SECURITES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

For the quarterly period ended: **March 31, 2014**

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

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

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

Industry Classification Code : (SEC Use Only)

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

Postal Code: **1605**

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

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

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

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

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

Yes [x] No [ ] Phil. Stock Exchange - listed 1,466,516,426 million shares (P1.00) par value

Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [x] No [ ]

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

Yes [ ] No [x]

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached Unaudited Financial Statements for the period March 31, 2014.

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

Geology and Exploration

For this quarter, exploration in MPSA 225 was focused on drilling the current near mine-extensions of epithermal veins. An underground diamond drilling program was conducted utilizing two (2) DE-140 rigs and one (1) Kempe rig to delineate the vertical extensions of Bonanza Main Vein, Bonanza Hangingwall Split Vein, Sandy North Vein, and Don Calixto vein. A total aggregate of 1,291 meters was drilled for the period.

Below are the holes with available assay results as of end of 1st quarter of 2014

Hole ID	From	To	Width (meters)	Au gpt	Target Vein
AMA-530-020	46.9	48.2	1.3	6.276	Bibak
ASA-590-014	8.6	9.18	0.58	2.874	Bonanza Hangingwall Split
ASA-590-014	330.63	331	0.37	2.074	Bonanza Hangingwall Split
ASA-590-014	380.6	381	0.4	2.756	Bonanza Hangingwall Split
ASA-590-014	405.6	406.2	0.6	2.088	Bonanza Hangingwall Split
ASA-590-014	469.92	470.41	0.49	2.426	Bonanza Hangingwall Split
DNC-530-104	296.4	298.5	2.1	1.665	Don Calixto Vein
AMA-530-018	45.7	47.5		1.662	Sandy Vein
AMA-530-018	52.6	53.4	0.8	4.972	Sandy Vein
AMA-530-018	58.6	58.9	0.3	2.874	Sandy Vein
AMA-530-019	15.8	16.5	0.7	2.664	Sandy Vein
AMA-530-019	16.96	17.6	0.64	3.744	Sandy Vein
AMA-530-019	57	58.32	1.32	2.425	Sandy Vein
AMA-530-015	258	258.48	0.48	5.82	Bonanza Vein
AMA-530-015	276.1	276.8	0.7	2.658	Bonanza Vein
AMA-530-015	279.4	279.9	0.5	3.048	Bonanza Vein
ASA-590-030	360.07	360.65	0.58	27.456	Sandy Vein

Mine Operations

The Mine produced a total **68,729** tonnes of gold ores with an average mine grade of **4.13** grams per tonne. Ore extraction was focused on the active vein systems, such as Bonanza hanging wall split, Sandy North, Masara, and Bibak at Mine East (Maligaya Area) and Sandy & Maria Inez at Mine Others (Malumon).The Mine recommenced the underground development of Don Calixto and Don Fernando veins (at Mine West) while the required surface facilities and infrastructures are also currently being upgraded. In addition, the Mine revived the old underground opening toward Fern vein and Masarita vein at Barabadan area to further explore the east and west vein extensions towards the east as well as the west from the former cross cut where these veins were previously exposed.

Mine waste development recorded a total advance of **1,953** meters. Meanwhile, Mine development on ore (on vein) was advanced with a total of **1,095** meters.

MINE OPERATIONS HIGHLIGHTS 1st QUARTER 2014					
		YTD	JAN	FEB	MAR
Mine Operations					
Development					
Ore development	Meters	1,095	469	294	332
Waste development	Meters	1,953	665	608	679
Production					
Ore production	Tonnes	68,729	26,056	15,820	26,853
	Grade gpt	4.13	4.79	3.48	3.87
Waste mined	Tonnes	79,317	26,814	24,138	28,366
Total ore + waste mined	Tonnes	148,046	52,869	39,958	55,219

Mill Report

PRODUCTION HIGHLIGHTS 1st QUARTER 2014					
		YTD	JAN	FEB	MAR
Mill Plant Operations					
Ore Milled	Tons	45,619	10,307	12,030	23,281
Calculated Mill Head Grades	g/t Au	4.18	5.53	3.48	3.94
	g/t Ag	24.84	33.84	28.29	19.07
Mill Recovery	Au, %	77.43%	78.16%	76.92%	77.37%
	Ag, %	73.96%	78.27%	75.89%	71.07%
Metal Production (Ounces)	oz Au	4,786	1,580	1,059	2,147
	oz Ag	27,573	9,479	6,576	11,517

Table 1. Mill Production 1st Quarter 2014

For the 1st quarter of 2014, average throughput based on calendar days was 504 TPD. Based on operating days, the Mill attained an actual rate of **803 TPD**. Major factor that affected average throughput was the tailings pond incident which suspended milling operations from Jan 16 to Feb 13. Other causes of low throughput were due to intermittent switching of tailings pump lines caused by defective pumps; several episodes of power failure which delayed operations and some preventive maintenance schedules for the crushing and grinding area (March 11, 23 and 26).

