
  - The change to Cyanide detoxification using hydrogen peroxide instead of sodium metabisulfite (SMBS)

Corporate Social Responsibility

- Apex improved both direct and indirect benefits for employees, increasing medical and education assistance.
- Introduced a monthly performance-based cash bonus.
- Continued Environmental monitoring and remedial activity at levels above minimum requirements, increasing major programs of reforestation, community awareness and educational campaigns emphasizing care for the environment.
- Community Relations continued at an excellent level with emphasis on Health and Sanitation, Sustainable Livelihood programs, Infrastructure development and programs specifically designed to ensure the integration of Indigenous Peoples into these programs as well as programs designed specifically for their needs.
- Occupational Health and Safety awareness campaigns accompanied the provision of International Standard Personal Protective Equipment and improvements in all work environments.
- Continuous programs of First Aid Training and the establishment of an effective Emergency Response Team resulted in significant success in the 2010 Philippines Mine Safety and Environment Association Competitions and Awards held in Baguio in November.

For the First Quarter of 2011, a total of Php 1,657,406.99 was spent from the Company's SDMP fund.

Management Discussion and Analysis of Financial Condition and Results of Operations

For the Quarter ended March 31, 2011

Financial Statements are incorporated hereto by reference.

Financials

For the three-month period ended March 31, 2011, the Company's sales amounted to P388.4 million or an increase of P104.5 million from P283.9 million for the same period last year. Total costs and expenses incurred for the quarter ended March 31, 2011 and 2010 amounted to P483.5 million and P386.2 million, respectively. The increase was brought about by the increase in the following expenses:

- Materials and supplies by P54.2 million, due to increased production.

- Rent by P35.8 million, primarily pertain to the lease of milling facilities from Teresa, which is settled through 15% revenue share from the Company's sale of metals. The increase in rentals is due to the increase in sales.

- Depreciation, depletion and amortization by P6.2 million, due to the additions to property, plant and equipment for the year ended December 31, 2010 of P184.7 million.

- Other operating expenses include utilities (P24.3 million), other taxes and licenses (P11.1 million), contracted service and labor (P9.5 million), repairs and maintenance (P8.3 million), royalties (P4.3 million) and surface rights (P4.3 million).

Other income (expense) included foreign exchange gains amounting to P1.6 million principally arising from the translation of the foreign currency-denominated advances from Mindanao Gold Limited and other affiliate and shareholder at P43.39:$1 as of March 31, 2011 from P47.00:$1 as of March 31, 2010.

Net loss amounted to P50.4 million for the three-month period ended March 31, 2011 from P85.6 million for the same period last year, primarily due to depreciation, depletion and amortization expense.

Cash as of March 31, 2011 amounted to P18.8 million (December 31, 2010 and 2009: P17.8 million and P16.8 million, respectively).

Receivables arising from uncollected sales of metals as of March 31, 2011 amounted to P68.7 million (December 31, 2010 and 2009: P81.0 million P147.1 million, respectively). Whereas non trade receivable arising from advances to suppliers and employees as of March 31, 2011 amounted to P177.8 million (December 31, 2010 and 2009: P154.0 million and P32.3 million, respectively).

Inventories amounted to P344.8 million primarily consisting of gold in bullion and in circuit, parts and supplies (December 31, 2010 and 2009: P343.4 million and P194.5 million, respectively).

The increase in prepayments and other current assets in March 31, 2011 was mainly due to accumulation of input taxes for the year. Effective for the period April 26, 2010 until December 31, 2010, the Company had been a VAT zero-rated entity, as approved by the Bureau of Investments (BOI). The Company's re-application for the same zero-rated status for 2011 is pending with the BOI.

Deferred exploration and development costs increased to P261.4 million as of March 31, 2011 (December 31, 2010 and 2009: P161.9 million and P18.8 billion, respectively) due to the increased exploration activity on the three (3) newly-opened portals in 2010.

Property, plant and equipment increased to P2.16 billion in March 31, 2011 (December 31, 2010 and 2009: P2.12 billion and P1.99 billion, respectively). The increase in the first quarter of 2011 was mainly due to various acquisitions of mine and mill equipment and several constructions that are still in progress.

Current liabilities as of March 31, 2011 amounted to P1.29 billion (December 31, 2010 and 2009: P1.18 billion and P2.98 billion, respectively.

Accounts payable and accrued liabilities increased to P350.5 million (December 31, 2010 and 2009: P292.1 million and P128.1 million, respectively) was mainly from purchases of goods and services and employee benefit accruals during the quarter.

Advances from shareholders and affiliate amounted to P941.9 million as of March 31, 2011 (December 31, 2010 and 2009: P885.0 million and P2.86 billion, respectively). The significant decrease from 2009 to 2010 was attributable to the debt-to-equity conversion of certain advances in 2010.

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

Deferred income tax liabilities amounted to P85.5 million as of March 31, 2011 and December 31, 2010. This will be adjusted during the December 31, 2011 year-end audit. Balance as of December 31, 2009 amounted to P50.4 million.

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

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

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

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

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

Deficit at March 31, 2011 amounted to P1.99 billion (December 31, 2010 and 2009: P1.93 billion and P1.82 billion, respectively).

Net cash provided by operating activities for the quarter amounted to P35.5 million compared to same quarter last year of P(5.8) million. The increase during the quarter is primarily due to the increase in accounts payable and accrued expenses resulting from increased credit purchases. Average payable turnover for the quarter is 4.88 or 75 days. The increase was negated by the significant increase in advances to suppliers for future purchases.

Net cash used by investing activities for the quarter, comprising of additions to property, plant and equipment, non-current assets and exploration expenditures, was P91.4 million as compared to the net amount provided by investing activities during the same quarter last year of P15.1 million.

Net cash provided by financing activities for the quarter amounted to P56.9 million. Advances were made by related parties to the Company in the form of capital and operating expenditures. Net cash provided by financing activity during the same quarter last year amounted to P32.2 million.

Top Five (5) Key Performance Indicators

1. Tonnes Milled and Ore Grade – tonnage, ore grade and metal recovery determine production and sales volume. The higher the tonnes, grade of ore and recovery, the more metals are produced and sold.

   For the quarter ending March 31, 2011, the mill plant processed a total of 50,333 tonnes with mill heads of 4.36 g/t Au and 29.63 g/t Ag, with average calculated metal recoveries of 83.50% and 63.00% for gold and silver, respectively.

2. EBITDA – Earnings before Interest, Taxes, Depreciation and Amortization – calculated as net income before interest, income tax expenses, amortization and depreciation: provides investors with a tool for determining the ability of the Corporation to generate cash from operations to cover financial charges and income taxes; it is also a measure to evaluate the Corporation's ability to service its debts.

3. EPS – Earnings per Share – net income attribute to each share of common stock

4. Debt-to-Equity-Ratio – an indication of how leveraged the Corporation is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders equity.

