COVER SHEET

SEC Registration Number

4	0	6	2	1						

COMPANY NAME

APEX MINING CO., INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
rnmigrino@apexmining.com	706-2805	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
	6/30	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Renato N. Migriño	rnmigrino@apexmining.com	706-2805	N/A

CONTACT PERSON's ADDRESS

3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SECURITIES 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

1. For the quarterly period ended: **September 30, 2017**

2. Commission Identification Number: **40621**

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

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

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

6. Industry Classification Code: (SEC Use Only)

7. Address of registrant's principal office: **3304B West Tower PSE Centre, Exchange Road, Ortigas Center, Pasig City,**
   Postal Code: **1605**

8. Telephone number, including area code: **Tel. # (02) 706-2805 Fax # 706-2804**

9. Former name, former address and former fiscal year, if changed since last report. **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the Revised Securities Act (RSA)

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common shares	6,227,887,491
Debt outstanding	₱3,498,155,707

11. Are any of the issuer's securities listed on a Stock Exchange? If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Yes [X] No [ ] Philippine Stock Exchange / Common shares

12. Indicate by check mark whether the registrant:
    (a) has filed all reports required to be filed by Section 11 of the RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporate Code of the Philippines, during the preceding 12 months (or for such shorter period that 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 September 30, 2017.

Item 2. Management Discussion and Analysis of Financial Position and Results of Operations for the Three Quarters ended September 30, 2017 and 2016

Consolidated Statement of Income

Consolidated Net Income

The consolidated net income of Apex Mining Co., Inc. (the "Parent Company") and Subsidiaries (collectively referred to as the "Group") was ₱304.7 million in the three quarters of 2017, which was higher than the ₱290.9 million consolidated net income in the same period in 2016. The third quarter consolidated net income was ₱126.8 million and ₱157.5 million in 2017 and 2016, respectively.

The Parent Company net income in the third quarter of 2017 and 2016 amounted to ₱139.9 million and ₱166.5 million, bringing the Parent Company net income for the three quarters in of 2017 and 2016 to ₱345.7 million and ₱322.6 million, respectively.

Consolidated Revenues

The consolidated revenues in the three quarters of 2017 and 2016 amounted to ₱3.0 billion and ₱2.7 billion, respectively, an increase of ₱305.2 million or 11% in 2017 compared to 2016. The consolidated revenues of the Group pertain to the Parent Company revenues in all comparative periods.

Information on the Parent Company production volume and realized prices for both gold and silver in the three quarters and third quarter of 2017 and 2016 is as follows:

	Gold			Silver		
	2017	2016	%	**2017**	2016	%
Three Quarters:						
Volume in ounces	**43,925**	41,123	+7%	**223,726**	232,201	–4%
Realized price/ounce, in USD	**$1,257**	$1,275	–1%	**$17.1**	$17.7	–3%
Third Quarter:						
Volume in ounces	**14,506**	14,545	–0%	**76,224**	91,884	–17%
Realized price/ounce, in USD	**$1,280**	$1,325	–3%	**$16.7**	$19.4	–14%

The weighted average United States Dollar (USD) to Philippine Peso (PHP) foreign exchange rates on the Parent Company revenues in the three quarters of 2017 and 2016 were ₱50.29 and ₱47.12, to one USD, respectively, or an appreciation of the USD of 7% against the PHP.

An analysis of the consolidated revenue variance, which comprises of volume, price and exchange rate variances between the comparative three and third quarters ended September 30, 2017 and 2016 of the Group are as follows:

	Between Three Quarters of 2017 and 2016			Between Third Quarter of 2017 and 2016		
Variances	Gold	Silver	Total	Gold	Silver	Total
Volume	₱168,425,294	(₱7,068,028)	₱161,357,266	(₱2,449,395)	(₱14,400,104)	(₱16,849,499)
Price	(37,924,160)	(5,826,194)	(43,750,354)	(30,910,300)	(9,630,121)	(40,540,421)
Exchange rate	175,468,995	12,092,295	187,561,290	65,219,962	4,505,185	69,725,147
Consolidated revenue	₱305,970,129	(₱801,927)	₱305,168,202	₱31,860,267	(₱19,525,040)	₱12,335,227

The positive volume variance is a direct result of the Parent Company milling 31% more ore in the three quarters of 2017 compared to the same period in 2016. While the milling throughput also increased by 11% in the third quarter of 2017 when compared to 2016, the lower grades of 14% for gold and 28% for silver more than covered the improvement in milling tonnage thereby resulting to a lesser metal production quarter-on-quarter.

