COVER SHEET

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S.E.C. Registration Number

APEX MINING CO. INC.

(Company's Full Name)

3304B WEST TOWER EXCHANGE ROAD

ORTIGAS CENTER PASIG CITY

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

ROSANNA A. PARICA	706-2805
Contact Person	Company Telephone Number

1 2	3 1	**SEC Form 17-Q**	0 6	3 0
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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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, 2016**

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: **3304B West Tower, PSE Centre, Exchange 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.

1704 17F Prestige Tower Cond., F. Ortigas Jr. Road, Ortigas Center, Pasig City

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	6,227,887,491

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

Yes [x] No [ ] Phil. Stock Exchange

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 Interim Financial Statements as of March 31, 2016.

Item 2. Management Discussion and Analysis of Financial Position and Results of Operations for the First Quarters of 2016 and 2015

Consolidated Statement of Comprehensive Income

Consolidated Net Income
Consolidated net income of Apex Mining Co., Inc. (the "Parent Company") and its Subsidiaries (collectively referred to as the "Group") was ₱39.4 million and ₱100.2 million in the first quarter of 2016 and 2015, respectively.

The Parent Company net income in the first quarter of 2016 amounted to ₱51.3 million compared to ₱105.0 million in the same period in 2015.

Consolidated Revenue
Consolidated revenue in the first quarter of 2016 amounted to ₱775.4 million, an increase of ₱110.0 million from the consolidated revenue of ₱665.4 million in the same period last year.

Information on the Parent Company volume of gold produced and realized price in the first quarter of 2016 and 2015 is as follows:

	2016	2015	Change
Volume in ounces	**12,779**	11,557	+11%
Realized price per ounce	**$1,214**	$1,211	+0%

Information on the Parent Company volume of silver produced and realized price in the first quarter of 2016 and 2015 is as follows:

	2016	2015	Change
Volume in ounces	**61,085**	51,917	+18%
Realized price per ounce	**$15**	$17	-11%

An analysis of the consolidated revenue variance, which comprises of volume, price and exchange rate variances, between the comparative quarters ended March 31, 2016 and 2015 of the Group are as follows:

	Gold	Silver	Total
Volume	₱65,716,680	₱6,923,021	₱72,639,702
Price	1,663,434	(5,073,234)	(3,409,800)
Exchange rate	37,573,210	3,209,969	40,783,179
Total variance	₱104,953,324	₱5,059,756	₱110,013,081

The volume variance was brought about by higher tonnage of ore and better recovery albeit slightly lower grades in the first quarter of 2016 compared to the same period in 2015. Tonnes milled and recovery increased by 16% and 6%, respectively, while grades went down by 13%.

The continued strength of the USD attributed to the positive exchange rate variance of the consolidated revenues, which also weighed down on metal prices in 2016 as against 2015, resulting in the unfavorable price variance for silver, but a marginal positive price variance for gold.

Consolidated Cost of Production
Consolidated cost of production incurred in 2016 and 2015, all of which pertains solely to the Parent Company cost of production, amounted to ₱640.4 million and ₱519.2 million, respectively. A breakdown of the main components of consolidated cost of production in 2016 and 2015 follows:

- Materials used rose by 14% or ₱21.8 million in the first quarter of 2016 compared to 2015. The Parent Company milled 89,494 tonnes and 77,287 tonnes of ore in 2016 and 2015, respectively, that led to the increase in materials cost.

- Personnel cost went up by 14% or ₱15.8 million in the first quarter of 2016 compared to 2015 due to an increase in salary rates effective in February 2016.

- Depreciation, depletion and amortization expense increased by 50% or ₱55.0 million as a result of additional capital expenditures made in the middle of 2015 when the Parent Company was granted a bank loan to finance its capital and operating expenditures.

- Royalty and surface rights expense climbed 67% or ₱5.1 million as a result of the increased gross revenues and gross income of the Parent Company in the first quarter of 2016 compared to the same period last year.

Consolidated Excise Tax
Consolidated excise tax which pertains to the Parent Company's excise tax on revenue from metals produced, amounted to ₱13.0 million and ₱12.7 million in the first quarter of 2016 and 2015, respectively. The higher revenues in 2016 correspondingly resulted in higher excise tax for the period compared to 2015.

Consolidated General and Administrative Expense
Consolidated general and administrative expense in the first quarter of 2016 and 2015 amounted to ₱44.6 million and ₱37.2 million, respectively. The reasons for the increase in the consolidated G&A are the personnel cost due to the increased salary rates in the current period, taxes and licenses due to the one-time payment of the Parent Company of listing fees to the Philippine SEC in 2016, and the inclusion of Itogon-Suyoc Resources, Inc. (ISRI) in the consolidation since its acquisition by the Parent Company in June 2015.