5. Current Ratio – measurement of liquidity, calculated by dividing total current assets by the total current liabilities. It is an indicator of the Corporation's short term debt paying ability. The higher the ratio, the more liquid the Corporation.

Material Changes for the quarters ending March 31, 2011 and December 31, 2010

Apex Mining Co., Inc.

Comparative Balance Sheets

March 31, 2011 and December 31, 2011

	As at	As at	Change		
	31-Mar-11	31-Dec-10	Amount	%	Narratives
Current Assets					
Cash	18,828,674	17,859,662	969,012	5.43%	Sales collection for the quarter
Receivables	244,207,306	232,769,295	11,438,010	4.91%	Various COD purchase transaction for the quarter
Inventories	344,706,866	343,397,511	1,309,356	0.38%	Increase in goods received during the quarter
Prepayments and Other Current Assets	134,780,405	134,458,267	322,138	0.24%	Loaders' spare parts for amortization to 3 months
Total current assets	742,523,251	728,484,734	14,038,516		
Property and Equipment - Net	420,578,135	418,365,808	2,212,327		
Land & Land Improvements	35,515,000	35,515,000	0	0.00%	
Roads and Bridges	92,687,895	92,687,895	0	0.00%	
Dams and Diversions	306,982,635	306,982,635	0	0.00%	
Exploration & Drilling Equipt.	133,932	133,932	0	0.00%	
Mine Machineries & Equipt.	406,039,878	400,111,228	5,928,650	1.48%	Acquisitions of Pump Booster, High Pressure Cleaner , Long Hole Drill Set and Shotcrete Machine
Mill Machineries & Equipt.	576,735,258	573,920,413	2,814,845	0.49%	Mill Conveyor, Conversion of Detox to CIL Tanks , Detox-CIL-Platform Carbon Ret and Cupellation
Assay & Met Lab. Equipt.	545,878	545,878	0	0.00%	
Power Gen.& Elect'lEquipt	91,335,263	87,725,764	3,609,499	4.11%	Acquisition of Power Tranformer , Atomic Spectrometer and Electric Motors
Pumps & Motors	26,852,973	20,908,861	5,944,112	28.43%	Acquisition of Grindex Pumps , Aircool compressor and Air Hoist
Heavy Mobile Equipment	407,248,603	405,064,481	2,184,122	0.54%	Added costs for Engine, F6L914W Deutz- Ld23 ; Engine, F6L914W Deutz -Ld29 ;Engine, F6L914W Deutz -Ld13 and other accessories
Transportation Equipment	3,316,111	3,189,511	126,600	3.97%	Acquisition of 1 unit Honda XR200
Communication Equipment	2,293,964	2,293,964	0	0.00%	
Computing Equipment	4,049,884	4,049,884	0	0.00%	
Office Furniture & Equipment	204,601	204,601	0	0.00%	
Staffhouse Furn. & Fixtures	390,000	390,000	0	0.00%	
Buildings and Structures	139,511,086	137,973,771	1,537,315	1.11%	Construction of Chemical Store at Mill Plant in progress
Small Tools & Equipment	5	5	0	0.00%	

ARO - Property,Plant&Equipt.	1,109,848	1,109,848	0	0.00%	
PPE in Progress	65,959,263	45,274,918	20,684,345	45.69%	Various CIP-Tailings dam & pipeline,Teresa Bridge,Conv. Rockbolter,Mill Security Wall,LD Rehab,Fireproof Storage in Davao,Goldroom Improvements
PPE at Cost	2,160,912,076	2,118,082,588	42,829,488	2.02%	
Accumulated Depreciation	1,740,333,941	1,699,716,780	40,617,161	2.39%	Depreciation for the quarter
Deferred Mine Explo & Dev't Costs	261,413,578	161,880,451	99,533,127	61.49%	Area L101 - L300 exploration & dev't costs for the quarter
Mine & Mine Properties	957,365,958	1,007,351,523	(49,985,564)	-4.96%	depletion charges for the quarter
Other Assets	19,273,149	20,273,259	(1,000,111)	-4.93%	
Deposits - Non Current	11,878,971	11,878,971	0	0.00%	
Others	7,394,178	8,394,288	(1,000,111)	-11.91%	Intangibles amortization for the quarter
Total Assets	2,401,154,071	2,336,355,776	64,798,295		
Current Liabilites	1,292,363,005	1,177,111,415	115,251,590		
Accounts Payable & Accrued Liabilities	350,492,256	292,109,620	58,382,636	19.99%	Increased purchases of goods and services and accruals on SL for the quarter
Due to Mapula	17,325,907	19,169,590	(1,843,683)	-9.62%	Payroll, benefits and statutory remittances for the quarter
Due to Teresa	205,067,913	137,552,524	67,515,389	49.08%	lease of milling facilities from Teresa, which is settled through 15% revenue share from Apex's sale of metals for the quarter
Due to Mindanao Gold	719,476,929	728,279,681	(8,802,752)	-1.21%	Effect of foreign exchange difference on revaluation
Non-Current Liabilities	185,413,344	185,413,344	0		
Deferred Tax Liability	85,487,863	85,487,863	0	0.00%	
Asset Retirement Obligation	80,296,912	80,296,912	0	0.00%	
Accrued Retirement Payable	19,628,569	19,628,569	0	0.00%	
Total Liabilities	1,477,776,349	1,362,524,759	115,251,590		
Total Capital Stock	2,912,979,165	2,912,979,165	(0)		
Capital Stock	1,317,618,030	1,317,618,030	0	0.00%	
Capital in excess of par value &	1,503,380,955	1,503,380,955	0	0.00%	
Revaluation increment	91,980,179	91,980,179	(0)	0.00%	
Retained Earnings(Deficit)	(1,989,601,443)	(1,939,148,148)	(50,453,295)	2.60%	
At beginning of the year	(1,939,148,148)	(1,897,823,440)	41,324,708	-2.18%	
For the quarter	(50,453,295)	(41,324,708)	(91,778,003)	222.09%	Net loss for the quarter
Total capital deficiency	923,377,722	973,831,017	(50,453,295)		
Total Liabilities and Equity	2,401,154,071	2,336,355,776	64,798,294		

Results of First Quarter 2011 Operations

Geology

Exploration continued within both i) the near mine areas and ii) the western area of porphyry copper targets. The near mine drill testing focused on the Bonanza area in the northwest, while soil sampling and detailed geologic mapping intensified within the western area.

A total of 5 rigs, 3 underground rigs and 2 surface drill rigs, operated throughout the quarter. A total of 23 drillholes were drilled for 3155.20 meters. Most of the holes were drilled to test the Bonanza vein system in Maligaya, but a few holes also intersected the Masara, Bibak Sandy, Wagas and Maria Inez veins. The most significant intercepts for the quarter were from BNZ-012 with 15.04g/t Au over 1.45m, BNZ-013 with 4.03 g/t Au over 1.37m. Both intercepts were interpreted to be Bonanza vein located at 340 RL and at 515 RL, respectively.