Average metal prices, caused by market volatility, were weaker in the current periods.

The continued strength of the USD against the PHP favored the exchange rate variance as shown in the table above.

Consolidated Cost of Production
Consolidated cost of production incurred in the three quarters of 2017 and 2016, all of which pertains solely to the Parent Company cost of production, amounted to ₱2.3 billion and ₱2.0 billion, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization expense increased by 23% or ₱121.5 million in 2017 compared to 2016.

  There was little movement in the depreciation and amortization as it only accounted for a 7% decrease in the three quarters of 2017 compared to 2016. Depletion in the first half, however, almost doubled to ₱323.6 million in 2017 from ₱176.5 million in 2016 on account of higher depletion rate and tonnage milled. The higher depletion rate in 2017 was brought about by the capital cost of new working areas reclassified to mine and mining properties subject to depletion. The increase in daily throughput average from 1,348 tonnes per day (TPD) in 2016 to 1,659 TPD in 2017 consequently increased the total tonnes milled basis for computing depletion cost for this year.

- Materials and supplies used in mining and milling rose by ₱83.4 million in 2017 compared to 2016. Materials and supplies cost is production-driven and the throughput in the comparative three quarters of 2017 and 2016 increased to 428,146 tonnes from 327,599 tonnes. The Parent Company's cost-cutting measures and efficiency in the operational processes resulted in containing the increase in materials and supplies cost at 15% in spite of a 31% increase in total throughput in the three quarters in 2017.

- Personnel cost was a little higher at ₱400.5 million in 2017 compared to ₱385.4 million in 2016 as the new salary rates took effect only in the second quarter of 2016 compared to the full nine-month effect in 2017.

- Utilities cost, mainly pertaining to power cost, grew by 8% to ₱203.2 million because of the increased operational workload in 2017 compared to 2016.

- Contracted services rose by 8% or ₱13.7 million in the three quarters of 2017 compared to 2016. To supplement the increased throughput production, the Company ramped up operations from most of its working mining areas, including those being operated by contractors, to be able to have ample ore to feed to the mill plant.

Consolidated Excise Taxes
Consolidated excise taxes are the excise taxes on the market value of metals produced by the Parent Company. The higher consolidated excise taxes in 2017 was a direct result of the higher consolidated revenues in the current period compared to 2016.

Consolidated General and Administrative Expenses
Consolidated general and administrative (G&A) expense in the three quarters of 2017 and 2016 amounted to ₱175.5 million and ₱135.8 million, respectively. Details of the significant elements of the consolidated G&A expenses are discussed below.

- Personnel cost increased by 22% or ₱14.3 million in 2017 versus the comparative semester in 2016 due to higher salary rates.

- Refining charges pertain to the cost of refining the bullion to attain the level of purity acceptable by commodity market standards. The higher metal production in the three quarters of 2017 compared to the same period in 2016 directly resulted to an increase in refining charges.

Consolidated Other Charges
Consolidated other charges of the Group amounted to ₱163.0 million and ₱177.0 million in the three quarters of 2017 and 2016, respectively. The increase is attributed to additional interest expense due to the Parent Company having availed of an additional interest-bearing loan at the beginning of 2017.

Consolidated Provision for (Benefit from) Income Tax
The provision for current income tax in 2017 pertains to the regular corporate income tax (RCIT) of 30% of the taxable income, while the provision in the same period in 2016 pertains to the minimum corporate income tax (MCIT) of 2% of gross income. The Parent Company, to which all the income tax pertains to, has fully utilized its loss carryovers in the second quarter of 2017 and is now subject to RCIT. On the other hand, the benefit from deferred income tax in 2017 relates to the MCIT payments from years 2014-2016 to be used as tax credit against RCIT due.

<u>Consolidated Statement of Financial Position</u>
Consolidated Current Assets
Total consolidated current assets jumped by ₱301.9 million to ₱1.9 billion as of September 30, 2017 from ₱1.6 billion as of December 31, 2016 due to the following:

- Cash of the Group grew by ₱177.7 million to ₱415.2 million as of September 30, 2017 from ₱237.5 million as of December 31, 2016, primarily from the cash the Group generated from operations during the nine-month period.

- Trade and other receivables climbed by ₱41.8 million as of September 30, 2017 compared to December 31, 2016 mainly from receivables from refiner from commercial production of the Parent Company and incidental production of one of its subsidiaries, Itogon-Suyoc Resources, Inc. (ISRI).