Processed feed grade was an average of **4.18 gpt Au** (with 24.84 gpt Ag), which is a slight decline from the previous quarter. As for the overall gold production, there was a significant decrease which is from **8,025 oz Au** in the 4th quarter of 2013 to **4,786 oz Au** in the 1st quarter of 2014 due to low throughput. Aside from the tonnage, low recovery of 77.43% was also experienced due to complexities of ore delivered.

For the plant's ramp-up project, ongoing activities are being done to increase the capacity to 1,500 tpd by utilizing some equipment from the original 3,000 tpd expansion project.

CORPORATE SOCIAL RESPONSIBILITY

Apex Mining Co., Inc. religiously adheres to its commitment in reaching out to the community through the Social Development and Management Program (SDMP).

For the First Quarter of 2014 (January to March), a grand total of ***P* 5,471,180.24** was assisted to the community for the accomplishments stated below:

Assistance under **MEDICAL & HEALTH PROGRAM,** incurred a sum of ***P* 207,476.40**; which includes free medical assistance to the community patients through the Company Clinic and response to emergency request for the use of the company ambulance to ferry patients with serious cases from Apex to their preferred hospital in Tagum City.

For the **RESPONSIVE EDUCATION**, ***P* 740,346.17** was contributed for the following: Four-Year Course Scholarship grants, constant support to school activities and provision of students' transportation to ferry students on a daily basis to and from their respective schools.

Moreover, for **SPECIAL PROGRAMS**, ***P* 2,897,084.41** was spent. A big chunk of the SDMP was allotted for the unification of the Indigenous Peoples (Mansaka Tribe) and the training for the Pool of Underground equipment operators from the community.

In addition, there is also the **SUSTAINABLE LIVELIHOOD PROGRAM** with an expenditure of ***P*116,600.00**. Under this program is the conduct of the Philippine Bizcamp – Entrepreneurship Training for the women in Barangay Gubatan and series of cacao production trainings to interested farming communities.

Likewise, there is the **INFRASTRUCTURE PROJECTS**, with a sum of ***P* 302,360.50**. Such amount was used for the road rehabilitation of barangays Masara and Elizalde and for the re-channeling of Hijo River along the roadside in Barangay Panibasan, Maco, Compostela Valley.

Also, an amount of ***P* 90,477.04** was assisted for the **SOCIAL SERVICES PROGRAM,** such as the monthly rice donation to DSWD - Home for the Aged in Tagum City.

Furthermore, there are **COMMUNITY DEVELOPMENT PROGRAMS**, which incurred a cost of ***P*339,000.00**. It was spent particularly for the company's support to barangay activities, aid to the barangay captains and tribal chieftains and response to the community's request for service vehicles for the community affairs.

In addition is the **FAITH AND DEVELOPMENT PROGRAM** alongside with the **YOUTH AND DEVELOPMENT PROGRAM** with an expenditure amounting to **P114,067.20**, being maximized particularly for religious gatherings of interfaith groups and annual church youth camps along Masara Lines.

Moreover, an amount of ***P*626,768.52** was allocated for the **INFORMATION EDUCATION AND COMMUNICATION CAMPAIGN.** Series of symposia on the tailings dam stability, mining potentials was conducted, as well as a geo-hazard awareness seminar in partnership with the University of the Philippines - Diliman – National Institute of Geological Sciences.

Lastly, financial assistance to the participants of mine visit and documentation of best practices in Rio Tuba Mining Corporation in Palawan was provided, amounting to **P37,000.00** under **DEVELOPMENT OF MINING TECHNOLOGY AND GEOSCIENCES**.

ART II - OTHER INFORMATION

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

SIGNATURES

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

APEX MINING CO., INC.
Registrant

WALTER W. BROWN
President & CEO

RAMON Y. SY
Chief Financial Officer

Management Discussion and Analysis of Financial Position and Results of Operations

Statement of Comprehensive Income

Sales

The Company's sales in the first quarter ended March 31, 2014 and 2013 amounted to ₱263 million and ₱402 million, respectively, a decline in sales of 35% or ₱139 million.

Information on the realized price and sales volume of gold in the comparative first quarters of 2014 and 2013 are as follows:

	2014	2013	Change
Volume in ounces (oz)	**4,096**	5,733	(29%)
Realized price/oz	**$1,308**	$1,616	(19%)

Information on the realized price and sales volume of silver in the comparative first quarters of 2014 and 2013 are as follows:

	2014	2013	Change
Volume in oz	**24,776**	30,311	(18%)
Realized price/oz	**$21**	$29	(28%)

The weighted average foreign exchange rate of US$1.0 to PHP used in the first quarter ended March 31, 2014 and 2013 was at ₱44.70 and ₱40.71, respectively.