Outside the mine area, detailed geologic mapping focused on Parcel III and IV of MPSA-234-2007-XI. A total of 29,590 meters in horizontal distance were mapped. The surface exploration activities to the west extended over the Mapula-Kanarubi area where sluicing activities by the local small scale miners were observed.

Soil sampling continues with 65 soil samples collected with a peak value of 0.802g/t Au and an average value of 0.186 g/t Au. The copper values peaked at 0.343% Cu gave an average of 0.028% Cu.

In the Bonanza North area, 243 channel rock samples were collected. An exposure of the Bonanza vein, in Bunlang creek returned 2.607g/t Au, 1.64%Cu over 3m. The peak value from the 277 channel samples collected in Parcel IV was 5.642 g/t Au.

To assist data control, a new Geo-Assay Program was implemented to further improve the sample dispatching and assay result reporting. A new system of data collation, recording, and verification was also established to ensure more efficient data handling. Checking of development drive data continued. By the end of the quarter, 85% of 2010 data and 20% of the 2011 data had been verified.

Mine

I. *Development*

A total of 1,752 meters of development were achieved in the 1st quarter of 2011 compared to the budget of 2,033 meters.

Primary Development

Main development during the 1st quarter of 2011 continued in the main declines to access the lower extensions of the Bonanza vein in Ramp #1 below the L515 level. Crosscuts in L500 already intersect the Bonanza vein after completing the excavation of sumps, riser mains and installation of pumps. Simultaneously, the decline to Level 485 was advanced.

The furnishing and installation of escape ladder ways for the L530 Arkbro raise to surface was completed on the later part of the first quarter. On the other hand, other infrastructure development in Ramp 2 including the development of the main decline from L530 to L515 was in progress.

Similarly in the Malumon area, main development of the decline was completed to reach the 785 level and horizontal development drives for Main Sandy and sandy split veins is in progress. The development of the main decline continued and in progress down to level 770.

Ore development

Low advance in ore development was primarily affected by loose and wet ground conditions at L515 ODE Bonanza, L815 ODE Sandy main vein and separate blasting in narrow vein ore drives. Unscheduled Power outages and generator sets malfunction has also contributed to the low advance attained for the quarter.

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II. Ore Production

Ore production during the first quarter of 2011 amounted to 62,435 metric tons with an average mined grade of 5.1 g/t Au. This translates to an average of 20,811 metric tons per month or average of 693 tonnes per day.

Stope ore production was sourced from the Long hole stopes in the Bonanza and Masara vein and the conventional shrinkage stopes in the Bibak vein. The relatively soft and loose sandy vein was developed by draw crosscuts at regular interval that contributed in the ore sources for the quarter. Long hole drilling was also initiated in the Sandy vein split veins as well as the Main Sandy to improve the productivity from these areas.

Mill

For 1Q 2011, average throughput went down to an average of 560 tonnes per day (tpd) due to several maintenance activities: 1-day jaw crusher relining, 2-day cone crusher relining, 2-day rod mill relining, replacement of vibrating screen and conveyors, and 3-day ball mill relining.

The oxygen generator and spargers were commissioned in February 11, 2011. Dissolved oxygen levels in the leach tanks have significantly picked up but the positive effects on the recoveries and reduction of cyanide consumption are yet to be seen in the following months.

Table 1. 1Q 2011 Mill Production Data vs. 1Q and 4Q 2010

Period	Tonnes Milled	Tonnes per Day	Grade, g/t		% Recovery		Metal Produced (oz)	
			Au	Ag	Au	Ag	Au	Ag
Jan-11	18,353	592	4.00	23.47	83.66%	56.02%	1,961	7,537
Feb-11	16,637	594	4.97	33.11	84.30%	64.14%	2,125	10,064
Mar-11	15,343	495	4.13	33.24	82.44%	70.11%	1,862	13,059
1Q 2011	**50,333**	**560**	**4.36**	**29.63**	**83.50%**	**63.00%**	**5,947**	**30,660**
4Q 2010	56,249	625	4.93	32.79	84.55%	59.95%	7,470	35,188
1Q 2010	42,076	468	4.69	30.41	83.32%	61.61%	5,355	25,905

Corporate Social Responsibility

Programs/Projects/Activities

- Health and Sanitation Program
  - For the first quarter of 2011, an amount of *Php 51,490.99* was expenses by the company in servicing 523 patients.
  - A blood-letting assistance was also implemented in some barangays

- Sustainable Livelihood Programs and Activities
  - Trainings were conducted such as the promotion of Rubber and Coffee production followed by the dispersal of rubber seedlings which amounted to *Php 307,000.00* for the first quarter
  - Twenty five (25) Out-of-School Youth were taught by a TESDA trainer on Plumbing at the Masara Chapel last January to February. The training cost was *Php 62,000.00*.

- Social Development Programs and Responsive Education
  - A scholarship grant was offered to the less fortunate children. For the second semester S.Y. 2010-2011, the amount of Php *30,000.00* was allotted for the Non-IP Scholars. Also, student vehicles were provided by the company with fuel consumption amounting to *Php 30,000.00* monthly.
  - A total of P65,500 were given to barangays, schools and religious activities were for various Patronal Feasts, Commencement Exercises of schools, Moral Recovery Program of churches, etc.
  - Funeral assistance particularly materials for the tomb were also provided to the communities

- Infrastructures
  - Rehabilitation of chapel in Barangay Masara as well as the bridge in Purok 3, Barangay Teresa.
  - Construction of the Multi-Purpose Learning Center in Tagbaros to be used by trainees on carpentry and masonry.
  - Construction of Barangay Defense System (BDS) for Barangays Teresa and Mainit.

- Indigenous Peoples Programs & Projects
  - Scholarships were also granted to Indigeous People

- Information Education Campaign
  - Symposia on Environmental Protection and Solid Waste Management
  - Tree planting was also promoted.
  - An IEC on Risk Reduction Management was conducted.
  - Projects under IEC, activities of the COREMIN2 or Coalition for Responsible Mining in Mindanao were supported.

For the First Quarter of this year, a total of **Php 1,657,406.99** was spent from the Company's SDMP fund.

Information on Independent Accountant and Other Related Matter

1. Aggregate fees billed for the last two (2) years of Audit fee is P13.4 million.

    a) Audit professional fees were subjected to 12% VAT;

b) No other fees except for the regular audit service fee; and

c) All policies governing the audit procedures were duly approved by the audit committee.

2. The Company has no disagreements with its previous external auditor, SGV & Co. regarding matters of accounting principle practice, auditing scope and procedure.

MARKET PRICE AND DIVIDENDS

(1) Market Information

(a) The Corporation's common equity is traded at the Philippine Stock Exchange.