Consolidated Other Income (Charges)
Consolidated other income (charges) is mainly comprised of interest expenses and net foreign exchange gains and losses. In the first quarter of 2016, interest expenses surged by 73% or ₱18.5 million compared to 2015 on account of an additional ₱2.3 billion bank loan granted to the Parent Company only in the second quarter of 2015. Net foreign exchange gains amounted to ₱13.1 million and ₱39.8 million in the first quarter of 2016 and 2015, respectively. The Group was in a net foreign currency-denominated financial liability position in both periods.

Consolidated Other Comprehensive Income
There were no items affecting consolidated other comprehensive income as of and for the first quarter ended March 31, 2016 and 2015.

Consolidated Statement of Financial Position

Consolidated Current Assets
Total consolidated current assets of the Group decreased by ₱314.4 million from ₱2.0 billion as of December 31, 2015 to ₱1.7 billion as of March 31, 2016 primarily due to the following:

- Though the Group generated ₱129.6 million in operating activities, cash fell by ₱220.3 million in the comparative periods essentially due to capital expenditures and payment of loans from creditors.

- Trade and other receivables went down by ₱62.7 million as advances and downpayments to suppliers and contractors were applied to current period billings and when the items for delivery were eventually received.

- Inventories were lower by ₱58.2 million mainly on account of lower materials and supplies.

Consolidated Noncurrent Assets
Total consolidated noncurrent assets of the Group slightly grew by ₱166.9 million from ₱9.1 billion as of December 31, 2015 to ₱9.3 billion as of March 31, 2016 primarily due to acquisitions of fixed assets and expenditures for mine development.

Consolidated Current Liabilities
Consolidated current liabilities of the Group decreased by ₱186.9 million to the March 31, 2016 balance of ₱5.8 billion. The Group added ₱197.5 million in advances from related parties as of March 31, 2016, and with available cash generated from operations, was able to reduce supplier accounts and loans payable by a total of ₱379.0 million during the three-month period.

Consolidated Equity
Consolidated equity of the Group rose by ₱39.4 million as of March 31, 2016 due to the consolidated net income for the period.

Key Financial and Non-Financial Performance Indicators

Tonnes Mined and Milled
Tonnage, ore grade and metal recovery determine production volume. The higher the tonnage, ore grade and recovery, the more metals are produced. Below are the mine and mill data that determine the production of the Maco mine of the Parent Company.

	Three-Month Period Ended March 31		
	2016	2015	Change
Tonnes mined	**125,738**	103,967	+21%
Mine grade (grams/tonne)	**6.59**	5.43	+21%
Tonnes milled	**89,494**	77,287	+16%
Mill head grade (g/t):			
Gold	**5.42**	6.20	-13%
Silver	**32.34**	39.20	-18%
Metal recovery:			
Gold	**82%**	77%	+6%
Silver	**67%**	60%	+12%
Metal production (oz)			
Gold	**12,779**	11,557	+11%
Silver	**61,085**	51,917	+18%

Financial Ratios
Management has identified the following financial ratios as significant in assessing the Group's performance:

Financial Ratio	Formula	Three-Month Period Ended March 31 **2016**	2015
Gross profit margin	Gross profit / Revenue	**0.17:1**	0.21:1
Return on assets	Net income (loss) / Total assets	**0.01:1**	0.01:1
Return on equity	Net income (loss) / Total equity	**0.01:1**	0.02:1

Financial Ratio	Formula	**March 31, 2016**	December 31, 2015
Current ratio	Current assets / Current liabilities	**0.29:1**	0.33:1
Debt-to-equity	Total debts / Total equity	**1.33:1**	1.38:1
Asset-to-equity	Total assets / Total equity	**2.33:1**	2.38:1

The lower gross profit margin, return on assets and return on equity can be attributable to the lower mill head grades in the first quarter of 2016 compared to the grades in the same period last year. Moreover, return on assets and return on equity decreased as the consolidated net income for the 2016 was lower than the prior period due to the increased interest expense from bank loans.

The utilization of its current assets for not only current liabilities, but also for capital expenditures resulted in a lower current ratio for the period. The lower debt-to-equity and asset-to-equity ratios resulted from the payment of liabilities partly from cash generated from operations.