An analysis of the sales variance, which comprises of volume, price and exchange rate variances, between the comparative first quarter period ended March 31, 2014 and 2013 of the Company are as follows:

Variances	Gold	Silver	Total
Volume	(₱107,675,411)	(₱6,460,040)	(₱114,135,451)
Price	(51,362,916)	(8,000,024)	(59,362,939)
Exchange rate	31,951,782	2,583,465	34,535,247
Sales	(₱127,086,545)	(₱11,876,599)	(₱138,963,144)

The sales in the comparative first quarters of 2014 and 2013 were affected by the decrease in the volume of shipped and the decline in market prices. The decrease in volume was a direct result of the temporary shutdown of the milling operations. The depreciation of the Philippine Peso (PHP) against the United States Dollars (USD) slightly lifted the negative impact of the volume and price variances on the Company's sales in the first quarter ended March 31, 2014 compared to the same period in 2013.

Cost of Sales

Cost of sales incurred in the first quarter ended March 31, 2014 and 2013 amounted to ₱217 million and ₱284 million, respectively. A breakdown of the main components of cost of sales in the comparative first quarters is as follows:

- Cost of materials and supplies dropped by ₱54 million or 58% as a result of the temporary shutdown of the milling operations. Data on the tons of ore mined and milled during the comparative first quarters of 2014 and 2013 are shown below.
    - Ore mined totaled 85,585 tons and 57,263 tons in the first quarter of 2014 and 2013 ended March 31, respectively; and
    - Ore milled tallied 45,619 tons and 62,437 tons in the first quarter of 2014 and 2013 ended March 31, respectively

Statement of Financial Position

Current Assets

Total current assets increased by ₱88 million or 10% from ₱879 million as of December 31, 2013 to ₱967 million as of March 31, 2014 primarily due to the increase in inventory of ₱90 million, specifically the ore stockpile inventory. Ore extraction continued even during the temporary shutdown of the milling operations, which resulted to an increased in stockpiled ore inventory.

Noncurrent Assets

Total noncurrent assets slightly grew by ₱12 million or less than 1% from ₱3,980 million as of December 31, 2013 to ₱3,992 million as of March 31, 2014 primarily due to the following:

- Property, plant and equipment dropped by ₱61 million, and mine and mining properties shed ₱68 million on depreciation and depletion charges, respectively.

- Deferred mine exploration and development costs climbed by ₱142 million in the quarter ending March 31, 2014 as a result of continuous exploration of new areas of interest, and development of existing areas showing economic feasibility.

Current Liabilities

Current liabilities rose by 9% or ₱209 million from the December 31, 2013 balance of ₱2,430 million to the March 31, 2014 balance of ₱2,639 million. The significant changes in the current liabilities category are detailed below.

- Accounts payable and accrued liabilities fell by ₱93 million as of March 31, 2014 compared to the December 31, 2013 balance due to settlement of long outstanding payables using funds received from a related party intended for working capital purposes.

- Due to related parties added to ₱303 million in the first quarter ended March 31, 2014 from ₱484 million as of December 31, 2012. The increase pertains mainly from the funding provided by one of the Company's related parties for working capital purposes.

Noncurrent Liabilities

No material changes were made in the noncurrent liabilities account of the Company as of March 31, 2014 and December 31, 2013.

Equity

The decrease in total equity of ₱109 million as of March 31, 2014 compared to the total equity as of December 31, 2013 pertains to the net loss for the first quarter of 2014.

Apex Mining Co., Inc.
Comparative Balance Sheets
As at March 31, 2014
(all in Phillipine Pesos)