High and Low Market Prices of Shares

	A Shares	A Shares	B Shares	B Shares
	High	**Low**	**High**	**Low**
2009 Jan – Mar	3.01	2.85	3.00	2.87
Apr – Jun	3.05	3.00	3.02	2.98
Jul – Sep	3.28	2.80	2.98	2.92
Oct – Dec	2.98	2.90	3.00	2.93
2010 Jan - Mar	2.75	2.66	3.00	2.87
Apr - Jun	3.10	3.00	3.04	3.02
Jul- Sep	3.50	3.45	3.50	3.43
Oct - Dec	4.24	4.20	4.27	4.17
2011 Jan - Mar	3.50	3.50	3.40	3.40

The price information as of the close of the latest practicable trading date, 06 June 2011, is PhP3.55 both for Class A and PhP4.00 for Class B.

(2) Holders

The authorized capital stock of the Corporation is Eight Hundred Million (2,800,000,000) Shares at P1.00 par value. The said capital is divided into 1,680,000,000 Class A shares and 1,120,000,000 Class B shares. The Corporation has a total of 2,847 stockholders as of 30 April 2011.

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

	Name of Stockholder	Total Number of Shares	Percentage of Ownership
1	Mapula Creek Gold Corporation	679,864,727	51.68 %
2	Mindanao Gold Limited	431,335,531	32.78%
3	PCD Nominee Corporation	178,682,504	13.58%
4	PCD Nominee Corporation (Non-Filipino)	1,224,815	0.09%
5	Rexlon Industrial Corporation	1,006,525	0.08%
6	Cualoping Sec. Corporation	629,094	0.05%
7	Lucio W. Yan &/or Clara Yan	485,525	0.04%
8	Jalandoni, Jayme, Adams & Co.	484,892	0.04%
9	Northwest Insurance and Surety Co., Inc.	400,000	0.03%
10	Ignacio Ortigas	311,665	0.02%
11	Ansaldo, Godinez & Co., Inc.	304,448	0.02%
12	Prudential Sec., Inc.	295,385	0.02%
13	F. Yap Sec., Inc.	281,509	0.02%
14	JRT Sec. Corp.	233,749	0.02%
15	David Go Securities	219,094	0.02%
16	Fernando Gonzales	202,488	0.02%
17	First Integrated Capital Sec. Inc. (201204)	200,000	0.02%
18	Golden Tower Sec. and Holdings, Inc.	200,000	0.02%
19	Lippo Sec. Inc. A/C 11201076	200,000	0.02%

20	Solar Sec. Inc.	200,000	0.02%

Dividends

No dividends were declared or issued in 2010 and 2009.

Recent Sale of Unregistered Securities

The Corporation did not sell unregistered or exempt securities. Neither did it issue securities constituting an exempt transaction for the last three years.

Corporate Governance

The Corporation adopted a corporate governance performance evaluation and self-rating system as approved by our Board of Directors, by which our Acting Corporate Governance Compliance Officer, in coordination with other officers of the Corporation, measures and determines the level of compliance by the Corporation, its directors, officers and employees with the provisions of the Manual and other laws, rules and regulations regarding the corporate governance.

The Corporation has faithfully complied with the requirements of the Manual of Corporate Governance. As of this report, there are no substantial deviations from the Corporation's Manual of Corporate Governance that involved any person/s and sanctions imposed on said individuals. The Company has amended its Manual of Corporate Governance last March 25, 2011.

A COPY OF THE COMPANY'S 2010 ANNUAL REPORT ON SEC FORM 17-A AS FILED WITH THE SEC WILL BE PROVIDED FREE OF CHARGE UPON WRITTEN REQUEST ADDRESSED TO:

MS. ROSANNA A. PARICA
Corporate Secretary
Apex Mining Co., Inc.
17/F Prestige Tower Condominium,
F. Ortigas Jr. Road, Ortigas Centre, Pasig City

APEX MINING CO., INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Apex Mining Co., Inc. is responsible for all information and representations contained in the financial statements for the years ended December 31, 2010, 2009 and 2008. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

Sycip, Gorres, Velayo & Company, the independent auditors and appointed by the stockholders, has examined the financial statements of the company in accordance with generally accepted auditing standards and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

Colin D. Patterson
Chairman of the Board

Peregrino Resabal
President

Rodolfo G. Bravo
VP - Finance

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EXCISE TAXPAYERS REGULATORY DIV.

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY **) S.S.**

SUBSCRIBED AND SWORN to before me this _____ day of APR 15 2011, affiant(s) exhibiting to me their respective Passport/SSS Numbers, as follows:

NAMES	**Passport/CTC/SSS No.**
COLIN D. PATTERSON	E3069926 issued on 7/15/08 Until 7/15/2018
PEREGRINO S. RESABAL	CTC No. 05982338 1/31/11 Makati
RODOLFO G. BRAVO	SSS#33-6031520-9

Tomas F. Dulay Jr.
ATTY. TOMAS F. DULAY, JR.
NOTARY PUBLIC
Notary Public
Until December 31, 2012
Roll No. 16583 / March 13, 1961
IBP No. 801359 / 01-03-11-Q.C.
PTR No. 4559221 / 01-03-11-Q.C.
MCLE EXEMPTED

Doc. No.: 700
Page No.: 78
Book No.: 79
Series of 2011.

COVER SHEET

FS FOR FILING WITH SEC

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40621

SEC Registration Number

APEX MINING CO., INC.

(Company's Full Name)

Unit 1704, 17th Floor, Prestige Tower F. Ortigas Jr. Road, Ortigas Center Pasig City

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

ROSANNA A. PARICA

(Contact Person)

(082) 235-0797

(Company Telephone Number)

12	30
Month	Day

(Fiscal Year)

AAFS

(Form Type)

06	24
Month	Day

(Annual Meeting)

–

(Secondary License Type, If Applicable)

–

Dept. Requiring this Doc.

–

Amended Articles Number/Section

Total Amount of Borrowings

2,579

Total No. of Stockholders

₱–	₱–
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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APEX MINING CO., INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Apex Mining Co., Inc. is responsible for all information and representations contained in the financial statements for the years ended December 31, 2010, 2009 and 2008. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

Sycip, Gorres, Velayo & Company, the independent auditors and appointed by the stockholders, has examined the financial statements of the company in accordance with generally accepted auditing standards and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

Colin D. Patterson
Chairman of the Board

Peregrino Resabal
President

Rodolfo G. Bravo
VP - Finance

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EXCISE TAXPAYERS REGULATORY DIV.