PART II – OTHER INFORMATION

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

APEX MINING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Current Assets		
Cash	**₱330,713,634**	₱550,980,770
Trade and other receivables	**370,808,440**	433,547,957
Inventories - net realizable value	**676,045,172**	734,293,481
Advances to related parties	**2,273,648**	2,306,149
Prepayments and other current assets	**293,967,748**	267,080,956
Total Current Assets	**1,673,808,641**	1,988,209,313
Noncurrent Assets		
Available-for-sale financial assets	**344,640,0006**	344,640,000
Property, plant and equipment	**6,138,121,104**	6,006,647,341
Deferred exploration costs	**2,263,286,633**	2,261,567,072
Intangible assets	**192,202,964**	193,359,873
Other noncurrent assets	**341,689,699**	306,801,809
Total Noncurrent Assets	**9,279,940,400**	9,113,016,095
TOTAL ASSETS	**₱10,953,749,041**	₱11,101,225,408
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**₱1,724,311,298**	₱1,890,244,602
Advances from related parties	**809,551,832**	612,050,463
Loans payable	**3,219,218,649**	3,432,305,747
Income tax payable	**26,123**	5,372,921
Total Current Liabilities	**5,753,107,902**	5,939,973,733
Noncurrent Liabilities		
Provision for retirement benefits	**147,645,231**	147,645,231
Provision for mine rehabilitation and decommissioning	**44,026,510**	44,026,510
Deferred income tax liabilities	**309,877,275**	309,877,275
Total Noncurrent Liabilities	**501,549,016**	501,549,016
Total Liabilities	**6,254,656,918**	6,441,522,749
Equity Attributable to Equity Holders of the Parent Company		
Issued capital stock	**6,227,887,491**	6,227,887,491
Additional paid-in capital	**3,027,029,976**	3,027,029,976
Treasury shares	**(2,117,737,909)**	(2,117,737,909)
Revaluation surplus on property, plant and equipment	**283,524,013**	283,524,013
Remeasurement loss on retirement plan	**(26,813,063)**	(26,813,063)
Currency translation adjustment on foreign subsidiaries	**(347,620)**	(347,620)
Deficit	**(2,874,500,390)**	(2,914,720,530)
	4,519,042,498	4,478,822,358
Non-controlling Interests	**180,049,625**	180,880,301
Total Equity	**4,699,092,123**	4,659,702,659
TOTAL LIABILITIES AND EQUITY	**₱10,953,749,041**	₱11,101,225,408

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31

	2016 (Unaudited)	2015 (Unaudited)
NET REVENUE		
Gold	**₱731,783,827**	₱626,830,503
Silver	**43,599,798**	38,540,042
	775,383,625	665,370,545
Less: Marketing charges	**6,280,648**	6,288,838
	769,102,977	659,081,707
COST OF PRODUCTION		
Mining	**207,166,892**	190,818,515
Milling	**126,438,578**	99,850,504
Maintenance	**33,010,015**	29,383,406
Compliance	**39,981,434**	35,588,919
Mine overhead	**69,317,106**	61,701,659
Depreciation, depletion and amortization	**164,519,675**	101,852,781
	640,433,700	519,195,784
EXCISE TAXES	**12,948,059**	12,733,462
GENERAL AND ADMINISTRATIVE EXPENSES	**44,597,996**	37,205,634
OTHER INCOME (CHARGES)		
Foreign exchange gains (losses) - net	**13,126,979**	39,799,569
Interest expense - net	**(42,546,313)**	(25,213,432)
	29,419,334	14,586,137
INCOME BEFORE INCOME TAX	**41,703,889**	104,532,964
PROVISION FOR INCOME TAX	**2,314,424**	4,257,479
NET INCOME	**₱39,389,464**	₱100,275,485
Net income (loss) attributable to:		
Equity holders of the Parent Company	**₱40,220,140**	₱100,275,485
Non-controlling interests	**(830,676)**	–
	₱39,389,464	₱100,275,485

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31

	2016 (Unaudited)	2015 (Unaudited)
NET INCOME	**₱39,389,464**	₱100,275,485
OTHER COMPREHENSIVE INCOME, NET OF TAX	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱39,389,464**	₱100,275,485
Total comprehensive income (loss) attributable to:		
Equity holders of the Parent Company	**₱40,220,140**	₱100,275,485
Non-controlling interests	**(830,676)**	–
	₱39,389,464	₱100,275,485
INCOME PER SHARE FOR THE PERIOD - BASIC AND DILUTED	**₱0.007**	₱0.018