	as at	Audited	
	31-Mar-14	31-Dec-13	31-Dec-12
Current Assets			
Cash	36,491,982	33,677,065	52,923,378
Receivables	312,051,965	313,464,697	617,685,238
Inventories	503,768,812	413,682,013	598,511,428
Prepayments and Other Current Assets	114,058,856	117,308,256	105,960,896
Total current assets	**966,371,616**	**878,132,031**	**1,375,080,941**
Due from ASVI Group companies	**527,632**	**486,992**	**34,738,559**
Due from (to) Mindanao Gold			34,738,559
Due from (to) Mapula	527,632	486,992	
Property and Equipment - Net	**1,842,004,639**	**1,903,652,578**	**915,175,677**
Land & Land Improvements	-		
Roads & Bridges	98,342,670	98,342,670	98,342,670
Dams and Diversions	469,672,556	469,672,556	417,927,845
Drilling Equipment	79,022,482	79,022,480	85,849,843
Mining Equipment	424,922,991	423,788,352	395,045,062
Mill Machineries & Equipment	965,317,874	965,017,870	961,400,537
Assay & Met Lab. Equipt.	52,698,084	52,698,084	46,152,907
Power Gen.& Elect'lEquipt	375,740,987	375,740,987	365,713,690
Pumps & Motors	151,247,098	151,247,091	123,451,486
Heavy Mobile Equipment	1,349,437,106	1,343,666,679	736,064,296
Transportation Equipment	74,962,161	74,962,161	63,618,745
Communication Equipment	3,988,790	3,988,790	4,261,907
Computer Equipment	11,617,318	11,617,312	11,617,243
Furniture & Equipment	519,816	519,801	519,768
Staffhouse Furnishing & Fixtures	390,003	390,000	390,000
Buildings & Structures	159,458,191	156,699,334	190,127,168
Small tools & equipment	19,639,768	19,639,760	16,603,380
PPE in Progress	738,817,238	714,148,339	218,264,483
Asset Clearing Acct.	(5,987,522)	2,634,220	2.19
ARO - Property,Plant&Equipt.	8,034,810	8,034,810	1,100,432
PPE at Cost	**4,977,842,422**	**4,951,831,296**	**3,736,451,464**
Accumulated Depreciation	**3,135,837,783**	**3,048,178,717**	**2,821,275,787**
Deferred Mine Explo & Dev't Costs	**1,584,159,789**	**1,442,338,623**	**965,584,744**
Mine & Mine Properties	**453,097,775**	**521,451,488**	**662,204,354**
Other Assets	**113,079,458**	**112,415,836**	**82,501,428**
Assets Held for Sale			
Deposits - Non Current	32,450,591	32,450,591	24,500,591
Idle Assets, net	(0)	(0)	12,462,899
Others	11,840,665	11,177,044	20,898,252
Deferred Input Vat- Non Current	68,788,202	68,788,202	24,639,686
Total Assets	**4,959,240,909**	**4,858,477,548**	**4,035,285,702**
Current Liabilites	**2,639,469,124**	**2,429,925,034**	**1,474,714,984**
Accounts Payable & Accrued Liabilities	982,650,850	1,075,883,309	637,499,916
Loans Payable - Current	332,962,500	332,962,500	
Loans Pay Equipt Financing Current	538,626,540	538,626,540	
Discount on Loans Pay-Current	(1,377,496)	(1,377,496)	
Due (to) Mapula			169,124,638
Due from (to) Teresa			1
Due from (to) ASVI			
Due from (to) ASVI-TSG	55,804,564	55,281,945	0
Due from (to) Mindanao Gold	342,972,165	339,758,236	668,090,429
Due from (to) MOREI	387,830,000	88,790,000	
Non-Current Liabilities	**142,744,901**	**142,744,901**	**173,948,132**
Deferred Tax Liability	4,016,232	4,016,232	37,769,623
Asset Retirement Obligation	47,806,902	47,806,902	82,790,453
Accrued Retirement Payable	83,730,583	83,730,583	53,388,056
Discount on Loans Payable		(0)	0
Loans Pay Equipt Financing NC	7,191,183	7,191,183	0
Total Liabilities	**2,782,214,024**	**2,572,669,934**	**1,648,663,116**
Total Capital Stock	**4,956,083,839**	**4,956,083,839**	**4,271,832,294**
Capital Stock	1,868,639,664	1,868,639,664	1,664,565,290
Capital in excess of par value &	3,098,234,838	3,098,234,838	2,561,661,966
Revaluation increment	13,387,441	13,387,441	55,751,781
Remeasurent - loss (gain) RBL	(24,178,104)	(24,178,104)	(10,146,743)
Retained Earnings(Deficit)	**(2,779,056,955)**	**(2,670,276,225)**	**(1,885,209,708)**
At beginning of the year	(2,670,276,225)	(2,670,276,225)	(1,885,209,708)
For the quarter	(108,780,729)	0	0
Total capital deficiency	**2,177,026,884**	**2,285,807,614**	**2,386,622,586**
Total Liabilities and Equity	**4,959,240,909**	**4,858,477,548**	**4,035,285,702**

Apex Mining Company, Inc.
Statement of Income and Deficit
For the Quarter ended 31 March 2014
(all in Phillipine Pesos)