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY **) S.S.**

SUBSCRIBED AND SWORN to before me this _____ day of APR 15 2011, affiant(s) exhibiting to me their respective Passport/SSS Numbers, as follows:

NAMES	**Passport/CTC/SSS No.**
COLIN D. PATTERSON	E3069926 issued on 7/15/08 Until 7/15/2018
PEREGRINO S. RESABAL	CTC No. 05982338 1/31/11 Makati
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MCLE EXEMPTED

Doc. No.: 7010
Page No.: 78
Book No.: 79
Series of 2011.

SGV & Co
ERNST & YOUNG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Apex Mining Co., Inc. as of December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Other Matter

The financial statements of the Company as of and for the years ended December 31, 2009 and 2008, which are presented for comparative purposes, were audited by other auditors whose report thereon dated April 8, 2010, expressed an unqualified opinion on those statements.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Apex Mining Co, Inc. The information is also not required by Securities Regulation Code Rule 68. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

SYCIP GORRES VELAYO & CO.

Aldrin M. Cerrado

Aldrin M. Cerrado
Partner
CPA Certificate No. 86735
SEC Accreditation No. 0113-AR-2
Tax Identification No. 129-433-783
BIR Accreditation No. 08-001998-45-2009,
June 1, 2009, Valid until May 31, 2012
PTR No. 2641511, January 3, 2011, Makati City

February 21, 2011

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SGV & Co
Ernst & Young

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines
Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph
BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Apex Mining Co., Inc.
Unit 1704, 17th Floor, Prestige Tower
F. Ortigas Jr. Road, Ortigas Center
Pasig City

Report on the Financial Statements

We have audited the accompanying financial statements of Apex Mining Co., Inc., which comprise the balance sheet as at December 31, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

APEX MINING CO., INC.

BALANCE SHEET
DECEMBER 31, 2010
(With Comparative Figures for 2009)

	2010	2009
ASSETS		
Current Assets		
Cash (Note 4)	**₱17,859,662**	₱16,836,351
Receivables (Note 5)	**232,769,295**	177,053,157
Inventories (Note 6)	**343,397,510**	194,539,059
Other current assets (Note 7)	**134,458,267**	75,573,198
Total Current Assets	**728,484,734**	464,001,765
Noncurrent Assets		
Mine and mining properties (Note 9)	**1,007,351,523**	1,139,067,336
Property, plant and equipment (Note 10)	**418,365,809**	440,581,064
Deferred exploration and development costs (Note 8)	**161,880,451**	18,801,876
Other noncurrent assets	**20,273,259**	50,766,418
Total Noncurrent Assets	**1,607,871,042**	1,649,216,694
	₱2,336,355,776	₱2,113,218,459

LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11)	**₱292,109,620**	₱128,093,885
Advances from shareholders and affiliate (Note 17)	**885,001,795**	2,855,039,806
Total Current Liabilities	**1,177,111,415**	2,983,133,691
Noncurrent Liabilities		
Deferred income tax liabilities (Note 13)	**85,487,863**	50,397,386
Accrued retirement benefits (Note 14)	**19,628,569**	22,267,317
Provision for mine rehabilitation cost (Note 12)	**80,296,912**	23,038,716
Total Noncurrent Liabilities	**185,413,344**	95,703,419
Equity (Capital Deficiency)		
Share capital (Note 15)	**1,317,618,030**	756,682,170
Share premium	**1,503,380,955**	4,224,410
Revaluation surplus on property, plant and equipment (Note 10)	**91,980,180**	103,287,388
Deficit	**(1,939,148,148)**	(1,829,812,619)
Total Equity (Capital Deficiency)	**973,831,017**	(965,618,651)
	₱2,336,355,776	₱2,113,218,459

See accompanying Notes to Financial Statements.

APEX MINING CO., INC.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Figures for 2009 and 2008)

	Share Capital (Note 15)	Share Premium	Revaluation Surplus (Note 10)	Deficit	Total
Balances at January 1, 2010	**₱756,682,170**	**₱4,224,410**	**₱103,287,388**	**(₱1,829,812,619)**	**(₱965,618,651)**
Net loss for the year	–	–	–	**(120,642,737)**	**(120,642,737)**
Transfer of portion of revaluation surplus realized through depreciation and depletion, net of tax	–	–	**(11,307,208)**	**11,307,208**	–
Debt-to-equity conversion (Note 1)	**560,935,860**	**1,499,156,545**	–	–	**2,060,092,405**
Balances at December 31, 2010	**₱1,317,618,030**	**₱1,503,380,955**	**₱91,980,180**	**(₱1,939,148,148)**	**₱973,831,017**
Balances at January 1, 2009	₱756,682,170	₱4,224,410	₱54,440,362	(₱1,240,402,585)	(₱425,055,643)
Net loss for the year	–	–	–	(600,787,126)	(600,787,126)
Other comprehensive income			60,224,118	–	60,224,118
Total comprehensive loss for the year	–	–	60,224,118	(600,787,126)	(540,563,008)
Transfer of portion of revaluation surplus realized through depreciation and depletion, net of tax	–	–	(11,377,092)	11,377,092	–
Balances at December 31, 2009	₱756,682,170	₱4,224,410	₱103,287,388	(₱1,829,812,619)	(₱965,618,651)
Balances at January 1, 2008	₱756,682,170	₱4,224,410	₱56,232,348	(₱898,480,460)	(₱81,341,532)
Net loss for the year	–	–	–	(343,671,099)	(343,671,099)
Other comprehensive income			(43,012)	–	(43,012)
Total comprehensive loss for the year	–	–	(43,012)	(343,671,099)	(343,714,111)
Transfer of portion of revaluation surplus realized through depreciation and depletion, net of tax	–	–	(1,748,974)	1,748,974	–
Balances at December 31, 2008	₱756,682,170	₱4,224,410	₱54,440,362	(₱1,240,402,585)	(₱425,055,643)

See accompanying Notes to Financial Statements.

APEX MINING CO., INC.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Figures for 2009 and 2008)

	2010	2009	2008
REVENUE			
Gold	**₱1,441,831,547**	₱952,798,130	₱–
Silver	**104,798,405**	65,452,277	–
	1,546,629,952	1,018,250,407	–
COSTS AND EXPENSES			
Depreciation, depletion and amortization (Notes 10 and 18)	**428,772,457**	355,052,883	7,007,115
Materials and supplies (Note 6)	**331,392,266**	322,277,417	31,273,803
Rent	**287,309,963**	169,401,050	5,423,422
Salaries, allowances and employee benefits	**234,174,612**	197,859,648	79,024,684
Loss on write-off of input VAT (Note 7)	–	214,098,706	–
Impairment loss on property, plant and equipment (Note 10)	–	162,674,211	–
Other operating expenses (Note 19)	**413,807,902**	280,640,687	137,182,251
	1,695,457,200	1,702,004,602	259,911,275
LOSS FROM OPERATIONS	**148,827,248**	683,754,195	259,911,275
OTHER INCOME (CHARGES)			
Foreign exchange gain (loss) - net	**65,203,465**	15,368,756	(91,951,082)
Interest and other income (expenses) - net (Note 20)	**(1,928,477)**	68,853,778	283,792
	63,274,988	84,222,534	(91,667,290)
LOSS BEFORE INCOME TAX	**85,552,260**	599,531,661	351,578,565
PROVISION FOR (BENEFIT FROM DEFERRED) INCOME TAX (Note 13)	**35,090,477**	1,255,465	(7,907,466)
NET LOSS	**120,642,737**	600,787,126	343,671,099
OTHER COMPREHENSIVE INCOME (LOSS)			
Appraisal increase (Note 10)	–	86,034,455	–
Income tax relating to components of other comprehensive income (loss) (Note 13)	–	(25,810,337)	18,433
Reversal of revaluation surplus due to disposal of property, plant and equipment	–	–	(61,445)
	–	60,224,118	(43,012)
TOTAL COMPREHENSIVE LOSS	**₱120,642,737**	₱540,563,008	₱343,714,111
Loss Per Share - Basic and Diluted (Note 16)	**₱0.13**	₱0.79	₱0.45