- Prepayments and other current assets rose by ₱95.8 million as of June 30, 2017 versus the comparative balance as of December 31, 2016 on account of additional advances to suppliers. These advances, which are mainly for machinery and equipment, inventory and services purchased, are being offset against the actual billings as the machinery and equipment and goods are received, or services are rendered.

Consolidated Noncurrent Assets
Total consolidated noncurrent assets increased by ₱139.8 million to ₱9.6 billion as of September 30, 2017 from ₱9.5 billion as of December 31, 2016 due to capital expenditures on fixed assets and deferred exploration and development costs.

Consolidated Current Liabilities
Consolidated current liabilities were lower by ₱142.5 million to ₱5.4 billion as of September 30, 2017 from ₱5.6 billion as of December 31, 2016. The Group was able to reduce its trade and other payables by ₱265.3 million, but increased its current loans payable by ₱126.5 million which includes the current portion of the ₱500.0 million three-year term loan obtained in January 2017.

Consolidated Noncurrent Liabilities
The Group's consolidated noncurrent liabilities went up by ₱279.6 million to ₱789.7 million as of September 30, 2017 from ₱510.1 million as of December 31, 2016 principally from the ₱500.0 million three-year term loan the Parent Company obtained in January 2017. Noncurrent loans payable added ₱250.0 million, the maturity of which will be more than 12 months from the financial position date through January 2020. There was also an increase in the provision for retirement benefits of ₱29.6 million.

Consolidated Equity
Consolidated equity was higher by ₱304.7 million pertaining to the total comprehensive income in the nine months ended September 30, 2017.

<u>Key Performance and Financial Soundness Indicators</u>
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 Quarters ended Sept 30			Third Quarter ended Sept 30		
	2017	2016	Change	**2017**	2016	Change
Tonnes mined	**353,491**	373,007	–5%	**117,815**	128,271	–8%
Mine grade (grams/tonne)	**5.32**	6.15	–13%	**4.99**	5.88	–15%
Tonnes milled	**428,146**	327,599	+31%	**138,236**	124,123	+11%
Mill head grade (g/t):						
Gold	**3.87**	4.83	–20%	**3.92**	4.58	–14%
Silver	**23.66**	31.53	–25%	**22.55**	31.41	–28%
Metal recovery:						
Gold	**83%**	81%	+2%	**83%**	80%	+1%
Silver	**69%**	71%	–2%	**76%**	74%	–6%

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

		Nine-Month Period Ended Sept 30	
Financial Ratio	Formula	**2017**	2016
Gross profit margin	Gross profit / Revenue	**0.24:1**	0.25:1
Return on assets	Net income / Total assets	**0.03:1**	0.03:1
Return on equity	Net income / Total equity	**0.06:1**	0.06:1
Debt service coverage ratio (DSCR)	EBITDA / Loan principal plus interest payments	**4.04:1**	7.56:1

Financial Ratio	Formula	**September 30, 2017**	December 31, 2016
Current ratio	Current assets / Current liabilities	**0.35:1**	0.29:1
Debt-to-equity	Total debts / Total equity	**1.17:1**	1.22:1
Asset-to-equity	Total assets / Total equity	**2.17:1**	2.22:1

The slightly lower gross profit margin was due to the lower grade average in 2017 compared to 2016 as less number of metal ounces were produced for every tonne of ore processed. The gross profit margin would have been lower if not for the appreciation of the USD against the PHP as it helped recover some of the margins lost by having a lower grade ores.

The inclusion of principal amortization of the Company's term loan to the denominator of the DSCR formula caused the decrease in the DSCR ratio in the three quarters of 2017 as there was no principal amortization projected in the three quarters of 2016.

As the Group was able to generate cash from operations for the settlement of debt and for payment of capital expenditures, current ratio improved and debt-to-equity and asset-to-equity ratios were lower in 2017 compared to 2016.