	as at		
	31-Mar-14	31-Mar-13	31-Mar-12
Revenue			
Sale of Gold	239,450,796	366,537,341	409,090,381
Sale of Silver	23,503,305	35,379,904	36,245,803
Total	**262,954,101**	**401,917,244**	**445,336,184**
Costs of Sales			
Materials & Supplies	39,394,902	93,270,085	97,988,216
Depreciation, Depletion and Ammortization	72,835,148	112,869,321	100,143,602
Salaries, allowances and employee benefits	39,741,699	25,831,566	23,330,463
Rent	23,306,665	13,290,419	22,435,896
Utilities	22,623,393	22,906,604	28,430,645
Marketing	3,664,063	3,508,261	4,567,190
Contract Service	10,814,016	3,816,062	1,462,935
Others	5,063,979	8,100,199	8,683,007
	217,443,864	**283,592,517**	**287,041,954**
GROSS PROFIT	**45,510,236**	**118,324,728**	**158,294,230**
General & Admin Expenses			
Materials & Supplies	7,903,282	8,414,754	6,952,356
Depreciation, Depletion and Ammortization	7,229,907	22,053,434	11,798,799
Salaries, allowances and employee benefits	55,427,784	36,989,611	28,962,253
Rent	9,745,366	12,821,910	8,255,056
Utilities	787,714	500,999	913,128
Marketing	1,151,146	1,375,426	3,433,104
Contract Service	10,614,991	14,356,784	8,009,796
Excise Tax	5,216,501	8,337,850	8,792,098
Surface Rights	2,636,657	4,019,173	4,453,363
Royalties	1,772,380	4,194,182	4,420,920
Others	33,819,826	32,197,668	30,595,832
	136,305,554	**145,261,789**	**116,586,705**
INCOME (LOSS) FROM OPERATIONS	**(90,795,318)**	**(26,937,061)**	**41,707,525**
OTHER INCOME (EXPENSE)			
Unrealized Foreign Exchance gain (loss), net	(8,440,064)		
Foreign Exchance gain (loss)	4,903,593	2,956,260	8,497,869
Interest & other income (expense)	(14,445,268)	(2,095)	31,954
Write Off of Inventories			
Gain(Loss)Sale-Fixed Asset		(5,251,343)	-
Loss(Gain)Write-OffFixed Asset			
Total	**(17,981,739)**	**(2,297,178)**	**8,529,822**
INCOME (LOSS) BEFORE INCOME TAX			
Provision for Income tax	3,673	1,655	
	3,673	**1,655**	**-**
NET INCOME (LOSS) FOR THE QUARTER	**(108,780,729)**	**(29,235,895)**	**50,237,347**

APEX MINING CO., INC.
UNAUDITED STATEMENT OF CHANGES IN EQUITY

	Three Months Ended March 31		
	2014	2013	2012
CAPITAL STOCK - P1 PAR VALUE	1,868,639,664	1,664,565,290	1,466,516,426
ADDITIONAL PAID-IN CAPITAL	3,098,234,838	2,562,127,456	1,919,180,270
REVALUATION INCREMENT	13,387,441	55,751,783	80,514,894
DEFICIT			
Beginning of quarter	(2,670,276,225)	(1,885,888,323)	(1,967,469,313)
Net Income/(loss) for the quarter	(108,780,729)	(29,235,895)	50,237,347
End of period	(2,779,056,955)	(1,915,124,218)	(1,917,231,966)
TOTAL EQUITY	**2,201,204,988**	**2,367,320,310**	**1,548,979,624**

APEX MINING CO., INC.
UNAUDITED STATEMENT OF CASH FLOW

	Three Months Ended March 31		
	2014	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss	(108,780,729)	(29,235,894)	50,237,347
Depreciation & Amortization	87,659,066	134,922,755	111,967,631
Operating loss before changes in working capital	**(21,121,664)**	**105,686,861**	**162,204,978**
Decrease (Increase) in receivables and advances	1,412,732	173,456,063	93,294,720
Decrease (Increase) in Inventory	(90,086,799)	26,865,775	(55,319,671)
(Decrease) Increase in accounts payable and accrued expenses	(93,232,459)	548,139,979	23,291,602
Decrease (Increase) in prepayments	3,249,400	(134,143,186)	4,074,538
Net cash used in operating activities	**(199,778,790)**	**720,005,492**	**227,546,166**
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(26,011,126)	(610,552,603)	(86,987,298)
Decrease (Increase) in deferred mine exploration costs	(73,467,454)	(119,379,499)	(100,887,538)
Decrease (Increase) in other noncurrent assets	(663,621)	7,517,825	(1,954,920)
Net cash used in investing activities	**(100,142,202)**	**(722,414,277)**	**(189,829,756)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in amounts of advances from affiliates	3,695,909	(20,360,346)	(39,701,146)
Loans Payable - Long Term	299,040,000		
Net cash provided by financing activities	**302,735,909**	**(20,360,346)**	**(39,701,146)**
NET INCREASE IN CASH	**2,814,917**	**(22,769,130)**	**(1,984,736)**
CASH AT BEGINNING OF PERIOD	**33,677,065**	**52,923,378**	**53,550,286**
CASH AT END OF PERIOD	**36,491,982**	**30,154,248**	**51,565,550**

APEX MINING CO., INC.
Aging of Accounts Receivable
As of March 31, 2014

1) Aging of Accounts Receivable

Type of Accounts Receivable	Total	1 Month	2-3 Mos	4-6 Mos	7 Mos to 1 Year	1-3 Years	3-5 Years	5 Years Above	Past due accounts & items in litigation
a) Trade Receivables	84,308,866	84,308,866							
Less: Allow. For Doubtful Acct.									
Net Trade Receivable	84,308,866	84,308,866	-	-	-	-	-	-	-
b) Non-Trade Receivables									
1) Advances - Temp. Accom.	230,072,969	24,449,101	3,276,293	202,347,575					
Less: Allow. For Doubtful Acct.	(2,329,870)								
Net Non-Trade Receivables	227,743,100	24,449,101	3,276,293	202,347,575	-	-	-	-	-
Net Receivables (a + b)	**312,051,965**								

2) Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
a.) Accounts Reveivable	receivable from customers/government	
b) Accounts Receivable-Others	cash advance to suppliers, officers and employees/SSS Claims	

3) Normal Operating Cycle: 1 year

Apex Mining Co., Inc.
Comparative Balance Sheets
As at March 31, 2014
(all in Philipine Pesos)

	as at	Audited		Change		Narratives
	31-Mar-14	31-Dec-13	31-Dec-12	Amount	%	
Current Assets						
Cash	36,491,982	33,677,065	52,923,378	2,814,918	8%	
Receivables	312,051,965	313,464,697	617,685,238	(1,412,732)	0%	
Inventories	503,768,812	413,682,013	598,511,428	90,086,799	22%	OSI adjustment for the period
Prepayments and Other Current Assets	114,058,856	117,308,256	105,960,896	(3,249,400)	-3%	Amortization for the period
Total current assets	**966,371,616**	**878,132,031**	**1,375,080,941**	**88,239,585**	0.88	
Due from ASVI Group companies	**527,632**	**486,992**	**34,738,559**	**40,640**	**0**	
Due from (to) Mindanao Gold			34,738,559	0		
Due from (to) Mapula	527,632	486,992		40,640	8%	Labor & benefits
Property and Equipment - Net	**1,842,004,639**	**1,903,652,578**	**915,175,677**	**(61,647,939)**	(0.61)	
Land & Land Improvements	-			0		
Roads & Bridges	98,342,670	98,342,670	98,342,670	0	0%	
Dams and Diversions	469,672,556	469,672,556	417,927,845	0	0%	
Drilling Equipment	79,022,482	79,022,480	85,849,843	2	0%	
Mining Equipment	424,922,991	423,788,352	395,045,062	1,134,639	0%	Addition of Leica, total Station Survey equipment
Mill Machineries & Equipment	965,317,874	965,017,870	961,400,537	300,004	0%	Cost of Symons Cone Crusher
Assay & Met Lab. Equipt.	52,698,084	52,698,084	46,152,907	0	0%	
Power Gen.& Elect'lEquipt	375,740,987	375,740,987	365,713,690	0	0%	
Pumps & Motors	151,247,098	151,247,091	123,451,486	7	0%	
Heavy Mobile Equipment	1,349,437,106	1,343,666,679	736,064,296	5,770,427	0%	Pertains to the addt'l Landed Costs of acquired fixed assets
Transportation Equipment	74,962,161	74,962,161	63,618,745	0	0%	
Communication Equipment	3,988,790	3,988,790	4,261,907	0	0%	
Computer Equipment	11,617,318	11,617,312	11,617,243	6	0%	
Furniture & Equipment	519,816	519,801	519,768	15	0%	
Staffhouse Furnishing & Fixtures	390,003	390,000	390,000	3	0%	
Buildings & Structures	159,458,191	156,699,334	190,127,168	2,758,858	2%	Assay Laboratory Improvements
Small tools & equipment	19,639,768	19,639,760	16,603,380	8	0%	
PPE in Progress	738,817,238	714,148,339	218,264,483	24,668,899	3%	3000TPD costs 6.9M, Dam 15M, 1500TPD costs 4.4M
Asset Clearing Acct.	(5,987,522)	2,634,220	2.19	(8,621,741)	-327%	Clearings of Assay Lab and HME Landed Cost
ARO - Property,Plant&Equipt.	8,034,810	8,034,810	1,100,432	0	0%	
PPE at Cost	**4,977,842,422**	**4,951,831,296**	**3,736,451,464**	**26,011,126**	1%	
Accumulated Depreciation	**3,135,837,783**	**3,048,178,717**	**2,821,275,787**	87,659,065	3%	Depreciation for the quarter