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015

	Attributable to Equity Holders of the Parent Company									
	Capital stock	**Deposit for future stock subscriptions**	**Additional paid-in capital**	**Revaluation surplus**	**Treasury shares**	**Remeasurement loss on retirement plan**	**Currency translation adjustment on foreign subsidiaries**	**Deficit**	**NCI**	**Total**
Balances at December 31, 2014	**₱1,868,639,664**	**₱2,500,000,000**	**₱3,048,826,224**	**₱5,271,619**	**(₱1,130,351,390)**	**(₱120,002,440)**	**(₱208,345)**	**(₱3,229,352,154)**	**₱187,892,110**	**₱3,130,715,288**
Net income	–	–	–	–	–	–	–	100,275,485	–	100,275,485
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	–	100,275,485	–	100,275,485
Issuance of shares	4,359,247,827	(2,500,000,000)								1,859,247,827
Transaction cost of share issuance			(21,796,248)							(21,796,248)
Balances at March 31, 2015	**₱6,227,887,491**	**₱–**	**₱3,027,029,976**	**₱5,271,619**	**(₱1,130,351,390)**	**(₱120,002,440)**	**(₱208,345)**	**(₱3,129,076,669)**	**₱187,892,110**	**₱5,068,442,351**
Balances at December 31, 2015	**₱6,227,887,491**	**₱–**	**₱3,027,029,976**	**₱283,524,013**	**(₱2,117,737,909)**	**(₱26,813,063)**	**(₱347,620)**	**(₱2,914,720,530)**	**₱180,880,301**	**₱4,659,702,659**
Net income (loss)	–	–	–	–	–	–	–	40,220,140	(830,676)	39,389,464
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income (loss)	–	–	–	–	–	–	–	40,220,140	(830,676)	39,389,464
Balances at March 31, 2016	**₱6,227,887,491**	**₱–**	**₱3,027,029,976**	**₱283,524,013**	**(₱2,117,737,909)**	**(₱26,813,063)**	**(₱347,620)**	**(₱2,874,500,390)**	**₱180,049,625**	**₱4,699,092,123**

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31

	2016 (Unaudited)	2015 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the period	**₱41,703,889**	₱104,532,964
Adjustments for:		
Depreciation, depletion and amortization	**165,052,968**	109,702,633
Operating income before working capital changes	**206,756,857**	214,235,597
Decrease (increase) in:		
Receivables	**62,739,517**	(89,319,516)
Inventories	**58,248,309**	(73,531,851)
Prepayments and other current assets	**(26,886,792)**	3,336,806
Decrease in trade and other payables	**(165,933,304)**	(1,521,521,777)
Cash flows generated from (used in) operations	**134,924,587**	(1,466,800,741)
Income tax paid	**(5,346,798)**	–
Net cash flows from (used in) operating activities	**129,577,789**	(1,466,800,741)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	**(332,572,136)**	(173,503,875)
Increase in deferred exploration costs	**(1,719,561)**	(13,312,693)
Increase in intangible and other noncurrent assets	**–**	(3,587,848)
Net cash flows used in investing activities	**(334,291,697)**	(190,404,416)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loans	**(213,087,098)**	(42,322,098)
Net change in accounts with related parties	**197,533,870**	–
Net proceeds from subscriptions of capital stock	**–**	1,837,451,579
Net cash flows from financing activities	**(15,553,228)**	1,795,129,481
NET INCREASE IN CASH	**(220,267,136)**	137,974,324
CASH AT BEGINNING OF PERIOD	**550,980,770**	56,558,463
CASH AT END OF PERIOD	**₱330,713,634**	₱194,532,787

APEX MINING CO., INC. AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLES - UNAUDITED
AS OF THE PERIOD ENDED MARCH 31, 2016

1) Aging of Accounts Receivable

	Total	1 Month	2-3 Mos	4-6 Mos	7 Mos to 1 Year	1-3 Years	3-5 Years	5 Years Above	Past due accounts & items in litigation
Type of Accounts Receivable									
a) Trade Receivables	₱4,722,234	4,722,234	–	–	–	–	–	–	–
Less: Allow. For Doubtful Acct.	–	–	–	–	–	–	–	–	–
Net Trade Receivable	4,722,234	4,722,234	–	–	–	–	–	–	–
b) Non-Trade Receivables									
1) Advances - Temp. Accom.	215,907,799	56,815,609	29,149,045	60,869,758	69,073,386	–	–	–	–
Less: Allow. For Doubtful Acct.	(1,763,796)	–	–		(1,763,796)	–	–	–	–
Net Non-Trade Receivables	214,144,003	56,815,609	29,149,045	60,869,758	67,309,590				
Net Receivables (a + b)	**₱218,866,237**								

2) Accounts Receivable Description

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

3) Normal Operating Cycle: 3 months

1. Corporate Information

Corporate Information

Apex Mining Co., Inc. ("AMCI" or the "Parent 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 Parent Company currently operates the Maco Mines in Maco, Compostela Valley.

On March 7, 1974, the Parent Company listed its shares in the Philippine Stock Exchange (PSE) and attained the status of being a public company on the same date. The Parent 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.