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	RENATO N. MIGRINO Treasurer	MARION SAUL V. AGGARAO Comptrollership Head

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

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
Current Assets		
Cash	**₱415,248,441**	₱237,508,978
Trade and other receivables	**236,268,130**	194,468,066
Advances to related parties	**2,677,428**	2,507,262
Inventories - net realizable value	**759,678,723**	773,320,136
Prepayments and other current assets	**503,342,169**	407,511,416
Total Current Assets	**1,917,214,891**	1,615,315,858
Non-current Assets		
Available-for-sale financial assets	**344,640,000**	344,640,000
Property, plant and equipment	**6,312,846,174**	6,323,823,868
Deferred exploration costs	**2,441,073,005**	2,310,047,312
Intangible assets	**192,294,294**	192,764,143
Other non-current assets	**312,676,157**	292,438,743
Total Noncurrent Assets	**9,603,529,630**	9,463,714,066
TOTAL ASSETS	**₱11,520,744,521**	₱11,079,029,924
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**₱1,200,175,316**	₱1,465,453,445
Advances from related parties	**976,012,000**	978,230,761
Loans payable (Note 4)	**3,248,156,791**	3,121,667,433
Income tax payable	**3,118,127**	4,629,511
Total Current Liabilities	**5,427,462,234**	5,569,981,150
Non-current Liabilities		
Loans payable - net of current portion (Note 4)	**249,998,916**	–
Provision for retirement benefits	**193,260,087**	163,684,274
Provision for mine rehabilitation and decommissioning	**42,837,160**	42,837,160
Deferred income tax liabilities	**303,576,822**	303,576,822
Total Noncurrent Liabilities	**789,672,985**	510,098,256
Total Liabilities	**6,217,135,219**	6,080,079,406
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 6)	**6,227,887,491**	6,227,887,491
Additional paid-in capital	**15,941,675**	15,941,675
Treasury shares (Note 6)	**(2,117,737,909)**	(2,117,737,909)
Revaluation surplus on property, plant and equipment	**262,063,873**	262,063,873
Remeasurement loss on retirement plan	**(7,686,433)**	(7,686,433)
Currency translation adjustment on foreign subsidiaries	**(2,185,644)**	(2,185,644)
Retained earnings	**749,429,990**	443,834,193
	5,127,713,043	4,822,117,246
Non-controlling Interests	**175,896,259**	176,833,272
Total Equity	**5,303,609,302**	4,998,950,518
TOTAL LIABILITIES AND EQUITY	**₱11,520,744,521**	₱11,079,029,924

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE NINE AND THREE-MONTH PERIODS ENDED SEPTEMBER 30

	Nine-Month Period Ended September 30		Three-Month Period Ended September 30	
	2017 (Unaudited)	2016 (Unaudited)	**2017 (Unaudited)**	2016 (Unaudited)
REVENUES				
Gold	**₱2,776,173,303**	₱2,470,203,174	**₱945,273,185**	₱913,412,918
Silver	**192,942,220**	193,744,147	**64,940,121**	84,465,161
	2,969,115,523	2,663,947,321	**1,010,213,306**	997,878,079
COST OF PRODUCTION (Note 8)				
Depreciation, depletion and amortization	**652,359,982**	530,864,212	**207,873,488**	193,799,158
Materials and supplies	**626,419,000**	543,038,265	**211,274,655**	191,870,426
Personnel cost	**400,515,777**	385,354,477	**134,375,374**	125,526,774
Utilities	**203,190,200**	187,369,934	**66,341,338**	54,540,964
Contracted services	**180,149,229**	166,455,615	**59,192,730**	61,002,234
Others	**195,964,722**	161,956,803	**69,717,654**	54,514,058
	2,258,598,910	1,975,039,306	**748,775,239**	681,253,614
EXCISE TAXES	**56,298,547**	48,493,256	**19,096,933**	18,527,027
GENERAL AND ADMINISTRATIVE				
Personnel cost	**78,034,740**	63,772,073	**22,425,689**	18,563,503
Refining charges	**27,043,545**	24,276,785	**9,827,044**	9,297,122
Taxes and licenses	**19,760,808**	19,539,237	**5,303,683**	5,193,792
Professional fees	**15,738,387**	12,331,045	**8,890,063**	4,819,017
Repairs and maintenance	**5,691,429**	3,082,386	**1,267,948**	2,728,503
Others	**29,276,404**	37,096,268	**9,923,357**	12,770,385
	175,545,313	160,097,794	**57,637,784**	53,372,322
OTHER CHARGES				
Foreign exchange losses - net	**2,770,435**	16,208,583	**677,099**	11,623,118
Interest expense - net	**146,747,302**	130,127,984	**45,678,299**	39,120,258
Loss on write-off of assets	**–**	26,097,980	**–**	26,097,980
Miscellaneous	**13,466,996**	4,595,489	**8,415,908**	4,596,138
	162,984,734	177,030,036	**54,771,306**	81,437,494
INCOME BEFORE INCOME TAX	**315,688,019**	303,286,929	**129,932,044**	163,287,622
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**45,895,365**	12,341,645	**37,984,257**	5,794,891
Deferred	**(34,866,130)**	–	**(34,866,130)**	–
	11,029,235	12,341,645	**3,118,127**	5,794,891
NET INCOME (Note 9)	**₱304,658,784**	₱290,945,284	**₱126,813,917**	₱157,492,731
Net income (loss) attributable to:				
Equity holders of the Parent Company	**₱305,595,797**	₱293,550,525	**₱127,081,028**	₱158,405,030
Non-controlling interests	**(937,013)**	(2,605,241)	**(267,111)**	(912,299)
	₱304,658,784	₱290,945,284	**₱126,813,917**	₱157,492,731
BASIC AND DILUTED EARNINGS PER SHARE (Note 7)	**₱0.054**	₱0.052	**₱0.022**	₱0.028