Deferred Mine Explo & Dev't Costs	**1,584,159,789**	**1,442,338,623**	**965,584,744**	141,821,167	141%	Exploration & Development Costs for Masarita, Sandy, Bibak, Masara/Maligaya, Fern Vein, Bonanza, etc for the quarter
				0		
Mine & Mine Properties	**453,097,775**	**521,451,488**	**662,204,354**	(68,353,713)	-68%	depletion charges for the quarter
Other Assets	**113,079,458**	**112,415,836**	**82,501,428**	**663,621**	1%	
Assets Held for Sale				-		
Deposits - Non Current	32,450,591	32,450,591	24,500,591	0	0%	
Idle Assets, net	(0)	(0)	12,462,899	(0)	0%	
Others	11,840,665	11,177,044	20,898,252	663,621	6%	Adjustment on Logimine Cost & Amort of intangibles for the quarter
Deferred Input Vat- Non Current	68,788,202	68,788,202	24,639,686	0	0%	
Total Assets	**4,959,240,909**	**4,858,477,548**	**4,035,285,702**	**100,763,361**	**100%**	
Current Liabilites	**2,639,469,124**	**2,429,925,034**	**1,474,714,984**	**209,544,090**	208%	
Accounts Payable & Accrued Liabilities	982,650,850	1,075,883,309	637,499,916	(93,232,459)	-9%	
Loans Payable - Current	332,962,500	332,962,500		0	0%	
Loans Pay Equipt Financing Current	538,626,540	538,626,540		0	0%	
Discount on Loans Pay-Current	(1,377,496)	(1,377,496)		0	0%	
Due (to) Mapula			169,124,638	0		
Due from (to) Teresa			1	0		
Due from (to) ASVI				0		
Due from (to) ASVI-TSG	55,804,564	55,281,945	0	522,620	1%	Revaluation effects for the Quarter
Due from (to) Mindanao Gold	342,972,165	339,758,236	668,090,429	3,213,929	1%	Revaluation effects for the Quarter
Due from (to) MOREI	387,830,000	88,790,000		299,040,000	337%	Working capital proceeds from MORE
Non-Current Liabilities	**142,744,901**	**142,744,901**	**173,948,132**	**0**	0%	
Deferred Tax Liability	4,016,232	4,016,232	37,769,623	0	0%	
Asset Retirement Obligation	47,806,902	47,806,902	82,790,453	0	0%	
Accrued Retirement Payable	83,730,583	83,730,583	53,388,056	0	0%	
Discount on Loans Payable		(0)	0	0	-100%	
Loans Pay Equipt Financing NC	7,191,183	7,191,183	0	0	0%	
Total Liabilities	**2,782,214,024**	**2,572,669,934**	**1,648,663,116**	**209,544,090**	**208%**	
Total Capital Stock	**4,956,083,839**	**4,956,083,839**	**4,271,832,294**	-	0%	
Capital Stock	1,868,639,664	1,868,639,664	1,664,565,290	0	0%	
Capital in excess of par value &	3,098,234,838	3,098,234,838	2,561,661,966	0	0%	
Revaluation increment	13,387,441	13,387,441	55,751,781	0	0%	
Remeasurent - loss (gain) RBL	(24,178,104)	(24,178,104)	(10,146,743)	0	0%	
Retained Earnings(Deficit)	**(2,779,056,955)**	**(2,670,276,225)**	**(1,885,209,708)**	**(108,780,729)**	-108%	
At beginning of the year	(2,670,276,225)	(2,670,276,225)	(1,885,209,708)	0	0%	
For the quarter	(108,780,729)	0	0	(108,780,729)		Losses for the quarter
Total capital deficiency	**2,177,026,884**	**2,285,807,614**	**2,386,622,586**	**(108,780,729)**	**-108%**	
Total Liabilities and Equity	**4,959,240,909**	**4,858,477,548**	**4,035,285,702**	**100,763,361**	**100%**	