The Parent Company's track record information is shown as follows:

SEC order rendered effective or permitted to sell	Event	Authorized capital stock balance	Issued shares	Issue/ offer price
August 4, 1988	Stock dividend declaration	₱150 million	*–	₱0.01
August 31, 1988	Increase in authorized capital stock	300 million	–	–
April 26, 1989	Pre-emptive rights offering	300 million	9.39 billion	0.01
June 28, 2000	Increase in authorized capital stock	800 million	–	–
October 18, 2000	Debt-to-equity conversion transaction	800 million	459.54 million	1.00
September 10, 2010	Increase in authorized capital stock	2.8 billion	–	–
October 13, 2010	Debt-to-equity conversion transaction	2.8 billion	560.94 million	1.00
November 14, 2011	Issuance of additional shares	2.8 billion	73.34 million	3.50
January 26, 2012	Issuance of additional shares	2.8 billion	75.56 million	3.70
July 13, 2012	Issuance of additional shares	2.8 billion	198.05 million	4.40
July 16, 2012	Debt-to-equity conversion transaction	2.8 billion	72.91 million	4.40
July 20, 2012	Debt-to-equity conversion transaction	2.8 billion	37.29 million	4.40
August 27, 2013	Issuance of additional shares	2.8 billion	93.87 million	2.79
September 20, 2013	Declassification of shares	2.8 billion	–	–
January 12, 2015	Increase in authorized capital stock	12.8 billion	–	–
February 3, 2015	Issuance of additional shares	12.8 billion	2.5 billion	1.00
March 12, 2015	Issuance of additional shares	12.8 billion	1.9 billion	1.00

**The Parent Company has no records on the number of issued shares for the transaction.*

The Parent Company's registered business and principal office address is 3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Acquisition of Itogon-Suyoc Resources, Inc. (ISRI)
On June 24, 2015, the Parent Company acquired 98% of the total outstanding capital stock of ISRI consisting of 24.50 billion shares, with par value of ₱0.01 per share, for a total consideration of ₱182.67 million consisting of ₱32.67 million in cash and ₱150.00 million in the Parent Company's shares held by Monte Oro Resources Energy, Inc. (MORE), a company incorporated in the Philippines wholly-owned by AMCI, for the purchase price of ₱0.007456 per share.

On the same date the Parent Company subscribed to 23.80 billion new shares of ISRI at par value of ₱0.01 per share, the corresponding payment for which amounting to ₱238.00 million was received by ISRI. The Parent Company also committed its support to ISRI by paying its advances due to Sagitro, Inc. amounting to ₱50.00 million through 17.18 million shares of the Parent Company shares held by MORE valued at ₱2.91 per share.

Following the acquisition, on the same date, the newly elected BOD of ISRI and the Parent Company ratified and affirmed the following amendments in ISRI's Articles of Incorporation:

- that the capital stock of ISRI shall be increased to ₱535 million divided into 53.50 billion common shares with par value of ₱0.01 per share; and
- that the place where the principal office of ISRI will be established or located shall be at 3303D West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines

which were previously approved on May 25, 2015 by the former BOD and stockholders of ISRI.

On February 2, 2016, the Philippine SEC approved the aforementioned amendments in ISRI's Articles of Incorporation.

ISRI's registered office, which is also its principal place of business, is located at 3303D West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Acquisition of Monte Oro Resources & Energy, Inc. (MORE)
On September 11, 2014, the Board of Directors (BOD) of the Parent Company approved purchase for cash of all the outstanding capital stock of MORE, consisting of 5.12 billion shares, with par value of ₱1.00 per share, for a total consideration of ₱5.12 billion, for a purchase price of ₱1.00 per share.

Also on the same date, the BOD approved the subscription of the shareholders of MORE to 2.50 billion new shares of Apex, for a subscription price of ₱1.00 per share from the stockholders of MORE who agreed to sell all their shares in MORE to the Parent Company which will result to the Parent Company owning 100% of the equity of MORE. In October 2014, the Parent Company received ₱2.50 billion from the stockholders of MORE as payment for their subscriptions.

The deeds of sales of shares between the Parent Company and the stockholders of MORE were signed and executed on October 10, 2014. As at February 26, 2015, the Parent Company has paid ₱5.12 billion of the total consideration of the purchase of all of MORE's outstanding shares.

Amendment on Articles of Incorporation
On April 11, 2014 and May 2, 2014, the BOD approved the following amendments on the Parent Company's Articles of Incorporation:

- that the place where the principal office of the Parent Company will be established or located shall be in 3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines
- that the authorized capital stock of the Parent Company shall be increased to ₱12.80 billion divided into 12.80 billion common shares with par value of ₱1.00 per share

Status of Operations
Significant developments in the Parent Company's and its subsidiaries' (the "Group") operations were as follows:

a. Mining

Maco Mines
As at March 31, 2016, the Parent Company holds MPSA Nos. 225-2005-XI and 234-2007-XI, which have terms of 25 years from the effective date. The said MPSAs are valid and subsisting.

Paracale Gold Project
A deed of sale was executed by MORE and Paracale Gold Limited (PGL-BVI), a British Virgin Islands company, on June 25, 2014, whereby MORE purchased 100% of the outstanding capital stock of PGL, an entity incorporated in the Isle of Man and a wholly owned subsidiary of PGL-BVI, for and in consideration of 235.85 million shares owned by MORE in the Parent Company under the terms and conditions specified on the agreement of both parties. The agreement provides that the transfer of shares shall be completed through the facilities of the PSE in a special block sale. Transfer price to PGL-BVI was set at ₱2.00 per share.