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES

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

	Nine-Month Period Ended September 30		Three-Month Period Ended September 30	
	2017 (Unaudited)	2016 (Unaudited)	**2017 (Unaudited)**	2016 (Unaudited)
NET INCOME (Note 9)	**₱304,658,784**	₱290,945,284	**₱126,813,917**	₱157,492,731
OTHER COMPREHENSIVE INCOME, NET OF TAX	**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱304,658,784**	₱290,945,284	**₱126,813,917**	₱157,492,731
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company	**₱305,595,797**	₱293,550,525	**₱127,081,028**	₱158,405,030
Non-controlling interests	**(937,013)**	(2,605,241)	**(267,111)**	(912,299)
	₱304,658,784	₱290,945,284	**₱126,813,917**	₱157,492,731

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 AND 2016

	Attributable to Equity Holders of the Parent Company								
	Capital stock	Additional paid-in capital	Revaluation surplus	Treasury shares	Remeasurement loss on retirement plan	Currency translation adjustment on foreign subsidiaries	Retained Earnings (Deficit)	NCI	Total
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)	–	–	–	–	–	–	293,550,525	(2,605,241)	290,945,284
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income (loss)	–	–	–	–	–	–	293,550,525	(2,605,241)	290,945,284
Equity restructuring (Note 1)	–	(3,011,088,301)	–	–	–	–	3,011,088,301	–	–
Balances at September, 2016	**₱6,227,887,491**	**₱15,941,675**	**₱283,524,013**	**(₱2,117,737,909)**	**(₱26,813,063)**	**(₱347,620)**	**₱389,918,296**	**₱178,275,060**	**₱4,950,647,943**
Balances at December 31, 2016	**₱6,227,887,491**	**₱15,941,675**	**₱262,063,873**	**(₱2,117,737,909)**	**(₱7,686,433)**	**(₱2,185,644)**	**₱443,834,193**	**₱176,833,272**	**₱4,998,950,518**
Net income (loss)	–	–	–	–	–	–	305,595,797	(937,013)	304,658,784
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income (loss)	–	–	–	–	–	–	305,595,797	(937,013)	304,658,784
Balances at September 30, 2017	**₱6,227,887,491**	**₱15,941,675**	**₱262,063,873**	**(₱2,117,737,909)**	**(₱7,686,433)**	**(₱2,185,644)**	**₱749,429,990**	**₱175,896,259**	**₱5,303,609,302**

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

	2017 (Unaudited)	2016 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the period	**₱315,688,019**	₱303,286,929
Adjustments for:		
Depreciation, depletion and amortization	**653,754,690**	530,864,212
Provision for retirement benefits	**29,575,813**	24,000,000
Loss on write-off of assets	**–**	26,097,980
Operating income before working capital changes	**999,018,522**	884,249,121
Decrease (increase) in:		
Receivables	**(41,800,064)**	19,231,291
Inventories	**13,641,413**	24,995,462
Prepayments and other current assets	**(95,830,753)**	(27,066,536)
Decrease in trade and other payables	**(265,278,129)**	(420,840,067)
Cash flows generated from operations	**609,750,989**	480,569,271
Income tax paid	**(12,540,619)**	(11,919,675)
Net cash flows from operating activities	**597,210,370**	468,649,596
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment, including mine development costs	**(662,544,561)**	(797,909,499)
Increase in deferred exploration costs	**(131,025,693)**	(28,352,400)
Net cash flows used in investing activities	**(793,570,254)**	(826,261,899)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net loan availment (payment)	**376,488,274**	(290,812,249)
Net change in accounts with related parties	**(2,388,927)**	368,587,303
Net cash flows from (used in) financing activities	**374,099,347**	77,775,054
NET INCREASE (DECREASE) IN CASH	**177,739,463**	(279,837,249)
CASH AT BEGINNING OF PERIOD	**237,508,978**	550,980,770
CASH AT END OF PERIOD	**₱415,248,441**	₱271,143,521