Apex Mining Company, Inc.
Statement of Income and Deficit
For the Quarter ended 31 March 2014
(all in Phillipine Pesos)

	as at			Change	
	31-Mar-14	31-Mar-13	31-Mar-12	Amount	%
Revenue					
Sale of Gold	239,450,796	366,537,341	409,090,381	(127,086,545)	-35%
Sale of Silver	23,503,305	35,379,904	36,245,803	(11,876,599)	-34%
Total	**262,954,101**	**401,917,244**	**445,336,184**	**(138,963,144)**	**175%**
Costs of Sales					
Materials & Supplies	39,394,902	93,270,085	97,988,216	(53,875,183)	-58%
Depreciation, Depletion and Ammortization	72,835,148	112,869,321	100,143,602	(40,034,173)	-35%
Salaries, allowances and employee benefits	39,741,699	25,831,566	23,330,463	13,910,133	54%
Rent	23,306,665	13,290,419	22,435,896	10,016,246	75%
Utilities	22,623,393	22,906,604	28,430,645	(283,211)	-1%
Marketing	3,664,063	3,508,261	4,567,190	155,802	4%
Contract Service	10,814,016	3,816,062	1,462,935	6,997,954	183%
Others	5,063,979	8,100,199	8,683,007	(3,036,220)	-37%
	217,443,864	**283,592,517**	**287,041,954**	**(66,148,652)**	**83%**
GROSS PROFIT	**45,510,236**	**118,324,728**	**158,294,230**	**(72,814,491)**	**92%**
General & Admin Expenses					
Materials & Supplies	7,903,282	8,414,754	6,952,356	(511,472)	-6%
Depreciation, Depletion and Ammortization	7,229,907	22,053,434	11,798,799	(14,823,526)	-67%
Salaries, allowances and employee benefits	55,427,784	36,989,611	28,962,253	18,438,173	50%
Rent	9,745,366	12,821,910	8,255,056	(3,076,544)	-24%
Utilities	787,714	500,999	913,128	286,715	57%
Marketing	1,151,146	1,375,426	3,433,104	(224,280)	-16%
Contract Service	10,614,991	14,356,784	8,009,796	(3,741,792)	-26%
Excise Tax	5,216,501	8,337,850	8,792,098	(3,121,349)	-37%
Surface Rights	2,636,657	4,019,173	4,453,363	(1,382,515)	-34%
Royalties	1,772,380	4,194,182	4,420,920	(2,421,801)	-58%
Others	33,819,826	32,197,668	30,595,832	1,622,158	5%
	136,305,554	**145,261,789**	**116,586,705**	**(8,956,235)**	**11%**
INCOME (LOSS) FROM OPERATIONS	**(90,795,318)**	**(26,937,061)**	**41,707,525**	**(63,858,257)**	**80%**
OTHER INCOME (EXPENSE)					
Unrealized Foreign Exchance gain (loss), net	(8,440,064)			(8,440,064)	
Foreign Exchance gain (loss)	4,903,593	2,956,260	8,497,869	1,947,334	66%
Interest & other income (expense)	(14,445,268)	(2,095)	31,954	(14,443,173)	689454%
Write Off of Inventories				-	
Gain(Loss)Sale-Fixed Asset		(5,251,343)	-	5,251,343	
Loss(Gain)Write-OffFixed Asset				-	
Total	**(17,981,739)**	**(2,297,178)**	**8,529,822**	**(15,684,561)**	**20%**
INCOME (LOSS) BEFORE INCOME TAX					
Provision for Income tax	3,673	1,655		2,017	
	3,673	**1,655**	-	**2,017**	**0%**
NET INCOME (LOSS) FOR THE QUARTER	**(108,780,729)**	**(29,235,895)**	**50,237,347**	**(79,544,835)**	**100%**
LOSS(EARNINGS) PER SHARE	**(0.06)**	**(0.02)**	**0.03**		

Others - COS					
Total	**5,063,979**	**8,100,199**	**8,683,007**	**(3,036,220)**	**-37.48%**

Others - Gen & Admin					
Total	**33,819,826**	**32,197,668**	**30,595,832**	**1,578,675**	**4.90%**

1. Corporate Information

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

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

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

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

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).

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

Cash
Cash consists of cash on hand and demandable deposits in banks.

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

Initial Recognition and Measurement of Financial Instruments
All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at fair value through profit or loss (FVPL), the initial measurement of financial

instruments includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and loans and borrowings.

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

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

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

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

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

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

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

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

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

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

Impairment of Financial Assets Carried at Amortized Cost

An assessment is made at each reporting period to determine whether there is objective evidence that a specific financial asset may be impaired.

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

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

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

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

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

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

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

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

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

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

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

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

Financial instruments recognized at fair value are measured based on:

- Level 1 - Quoted prices in active markets for an identical asset or liability
- Level 2 - Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 - Those with inputs for asset or liability that are not based on observable market data (unobservable inputs)

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

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

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

Offsetting of Financial Instruments

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

Business Combination Accounted for Using the Pooling of Interest Method

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

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

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

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

Inventories

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

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

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

Prepayments and Other Current Assets

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

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

Property Plant and Equipment

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

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

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

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

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

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

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

The Company's future retained earnings is restricted to the extent of the revaluation surplus recognized in equity until such time that the entire revaluation surplus has been fully realized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

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

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

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

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

Deferred Exploration and Mine Development Costs

Deferred Exploration Costs

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

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

Capitalized amounts may be written down if future cash flows, including potential sales proceeds related to the property, are projected to be less than the carrying value of the property. If no mineable ore body is discovered, capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value.

Mine Development Costs

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

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

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

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

Mine and Mining Properties

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

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

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

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

Intangible Assets

Intangible assets, which consist of acquired computer software licenses and other 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 three years.

Impairment of Nonfinancial Assets

Property, Plant and Equipment and Other Noncurrent Assets

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

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

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

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

Mine and Mining Properties
The Company provides allowance for impairment losses on mine and mining properties when they can no longer be realized. A valuation allowance is provided for unrecoverable costs of mine and mining properties based on the Company's assessment of the future prospects of a project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful mine operation of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or is abandoned, all revocable cost associated with the project and the related impairment provisions are written off.

Retirement Benefits
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of comprehensive income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods. Re-measurements recognized in OCI after the initial adoption of Revised PAS 19 are not closed to any other equity account.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Provisions

General

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

Provision for Mine Rehabilitation and Decommissioning

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

Related Party Relationships

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

Foreign Currency Translation

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

Equity

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

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

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

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

Earnings (Loss) Per Share

Basic

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

Diluted

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

Revenue Recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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