PGL wholly owns Coral Resources Philippines, Inc. (CRPI) and has a 40% interest in Bulawan Mineral Resources Corporation (BMRC). PGL has advances to and an option to buy over the other 60% shareholdings in Bulawan. These include qualifying shares, which are recorded in the names of the nominee directors.

CRPI owns a fully operational mine processing plant located in Paracale, Jose Panganiban, Camarines Norte, Philippines. CRPI and BMRC have direct rights or legal agreements over nine applications for production sharing agreements (APSA), 13 exploration permits pending renewal and exploration permit applications, and two mining lease contracts.

As at March 31, 2016, PGL has applications in various stages for twenty five (25) tenements. It is currently working on the processing and approval of pending applications, plus alternative options such as Special Mines Permits and ores from legal small scale mining operations.

Mongolia Project
The gold project is registered under the joint venture company Erdeneminas LLC, which is owned 51 % by Minas de Oro Mongol LLC (Minas), a wholly-owned subsidiary of MORE, and 49% by Erdenejas LLC, a Mongolian exploration company.

As at December 31, 2015, the project is currently under continued care and maintenance until such a time when the economic situation in Mongolia improves, that it can be presented to potential buyers.

Sierra Leone Project
The project is located in the Republic of Sierra Leone, in West Africa. MORE, through its subsidiary Monte Oro Mining Co., Ltd. (MOMCL), has been conducting mining and exploration activities since 2010.

As at March 31, 2016, the project's operations are still suspended due to the Ebola virus crisis. MOMCL plans to continue representation in Sierra Leone. Care and maintenance of the MOMCL's assets is being continued.

Uganda Project
On February 17, 2015, MORE acquired a certain interest in Gold Mines of Uganda Ltd. (GMU), a mining company in Uganda, Africa by paying the sum of ₱90.5 million.

b. Oil and Gas

Service Contract 72
MORE has a 30% participating interest in SC 72, a service contract for gas in the offshore area called Sampaguita Fields of Palawan in the West Philippine Sea. Forum (GSEC 101) Ltd.-Philippine Branch owns the remaining 70% participating interest and is the operator of the SC. MORE also has oil exploration projects in Catanduanes and in Cagayan Valley under SC 48.

In February 2015, Forum Energy Plc (FEP) received a letter from the Department of Energy (DOE) confirming the suspension of offshore exploration activities in disputed areas of the West Philippine Sea while the arbitration case between the Philippines and China remains pending. The suspension became effective from December 15, 2014 until the date when the DOE notifies Forum to resume operations.

On October 5, 2015, the transfer of 30% participating interest in SC72 from GSEC 101 Ltd.-Philippine branch to MORE was approved and confirmed by the DOE.

Upon lifting of the Force Majeure, FEP will have 20 months (equivalent to the remaining Sub-Phase 2 period from the effective date of the Force Majeure) to complete the Sub-Phase 2 work commitment comprising the drilling of two wells. The terms of the succeeding sub-phase will remain the same but will be adjusted accordingly.

During the year, the United Nations Arbitral Tribunal (Tribunal) unanimously decided that it has jurisdiction over the maritime dispute between China and the Philippines over the West Philippine Sea, and it was the proper body to decide on the case filed by the Philippines in January 2013. It also ruled that China's decision not to participate in these proceedings does not deprive the Tribunal of jurisdiction and that the Philippines' decision to commence arbitration unilaterally was not an abuse of the UNCLOS dispute settlement procedures. Further hearings were held during the 4th Quarter of 2015 and a definitive ruling is expected to be issued by the Tribunal in 2016. The DOE has already approved the Work Program and Budget for 2016 submitted by FEP consisting of License Administration and the conduct of a geotechnical survey contingent on the lifting of the Force Majeure over SC 72.

c. Solid Waste Management

On September 27, 1996, International Cleanvironment Systems, Inc. (ICSI) was registered with the Philippine SEC to manage, rehabilitate and introduce ecologically friendly technologies for waste disposal, recycling and energy generation. ICSI entered into a Build-Operate-Transfer Agreement with the Philippine government through the DOE for 25 years starting in 1997 with the option to renew for another 25 years. As at March 31, 2016, ICSI has not started operations.

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

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

The consolidated financial statements have been prepared on a historical cost basis, except for property, plant and equipment, which are carried at revalued amounts, and gold and silver bullions, metal in-circuit and ore stockpile inventories, which are measured at net realizable value (NRV). The consolidated financial statements are presented in Philippine peso, the Parent Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

<u>Basis of Consolidation</u>
The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at March 31, 2016.