See accompanying Notes to Financial Statements.

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APEX MINING CO., INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

(With Comparative Figures for 2009 and 2008)

	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱85,552,260)**	(₱599,531,661)	(₱351,578,565)
Adjustments for:			
Depreciation, depletion and amortization (Notes 18 and 21)	**428,772,457**	355,052,883	7,007,115
Unrealized foreign exchange loss (gain) - net	**(65,203,465)**	(15,781,449)	85,271,130
Provision for tax penalty (Note 27)	**30,000,000**	–	–
Retirement benefits expense (Note 14)	**10,039,698**	10,335,446	7,962,254
Loss on write-off of:			
Inventories (Note 6)	**2,121,425**	–	–
Fixed assets (Note 10)	**250,894**	–	–
Input VAT (Note 7)	–	214,098,706	–
Property, plant and equipment (Note 10)	–	3,753,553	14,892,559
Interest expense (Note 20)	**1,994,965**	–	666,180
Interest income (Note 20)	**(66,488)**	(120,342)	(59,137)
Loss from assignment (Note 19)	–	10,864,963	–
Impairment loss on:			
Property, plant equipment (Note 10)	–	162,674,211	–
Inventories (Note 6)	–	3,350,394	–
Assets held for sale (Note 10)	–	–	27,553,672
Gain from extinguishment of liability (Note 20)	–	(83,162,204)	–
Gain on sale of property, plant and equipment (Note 20)	–	–	(213,750)
Operating income (loss) before working capital changes	**322,357,226**	61,534,500	(208,498,542)
Decrease (increase) in:			
Receivables (Note 5)	**(63,658,784)**	(8,799,858)	31,965,171
Inventories (Note 6)	**(148,794,956)**	(11,439,659)	59,046,989
Other current assets (Note 7)	**(58,885,069)**	(73,120,291)	(66,473,823)
Increase (decrease) in accounts payable and accrued liabilities (Note 11)	**120,919,772**	24,557,442	(28,319,523)
Cash generated from (used in) operations	**171,938,189**	(7,267,866)	(212,279,728)
Interest received	**66,488**	60,295	59,137
Net cash provided by (used in) operating activities	**172,004,677**	(7,207,571)	(212,220,591)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (Note 10)	**(184,695,782)**	(55,732,019)	(170,546,001)
Proceeds from sale of property, plant and equipment (Note 10)	**7,504,795**	–	500,000
Increase in deferred exploration and development costs (Note 8)	**(143,078,575)**	(13,584,800)	(83,793,431)
Increase in other noncurrent assets	**(9,676,803)**	(38,998)	(4,237,377)
Net cash used in investing activities	**(329,946,365)**	(69,355,817)	(258,076,809)
CASH FLOWS FROM FINANCING ACTIVITY			
Increase in advances from shareholders and affiliate (Note 17)	**160,800,732**	68,403,272	415,332,723
EFFECT OF EXCHANGE RATE CHANGES IN CASH	**(1,835,733)**	(2,307,649)	137,832
NET INCREASE (DECREASE) IN CASH	**1,023,311**	(10,467,765)	(54,826,845)
CASH AT BEGINNING OF YEAR	**16,836,351**	27,304,116	82,130,961
CASH AT END OF YEAR (Note 4)	**₱17,859,662**	₱16,836,351	₱27,304,116

See accompanying Notes to Financial Statements.

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EXCISE TAXPAYERS REGULATORY DIV.

1. Corporate Information

Company Background and Operations

Apex Mining Co., Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 26, 1970 primarily to carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in gold, silver, copper, lead, zinc brass, iron, steel and all kinds of ores, metals and minerals.

On March 7, 1974, the Company listed its shares in the Philippine Stock Exchange (PSE) and attained status of being a public company on the same date. The Company is considered a public company under Rule 3.1 of the Implementing Rules and Regulations of the Securities Regulation Code, which, among others, defines a public corporation as any corporation with assets of at least ₱50.00 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities. As of December 31, 2010 and 2009, the Company has 2,579 and 2,883 shareholders, respectively, each holding at least 100 shares.

On August 24, 2005, Crew Gold Corporation (Crew Gold), an entity incorporated and doing business in Canada, and its associated Philippine company, Mapula Creek Gold Corporation (Mapula), acquired 28.03% and 44.88% of the Company's shares, respectively, by virtue of the Share Purchase Agreement (SPA) entered into by both Crew Gold and Mapula with the previous majority shareholder (Puyat Group). The SPA involved the sale and transfer of a total of 549.97 million shares (including 459.54 million of the unlisted shares) for United States dollar $6.60 million. Pursuant to the SPA, the Puyat Group divested fully its shareholdings in the Company. The SPA also provides, among others, the termination of all existing mine operating agreements of the Company. In relation thereof, on December 23, 2005, Crew Gold and PJS Investment Corporation, an entity owned by the Puyat Group, agreed that certain liabilities as of December 31, 2005 amounting to ₱83.20 million be assigned to the latter in order to facilitate the investment of Crew Gold into the Company.

In October 2009, Crew Gold completed its divestment in the local mining industry and sold its equity share in the Company, as well as to local affiliates including Teresa Crew Gold (Philippines), Inc. (Teresa) and Mapula to Mindanao Gold Ltd. (Mindanao Gold), an entity incorporated and registered in Malaysia, for $7.00 million. In line with the agreement, outstanding advances to Crew Gold amounting to $15.74 million (₱727.07 million) as of June 30, 2009 were transferred to Mindanao Gold (see Note 17). As of December 31, 2010 and 2009, the Company's majority shareholder is Mindanao Gold, whose ultimate parent company is Abracadabra Speculative Ventures Inc., an entity incorporated and doing business in Malaysia.