APEX MINING CO., INC. AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLE - UNAUDITED

AS OF THE PERIOD ENDED SEPTEMBER 30, 2017

1) Aging of Accounts Receivable

	Total	1 Month	2-3 Months	4-6 Months	7 Months 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	₱124,611,748	₱124,611,748	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Less: Allow. For Doubtful Acct.	–	–	–	–	–	–	–	–	–
Net Trade Receivable	124,611,748	124,611,748	–	–	–	–	–	–	–
b) Non-Trade Receivables									
1) Downpayment to suppliers	54,327,653	54,327,653	–	–	–	–	–	–	–
2) Advances to officers and employees for liquidation / Accounts receivable - Others	10,353,885	10,353,885	–	–	–	–	–	–	–
3) Loans receivable of subsidiaries	46,974,844	–	46,974,844	–	–	–	–	–	–
Less: Allow. For Doubtful Acct.	–	–	–	–	–	–	–	–	–
Net Non-Trade Receivables	111,656,382	64,681,538	46,974,844	–	–	–	–	–	–
Net Receivables (a + b)	**₱236,268,130**								

2) Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
a.) Trade Receivable	Metal account balance for settlement by refiner	7 to15 days
b) Non-trade Receivable	Downpayment to suppliers and contractors, advances for travel expenses of officers and employees, SSS claims for benefit of employees, and advances made by subsidiaries	Within normal operating cycle, except for loans made by subsidiaries which are on demand

3) Normal Operating Cycle: 3 months

APEX MINING CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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

Status of Operations
Significant developments in the Parent Company's and its subsidiaries' (the "Group") operations in 2017 and 2016 were as follows:

a. Mining

Maco Mine
ISO Certification
In a letter dated September 30, 2016, Certification International Philippines, Inc. awarded the Parent Company a Certificate of Registration to ISO 14001:2015 with the following scope: "Exploration activities; underground mining; milling and recovery/smelting of gold and silver using carbon-in-pulp process; mine waste and mill trails management; and all support services." The certificate is valid for three years until September 29, 2019, subject to satisfactory results of annual surveillance audits. As a certified organization, the Parent Company is required to maintain its environmental management system and comply with the other conditions of the certification by Certification International.

Department of Environment and Natural Resources (DENR) Audit
On October 18, 2016 the Parent Company received a letter dated October 3, 2016 from the DENR furnishing a copy of the report on the mine audit conducted by the agency of the Parent Company's Maco mine in August 2016 pursuant to DENR Memorandum Order No. 2016-01 regarding "Audit of All Operating Mines and Moratorium on New Mining Projects" issued on July 8, 2016. Along with other minor findings, the report recommended to allow the continued operation of the mine which confirms the earlier press releases made by the DENR, the Parent Company's Maco mine can continue with its operations together with the other mines that have not been suspended.

Itogon Mines
On April 27, 2017, TUV Rheinland granted ISRI a Certificate of Registration to ISO 14001:2015 valid until March 30, 2020 covering the following scopes:

- "Exploration, Mining and Mineral Processing" for the Sangilo mine in Itogon, Benguet
- "Provision of Mining Exploration and Project Development Activities" for the Suyoc mine in Mankayan, Benguet

Paracale Gold Project (PGL)
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.

On February 11, 2016, BMRC obtained the Environmental Compliance Certificate (ECC) with No. ECC-R05-1510-0140 from Environmental Management Bureau, Region V. The ECC covers the proposed Bulawan Mineral Resources Gold Mining Project with an area of 24.5 hectares located at Barangay Sta. Rosa Norte, Jose Panganiban, Camarines Norte.

b. Oil and Gas

Service Contract (SC) 72
The Group, through Monte Oro Resources & Energy, Inc. (MORE), a wholly-owned subsidiary, 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 (Forum) owns the remaining 70% participating interest and is the operator of the SC.

On July 12, 2016, the United Nations Arbitral Tribunal ruled that Reed bank, where SC 72 is located, is within the Philippines' Exclusive Economic Zone as defined under the United Nations Convention on the Law of the Sea.

On November 24, 2016, the DOE approved the Work Program and Budget for 2017 submitted by the Forum consisting of License Administration and the conduct of a geotechnical survey contingent on the lifting of the force majeure over SC 72. As at filing date of this report, the DOE has not yet lifted the force majeure.