	Nature of business	Country of incorporation	Effective percentage of ownership
MORE	Mine and oil exploration and development	Philippines	100.00
MORE's Subsidiaries:			
Minas de Oro Mongol LLC	Mine exploration and development, and gold trading	Mongolia	100.00
PGL	Mine exploration and development	Isle of Man	100.00
CRPI*	Mine exploration and development	Philippines	100.00
BMRC*	Mine exploration and development	Philippines	100.00
MORE Minerals SL	Mine exploration and development, and gold trading	Sierra Leone	90.00
Monte Oro Mining Company Ltd	Mine exploration and development, and gold trading	Sierra Leone	90.00
ICSI	Solid Waste Management	Philippines	52.00
GMU**	Mine exploration and development	Uganda	–
ISRI	Mine exploration and development	Philippines	98.00

* *Indirect ownership through PGL*
** *Percentage of interest still being determined*

The financial statements of the subsidiaries are prepared for the same reporting year as that of the Parent Company using uniform accounting policies. Where necessary, adjustments are made to bring the subsidiaries' accounting policies in line with the Group's accounting policies.

Subsidiaries are entities over which the Parent Company has control.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over an investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group’s voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the NCI, even if this results in the NCI having a deficit balance.

3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

<u>Judgments</u>
In the process of applying the Group’s accounting policies, management has made the following judgments, apart from those including estimations and assumptions, which have the most significant effect on the amount recognized in the consolidated financial statements.

Determination of the Group’s Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine peso and is the currency of the primary economic environment in which the Group operates.

Assessment on Provisions and Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group’s defense in these matters and is based upon an analysis of potential results. The Group currently assessed that these proceedings will not have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Assessment of the Recoverability of Capitalized Deferred Exploration and Mine Development Costs
The application of the Group's accounting policy for exploration and mine development costs requires judgment in determining whether future economic benefits are likely, either from future exploitation or sale, or where activities have reached a stage, that permits a reasonable assessment of the existence of mineral resource and/or reserves. The determination of a resource is itself an estimation process that has varying degrees of uncertainty depending on a number of factors, which estimate directly impacts the determination of whether mineral reserves could eventually be developed to justify deferral of exploration and mine development expenditures. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether economically viable extraction operations can be established. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Assessment of the Production Start Date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to the following:

- the level of capital expenditure compared to construction cost estimates
- completion of a reasonable period of testing of the property, plant and equipment
- ability to produce ore in saleable form and
- ability to sustain ongoing production of ore

Classification of Financial Instruments
The Group exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

<u>Estimates and Assumptions</u>
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below.

Estimation of Allowance for Doubtful Accounts on Trade and Other Receivables, and Advances to Related Parties
If the Group assessed that there is objective evidence that an impairment loss has been incurred on its trade and other receivables, and advances to related parties, the Group estimates the related allowance for doubtful accounts that are specifically identified as doubtful of collection. The level of allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. In these cases, the Group uses judgment based on the best available facts and

circumstances, including but not limited to, the length of its relationship with the customer and the customer's credit status based on third-party credit reports and known market factors, to record specific reserves for customers against amounts due in order to reduce trade and other receivables, and advances to related parties to amounts that the Group expects to collect. These specific reserves are re-evaluated and adjusted as additional information received affect the amounts estimated.

Estimation of Allowance for Inventory Losses and Obsolescence
The Group maintains an allowance for inventory losses and obsolescence at a level considered adequate to reflect the excess of cost of inventories over their net realizable value (NRV). NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Increase in the NRV of inventories will increase cost of inventories but only to the extent of their original acquisition costs.

Assessment of the Realizability of Nonfinancial Prepayments and Other Current Assets
A review to determine the realizability of the asset is made by the Group on a continuing basis yearly. The assessment as to the realizability of the nonfinancial prepayments and other current assets is based on how the Group can utilize these assets.

Estimation of Fair Value, Useful Lives and Residual Values of Property, Plant and Equipment
The Group estimates the fair value, useful lives and residual values of property, plant and equipment based on the results of assessment of independent appraisers. Fair value and estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

Estimation of Depletion Rate
Depletion rates used to amortize mine and mining properties and are assessed on an annual basis based on the results of latest estimate of recoverable reserves, which are subject to future revisions. The Group estimates its reserves in accordance with local regulatory guidelines provided under the Philippine Mineral Reporting Code and duly reviewed and verified by a Competent Person.

Estimation of Provision for Mine Rehabilitation and Decommissioning
The Group assesses its provision for mine rehabilitation and decommissioning annually. Significant estimates and assumptions are made in determining the provision as there are numerous factors that will affect it. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation and other costs required. Changes to estimated future costs are recognized in the consolidated statement of financial position by adjusting the rehabilitation asset and liability.