On December 22, 2005, the Mines and Geosciences Bureau (MGB) approved the Company's Mineral Production Sharing Agreement (MPSA) covering 679.02 hectares situated in Maco, Compostela Valley. On June 25, 2007, MGB approved the Company's second MPSA covering an additional 1,558.50 hectares near the same area.

On December 17, 2008, the Company entered into a service contract with local cooperatives composed of the indigenous people and local government units of Masara lines to explore the Sagaysagay vein discovered within the area of its second MPSA. As of December 31, 2010 and 2009, total exploration and development costs incurred in relation to the service contract included as part of deferred exploration and development cost in the balance sheet amounted to ₱161.88 million and ₱18.80 million, respectively (see Note 8).

The Company was registered with the Board of Investments (BOI) on July 11, 2008 as a new producer of gold, silver bullion, copper concentrates with gold, silver, zinc and lead values on a non-pioneer status under the 1987 Omnibus Investment Code. Under this registration, the Company is entitled to certain fiscal and non-fiscal incentives including four (4) year income tax holiday from start of commercial operations or registration with the BOI, whichever comes first, which can be further extended for another three (3) years subject to compliance with certain conditions, simplified customs procedures, additional deduction for labor expense, and unrestricted use of consigned equipment for a period of ten (10) years. The Company is required to maintain a base equity of at least 25% upon start of commercial operations as one of the conditions of the registration. On January 1, 2009, the Company commenced commercial operations after achieving target production volume requirements. As of December 31, 2010, the Company is compliant with the provisions specified in its registration.

The Company's registered business address is 10th TMBC Building, Ayala Avenue, Makati City and principal office at Unit 1704, 17/F Prestige Tower Condominium F. Ortigas Jr. Road, Ortigas, Pasig City. The Company currently operates the Maco Mines in Maco, Compostela Valley, Davao. The Company has 937 and 806 employees as of December 31, 2010 and 2009, respectively.

Debt-to-equity conversion
On October 13, 2010, the SEC approved the increase in capital stock of the Company from ₱800.00 million consisting of 800.00 million common shares, divided into 480.00 million Class "A" shares and 320.00 million Class "B" shares, with a par value of ₱1.00 each to ₱2.80 billion consisting of 2.80 billion common shares divided into 1.68 billion Class "A" shares and 1.12 billion Class "B" shares, with a par value of ₱1.00 each.

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

- Conversion of Company's advances from Mapula in the amount of ₱1.26 billion, in exchange for 341.14 billion Class "A" shares with a par value of ₱1.00 per share, at an issue value of ₱3.70 per share or an aggregate issue value of ₱1.26 billion.

- Conversion of Company's advances from Mindanao Gold in the amount of ₱813.26 million, in exchange for 219.80 million Class "B" shares with a par value of ₱1.00 per share at an issue value of ₱3.70 per share or an aggregate issue value of ₱813.26 million.

Share premium resulting from restructuring amounted to ₱1.50 billion, net of ₱15.40 million professional fees and other incidental costs incurred in relation to the transaction.

Status of Operations
In 2010 and 2009, the Company has incurred net losses amounting to ₱120.64 million and ₱600.79 million, respectively. Deficit as of December 31, 2010 increased by 5.07% from ₱1,829.81 million in 2009. In addition, total current liabilities exceeded total current assets by ₱448.63 million and ₱2,519.13 million as of December 31, 2010 and 2009, respectively. Notwithstanding, the Company believes that profits to be generated from its commercial operations based on its latest and proven and probable reserves statements as prepared by in-house geologist in 2009 and certified by a competent person under the guidelines of the Philippine Mineral Reporting Code (PMRC) dated April 15, 2010 indicates that the Company will continue as a going concern, reverse the deficit position and recover its capital investments. Moreover, significant capital projects

current production assets. These, however, are still subject to factors including changes in market prices of gold and silver, fluctuations of exchange rate between the Philippine Peso and US Dollar and continuing ability to source new resources and correspondingly convert them into reserves.

On April 5, 2010, the Company received a letter of support from Mindanao Gold particularly an undertaking to provide the necessary financial and technical support, if deemed necessary, to carry on the Company's business at least until December 31, 2010 and thereafter when necessary.

Approval of the Financial Statements
The financial statements have been approved and authorized for issue by the Company's Board of Directors (BOD) on February 21, 2011.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation
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.

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS also includes Philippine Accounting Standards (PAS) and Philippine Interpretations as issued by the Financial Reporting Standards Council and adopted by the Philippine SEC.

Changes in Accounting Policies and Disclosures
The Company's accounting policies are consistent with those of the previous financial year except for the adoption of the new and amended standards and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) starting January 1, 2010 are as follows:

- PFRS 2, *Share-based Payment* (Amendment) - *Group Cash-settled Share-based Payment Transactions*;
- PFRS 3 (Revised), *Business Combinations*, and PAS 27 (Amended), *Consolidated and Separate Financial Statements*;
- PAS 39, *Financial Instruments - Recognition and Measurement - Eligible Hedged Items*;
- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners* effective July 1, 2009;
- Improvements to PFRSs (May 2008); and
- Improvements to PFRSs (April 2009).

The principal effects of these changes are as follows:

- PFRS 2, *Share-based Payment* (Amendment) - *Group Cash-settled Share-based Payment Transactions*

  The International Accounting Standards Board (IASB) issued an amendment to PFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The adoption did not have an impact on the financial position or performance of the Company.

- PFRS 3 (Revised), *Business Combinations*, and PAS 27(Amended), *Consolidated and Separate Financial Statements*

  PFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. PAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by PFRS 3 (Revised) and PAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after January 1, 2010. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

- PAS 39, *Financial Instruments - Recognition and Measurement* (Amendment) - *Eligible Hedged Items*

  The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.

- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners*

  This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either the financial position nor performance of the Company.

Improvements to PFRS. In May 2008 and April 2009, the IASB issued omnibus of amendments to certain standards, primarily with a view of removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

Issued in May 2008

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*

Issued in April 2009

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
- PFRS 8, *Operating Segments*
- PAS 7, *Statement of Cash Flows*
- PAS 36, *Impairment of Assets*

Other amendments resulting from the 2009 Improvements to PFRS to the following standards did not have any impact on the accounting policies, financial position or performance of the Company.

- PFRS 2, *Share-based Payment*
- PAS 1, *Presentation of Financial Statements*
- PAS 17, *Leases*
- PAS 38, *Intangible Assets*
- PAS 39, *Financial Instruments: Recognition and Measurement*
- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*
- Philippine Interpretation IFRIC 16, *Hedge of a Net Investment in a Foreign Operation*

New Accounting Standards, Interpretations, and Amendments
to Existing Standards Effective Subsequent to December 31, 2010

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 2011

- PAS 24, *Related Party Disclosures (Amended)* (effective for annual periods beginning on or after January 1, 2011)

  The amended standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The Company does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

- PAS 32, *Financial Instruments: Presentation (Amendment) - Classifications of Rights Issues* (effective for annual periods beginning on or after February 1, 2010)

  This provides the amended definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Company after initial application.