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

Basis of Preparation and Statement of Compliance
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. 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.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of and for the period ended September 30, 2017 and December 31, 2016. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company 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 Parent Company's voting rights and potential voting rights

The Parent Company re-assesses 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 Parent Company obtains control over the subsidiary and ceases when the Parent Company 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 financial statements from the date the Parent Company gains control until the date the Parent Company 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 non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The Parent Company's principal subsidiaries and their nature of business, country of incorporation and effective percentage of ownership are as follows:

	Nature of business	Country of incorporation	Effective percentage of ownership
ISRI	Mine exploration and development	Philippines	100
MORE	Mine and oil exploration and development	Philippines	100
MORE's Subsidiaries:			
Minas	Mine exploration and development, and gold trading	Mongolia	100
PGL	Mine exploration and development	Isle of Man	100
CRPI*	Mine exploration and development	Philippines	100
BMRC*	Mine exploration and development	Philippines	100
MMSL	Mine exploration and development, and gold trading	Sierra Leone	90
MOMCL	Mine exploration and development, and gold trading	Sierra Leone	90
ICSI	Solid Waste Management	Philippines	52

* *Indirect ownership through PGL*

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.

Judgments

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.

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.

Determination of the Parent Company's Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Parent Company, the functional currency of the Parent Company has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Parent Company operates.

Determination of Control

The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company controls an entity if and only if the Parent Company has all of the following:

a. Power over the entity;
b. Exposure, or rights, to variable returns from its involvement with the entity; and
c. The ability to use its power over the entity to affect the amount of the Parent Company's returns.

Operating leases of the Group are related to leases of mining and milling equipment, transportation vehicles and others that are normally accounted for on either on a per usage or per lease term basis.

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 in-house and 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 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

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation and depletion commences.

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 Ore Reserves
Recoverable mineral reserves are determined using various factors that affect the viability of mining operations such as the mineral resource, the market price of metals and other operating and economic parameters. The computed recoverable reserve is used in the calculation of depletion rate and, when needed, in the testing of the overall recoverability of the mining assets.

Estimation of Impairment of Nonfinancial Assets, including Property, Plant and Equipment, Deferred Exploration Costs, Intangible Assets, and Other Noncurrent Assets
The Group evaluates whether property, plant and equipment, deferred exploration costs, intangible assets, 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 subjected to impairment testing when impairment indicators are present.

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 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 other current assets is based on how the Group can utilize these assets.

Estimation of Fair Value of Identifiable Net Assets of an Acquiree in a Business Combination
The Group applies the acquisition method of accounting whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition. The determination of fair values requires estimates of economic conditions and factors such as metal prices, mineral reserve, freight exchange rates and others.

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.

There were changes in the estimated fair values, useful lives and residual values of property, plant and equipment in 2016. The remaining property, plant and equipment as of September 30, 2017 and December 31, 2016 are expected to be realized through continued use under the current mining plan with none identified subject for sale or disposal.

Estimation of Depletion Rate
Depletion rates used to amortize mine and mining properties are annually assessed based on a latest estimate of recoverable mineral reserves. The Group estimates its mineral reserves in accordance with local regulatory guidelines provided under the PMRC, duly reviewed and certified 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, which uncertainties may result in future actual expenditure differing from the amounts currently provided. Changes to estimated future costs are recognized in the consolidated statement of financial position by adjusting the rehabilitation asset against the corresponding liability. 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.

Estimation of Retirement Benefits
The costs of defined benefit retirement as well as the present value of the provision for 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 Carried at Cost
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.

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. Accordingly, the Group did not recognize deferred tax assets in respect of deductible temporary differences and unused tax losses.

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 consolidated financial statements.

4. **Loans Payable**

Banco de Oro Unibank, Inc. (BDO)
On March 20, 2015, BDO approved a one year, short term ₱2.25 billion loan to the Parent Company for cash requirements and capital expenditures. Interest shall be based on the prevailing market rates at the time of drawdown which was 5.50% per annum.

The Parent Company was able to renew its ₱2.25 billion loan with BDO that matured on March 24, 2017. The new maturity date of the fully-drawn loan outstanding as of September 30, 2017 and December 31, 2016 is on March 19, 2018 bearing an interest rate of 5.75% per annum.

Unionbank of the Philippines (UBP)
On July 22, 2014 and August 1, 2014, the Parent Company issued two promissory notes to UBP for US$4.00 million each. The notes bear an interest rate of 5.00% per annum with 180 days term.