Estimation of Recoverable Reserves
Recoverable reserves were determined using various factors or parameters such as market price of metals and global economy. These are mineable reserves based on the current market condition. The estimated recoverable reserves are used in the calculation of depreciation, amortization, and testing of impairment, the assessment of life of the mine, stripping ratios and for forecasting the timing of the payment of mine rehabilitation costs.

Estimation of Retirement Benefits
The costs of defined benefit retirement as well as the present value of the accrued retirement benefits are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, retirement benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at each end of the reporting period.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit retirement liability.

Estimation of Impairment of AFS Financial Assets
If there is objective evidence that an impairment loss on an unquoted equity instrument, that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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 discounted at the current market rate of return of a similar financial asset.

Estimation of Impairment of Nonfinancial Assets, including Property, Plant and Equipment, Deferred Exploration Costs, Intangible Assets, excluding Goodwill, and Other Noncurrent Assets
The Group evaluates whether property, plant and equipment, deferred exploration costs, intangible assets, excluding goodwill, and nonfinancial other noncurrent assets have suffered any impairment either annually or when circumstances indicate that related carrying amounts are no longer recoverable. The recoverable amounts of these assets have been determined based on either value-in-use or fair value, if said information is readily available.

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

These are subject to impairment testing when impairment indicators are present.

Assessment of Realizability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income taxes assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Estimation of Legal Contingencies
The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsel believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these cases, if any, will not have material impact on the parent company's financial statements.

4. Loans Payable

Banco de Oro Unibank, Inc. (BDO)
On March 24, 2016, BDO approved the renewal of the one year, short term ₱2.25 billion loan to the Parent Company granted in March 30, 2015 for cash requirements and capital expenditures. Interest shall be based on the prevailing market rates. The loan is guaranteed by a Continuing Surety of Prime Metroline Holdings, Inc. (PMHI)

As of March 31, 2016 and December 31, 2015, the Parent Company has fully drawn the loan facility.

Bank of the Philippine Islands (BPI)
In 2014, ISRI issued promissory notes amounting to ₱137.50 million to BPI at an interest rate of 4.50% per annum.

In 2015, ISRI availed additional ₱10.00 million at the same interest rate thereby increasing its outstanding obligation to the bank to ₱147.50 million as at December 31, 2015. The proceeds of the loan were used for working capital requirements.

The loan was collateralized by certain assets of Sagitro, Inc.

On February 2 and 5, 2016, ISRI paid all of its maturing promissory notes with BPI.

5. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties.

In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

In the normal course of business, transactions with related parties consist mainly of rendering of professional services, unsecured non-interest bearing and short-term cash advances for working capital requirements of the Group, which are due and demandable.

6. Capital Stock

The Parent Company has authorized capital stock of ₱12.80 billion, divided into a single class of 12.8 billion common shares, with a par value of ₱1.00 per share as at March 31, 2016 and December 31, 2015.

Movements in the subscribed, issued and outstanding capital are as follows:

	March 31, 2016		December 31, 2015	
	Shares	**Amount**	Shares	Amount
Issued and subscribed shares at beginning of period	**6,227,887,491**	**₱6,227,887,491**	1,868,639,664	₱1,868,639,664
Issued during the period	**–**	**–**	4,359,247,827	4,359,247,827
Issued shares at end of period	**6,227,887,491**	**6,227,887,491**	6,227,887,491	6,227,887,491
Less treasury shares	**564,730,109**	**2,117,737,909**	564,730,109	2,117,737,909
Outstanding shares at end of period	**5,663,157,382**	**₱4,110,149,582**	5,663,157,382	₱4,110,149,582

7. **Basic/Diluted Earnings (Loss) Per Share**

Basic earnings (loss) per share is calculated by dividing the net loss attributable to stockholders of the Parent Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Parent Company and held as treasury shares. Estimation of earnings (loss) per share for the three-month period ended March 31, 2016 and 2015 as follows

	2016	2015
Net income (loss) attributable to the equity holders of the Parent Company	**₱40,220,140**	₱100,275,485
Weighted average number of common shares for basic and diluted earnings (loss) per share	**5,663,157,382**	5,487,449,049
Basic and diluted earnings (loss) per share	**₱0.007**	₱0.018

8. **Results of Operations**

The highlights of the Group's consolidated statement of income for the three-month period ended March 31, 2016 broken down into the Parent Company and Subsidiaries are as follows:

	Parent Company	Subsidiaries	Consolidated
Net revenues	₱769,102,978	₱–	₱769,102,978
Cost and expenses	(685,254,772)	(12,724,983)	(697,979,755)
Other income (charges)	(30,189,413)	770,078	(29,419,335)
Provision for income tax	(2,314,424)	–	(2,314,424)
Net income (loss)	₱51,344,369	(₱11,954,905)	₱39,389,464

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 and CEO

RENATO N. MIGRIÑO
Treasurer

MARION SAUL V. AGGARAO
Comptroller Head