- PFRS 7, *Financial Instruments: Disclosures (Amendments) - Disclosures - Transfers of Financial Assets* (effective for annual periods beginning on or after July 1, 2011)

  The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securizations), including understanding of possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

- Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement (Amendment)* (effective for annual periods beginning on or after January 1, 2011, with retrospective application)

  Philippine Interpretation IFRIC 14, which is itself an interpretation of PAS 19, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements.

- Philippine Interpretation IFRIC19, *Extinguishing Financial Liabilities with Equity Instruments* (effective for annual periods beginning on or after July 1, 2010)

  The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in statement of comprehensive income. The adoption of this interpretation will have no effect on the financial statements.

Effective in 2012

- PAS 12, *Income Taxes (Amendment) - Deferred Tax: Recovery of Underlying Assets* (effective for annual periods beginning on or after January 1, 2012)

  This provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will normally be through sale.

- Philippine Interpretation IFRIC15, *Agreements for the Construction of Real Estate* (effective for annual periods beginning on or after January 1, 2012)

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

Effective in 2013

- PFRS 9, *Financial Instruments: Classification and Measurement* (effective for annual periods beginning on or after January 1, 2013)

  PFRS 9, as issued in 2010, reflects the first phase of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and derecognition will be addressed. The completion of this project is expected in early 2011. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Improvements to PFRS 2010

Improvements to IFRS is an omnibus of amendments to PFRS. The amendments have not been adopted as they become effective for annual periods on or after either July 1, 2010 or January 1, 2011. The amendments and interpretation listed below are not expected to have a significant impact on the Company's financial statements.

- PFRS 3, *Business Combinations*
- PFRS 7, *Financial Instruments: Disclosures*
- PAS 1, *Presentation of Financial Statements*
- PAS 27, *Consolidated and Separate Financial Statements*
- Philippine Interpretations IFRIC 13, *Customer Loyalty Programmes*

Financial Assets

Initial Recognition. Financial assets are classified as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, available-for-sale (AFS) investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchases) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include loans and receivables. The Company has no financial assets at FVPL, HTM Investment and AFS investments.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Interest earned or incurred is recorded as "Interest income" in the profit or loss.

The Company's cash in banks, receivables and security deposits are classified as loans and receivables (see Note 23).

Financial Liabilities

Initial Recognition. Financial liabilities are classified as financial liabilities at FVPL, or other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of the financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and in the case of other financial liabilities, inclusive of directly attributable transaction costs.

Other Financial Liabilities. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the amortization process.

The Company's other financial liabilities include accounts payable and accrued liabilities (excluding balances payable to government agencies arising from withholding taxes and payroll deductions), and advances from shareholders and affiliate.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair Value of Financial Instruments
The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how these are measured are provided in Note 23.

Amortized Cost of Financial Instruments
Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of effective interest rate.

Impairment of Financial Assets
The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is

a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Costs. For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them 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 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. The financial asset together with the associated allowance are written-off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the profit or loss.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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: (1) the rights to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; or (3) the Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 or have entered into a "pass-through" arrangement, and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the 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.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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 is recognized in the profit or loss.

Inventories

Inventories, which consist of gold and silver bullion and in circuit, ore stockpile, parts and supplies used in the Company's operations, are stated at the lower of cost and net realizable value. Costs of parts and supplies on hand are determined at moving average. Gold and silver bullion and in circuit and ore stockpiles are valued based on allocated actual processing cost incurred. Cost of parts and supplies comprises the invoice amount, freight, duties and taxes, and other costs incurred in bringing the inventories to their present location and condition; whereas cost of gold and silver bullion and in circuit and ore stockpile refers to accumulated expenditures incurred prior to and during actual processing.

Net realizable value for gold and silver bullion and in circuit and ore stockpile is the selling price in the ordinary course of business less the estimated costs of completion and increment costs necessary to make the sale. In the case of parts and supplies, net realizable value is the value of the inventories when sold at the condition at the balance sheet date or its estimated replacement cost.

Prepayments

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 value-added tax arising from purchases of goods and services, are carried at cost and included as part of prepayment in the balance sheets. 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 asset's carrying amount and estimated recoverable value. Impairment loss is recognized in the profit or loss and the carrying amount of the asset is reduced through the use of an allowance.

Mine and mining properties

Upon start of commercial operations, deferred development costs are capitalized as part of mine and mining properties and presented as a separate line item in the balance sheets. These costs are subject to depletion, which is computed using the units-of-production method based on proven and probable reserves.

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.

Deferred exploration and development costs

Exploration costs. Deferred exploration costs represent capitalized expenditures related to the acquisition and exploration of mining properties. Exploration costs are stated at cost and are accumulated in respect of each identifiable area of interest. Such costs are only carried forward to the extent that they are expected to be recovered through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active work is continuing.

Accumulated costs in relation to an abandoned area are written off and included in profit or loss in the period in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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., vehicles). 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.

Deferred exploration costs are recognized and reclassified to deferred development costs when the technical feasibility and commercial viability of extracting the resources are demonstrable. Deferred exploration costs are assessed for impairment before reclassification.

Development costs. Deferred development costs pertain to capitalized expenditures incurred to prove technical feasibility and commercial viability of any resources found and develop ore bodies. Development costs 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. These costs are capitalized until assets are already available for use or when the Company has already achieved commercial levels of production.

The carrying value of deferred exploration and development cost represents total expenditures incurred to date net of revenue from saleable material recognized during the pre-commercial production period. 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.

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. Mine development costs incurred to maintain current production are included in operations.

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

Initial cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. 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. 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 may transfer from revaluation surplus reserve to retained earnings the difference 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. 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.

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	10 to 20
Power equipment	10
Roads and bridges and land improvements	10
Mining and milling equipment	5
Exploration equipment and others	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.

Other Intangible Assets
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful lives of five (5) years. These are included as part of "Other assets" in the balance sheets.

Impairment of Nonfinancial Assets
The carrying values of inventories, mine and mining properties, deferred exploration and development cost and property plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of an asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. 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 assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss, if any, is recognized in the profit or loss.

An assessment is made at each balance sheet 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. Such increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. 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.

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 Board of Directors.

Earnings (Loss) Per Share

Basic. Basic earnings/(loss) per share is calculated by dividing the net income/(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 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. The Company has no potential dilutive common shares.

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

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

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.

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.

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 as where it gives rise to a future benefit and depreciated/depleted over future production from the mine to which it relates. Costs attributed to actual decommissioning/dismantling and restoration/reforestation are capitalized as part of property, plant and equipment and mine and mining properties, respectively.

Retirement Benefit Costs

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.

Income Taxes

Current Tax. Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted as at the balance sheet date.

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