Upon maturity of the most recent promissory notes on September 22, 2017 of US$ 4.00 million each, UBP granted the Parent Company rollover of its two US$4.00 million promissory notes into one US$8.00 million maturing on March 21, 2018 and at the same interest rate of 5.00% per annum. As of September 30, 2017 and December 31, 2016, the outstanding balance of the loan payable to UBP is US$8.00 million.

Rizal Commercial Banking Corporation (RCBC)
On August 5, 2014, the Parent Company issued a non-negotiable promissory note to RCBC for ₱450.00 million maturing on February 1, 2015. The note bears an interest rate of 6.50% per annum with 180 days' term.

Upon maturity of its most recent promissory note on April 21, 2017, RCBC granted the Parent Company rollover of its maturing outstanding promissory note with a new maturity date of April 16, 2018 at a lower interest rate of 6.25% per annum.

The Parent Company has outstanding promissory notes amounting to ₱405.00 million and ₱450.00 million as of September 30, 2017 and December 31, 2016, respectively.

Philippine National Bank (PNB)
PNB granted the Parent Company the following facilities:

- On November 26, 2016, Credit Facilities consisting of Letters of Credit (LC), Trust Receipts (TR) with 180-day tenor, and Settlement Risk Lines totaling ₱500.00 million expiring on July 31, 2017, renewed for another year to July 31, 2018; and

- On November 28, 2016, a Term Loan Facility of up to ₱500.00 million with tenor of three years with equal quarterly principal repayment plus interest. Interest rates shall be fixed for three years based on a three-year PDST (spell out) plus a 2% spread, or 5%, whichever is higher

Subject to certain conditions precedent to drawdown such as the execution of the Loan Agreement for the term loan facility which was signed by the parties on January 10, 2017. On January 27, 2017, the Parent Company drew on the Term Loan Facility for the full amount with the interest rate set at 5.45% per annum for the three-year term. The first principal repayment, plus interest, commenced on April 27, 2017 and every quarter thereafter up to January 27, 2020.

As of September 30, 2017, the converted TRS amounted to ₱121.7 million.

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.

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 in the normal course of business.

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 of September 30, 2017 and December 31, 2016. Details are shown in the table below.

	Shares	Amount
Issued and subscribed shares at beginning of period	6,227,887,491	₱6,227,887,491
Issued during the period	–	–
Issued shares at end of period	6,227,887,491	6,227,887,491
Less treasury shares	564,730,109	2,117,737,909
Outstanding shares at end of period	5,663,157,382	₱4,110,149,582

7. Basic/Diluted Earnings Per Share

Basic earnings 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 quarters and three quarter periods ended September 30, 2017 and 2016 as follows

	Three Quarters		Third Quarter	
	2017	2016	**2017**	2016
Net income attributable to the equity holders of the Parent Company	**₱305,595,797**	₱293,550,525	**₱127,081,028**	₱158,405,030
Weighted average number of common shares for basic and diluted earnings per share	**5,663,157,382**	5,663,157,382	**5,663,157,382**	5,663,157,382
Basic and diluted earnings per share	**₱0.054**	₱0.052	**₱0.022**	₱0.028

8. Cost of Production

Amounts for the periods ended September 30 were distributed as follows:

	Nine-Month Period Ended September 30		Three-Month Period Ended September 30	
	2017	2016	**2017**	2016
Mining	**₱651,287,308**	₱607,668,753	**₱234,906,525**	₱196,414,073
Milling	**426,768,576**	379,804,074	**129,670,611**	131,548,525
Mine overhead	**528,183,044**	456,702,267	**176,324,614**	159,491,858
Depreciation, depletion and amortization	**652,359,982**	530,864,212	**207,873,489**	193,799,158
	₱2,258,598,910	₱1,975,039,306	**₱739,123,855**	₱681,253,614

9. Results of Operations

The highlights of the Group's consolidated statement of income for the nine-month period ended September 30, 2017 broken down into the Parent Company, Subsidiaries and NCI are as follows:

	Parent Company	Subsidiaries	NCI	Consolidated
Revenues	₱2,969,115,523	₱–	₱–	₱2,969,115,523
Cost and expenses	(2,448,660,869)	(40,845,369)	(936,531)	(2,490,442,769)
Other income (charges)	(163,702,482)	718,230	(482)	(162,984,734)
Provision for income tax	(11,029,236)	–	–	(11,029,236)
Net income (loss)	₱345,722,936	(₱40,127,139)	(₱937,013)	₱304,658,784