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, Tektite Tower 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
Corpsec@apexmining.com	8706-2805	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,745 (as of September 30, 2022)	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
Billy G. Torres	bgtorres@apexmining.com	8706-2805	N/A

CONTACT PERSON's ADDRESS

3304B West Tower, Tektite Tower, 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, 2022**

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, Tektite Towers Exchange Road, Ortigas Center, Pasig City**
   Postal Code: **1605**

8. Telephone number, including area code: **Tel. # (02) 8706-2805 Fax # (02) 8706-2804**

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

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 2. Management Discussion and Analysis of Financial Position and Results of Operations for the Three Quarters and Third Quarter ended September 30, 2022 and 2021

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") in the first three quarters and third quarter of 2022 were ₱2.46 billion and ₱897.96 million, respectively, both significantly higher by the amounts reported in the same periods last year. In 2021, the Group reported a ₱135.73 million consolidated net loss in the first three quarters and ₱624.35 million consolidated net loss in the third quarter mainly due to the Group's recognition of provision for impairment loss on various assets of its subsidiary, Monte Oro Resources, Inc. ("MORE").

The Parent Company net income in the third quarter of 2022 and 2021 amounted to ₱839.94 million and ₱222.43 million, respectively, bringing the net income for the three quarters of 2022 and 2021 to ₱2.37 billion and ₱994.73 million, respectively.

Consolidated Revenues

The consolidated gross revenues in the three quarters of 2022 was higher at ₱7.51 billion compared to the same period in 2021 at ₱4.99 billion. The consolidated revenues of the Group include Parent Company and Itogon-Suyoc Resources, Inc.'s ("ISRI") revenues from the sale of gold and silver.

Information on the Group's sales volume and realized prices for both gold and silver in the three quarters and third quarter of 2022 and 2021 are as follows:

	Gold			Silver		
	2022	**2021**	%	2022	**2021**	%
Three Quarters:						
Volume in ounces	**73,219**	53,295	+37	**291,333**	260,453	+10
Realized price/ounce, in USD	**$1,817**	$1,786	+2	**$21.62**	$24.99	-13
Third Quarter:						
Volume in ounces	**26,962**	19,959	+35	**100,899**	87,791	+15
Realized price/ounce, in USD	**$1,726**	$1,791	-4	**$19.48**	$23.71	-18

Includes ounces produced and sold from Maco and Sangilo mine sites

The weighted average United States Dollar (USD) to Philippine Peso (PHP) foreign exchange rates on the Group's revenues in the three quarters of 2022 and 2021 were ₱53.85 and ₱49.03 to one USD, respectively, or the depreciation of the PHP by 10% against the USD.

An analysis of the consolidated revenue variance, which comprises of volume, price and exchange rate variances between the comparative three quarters and third quarter ended September 30, 2022 and 2021 of the Group is as follows:

	Between Three Quarters of 2022 and 2021			Between Third Quarter of 2022 and 2021		
Variances	Gold	Silver	Total	Gold	Silver	Total
Volume	₱1,744,766,341	₱37,841,002	₱1,782,607,343	₱631,080,704	₱15,629,523	₱646,710,227
Price	112,825,921	(48,186,614)	64,639,307	(88,914,500)	(21,445,784)	(110,360,284)
Exchange rate	637,351,870	30,485,021	667,836,891	286,659,026	12,579,011	299,238,036
Consolidated revenue	₱2,494,944,132	₱20,139,409	₱2,515,083,542	₱828,825,230	₱6,762,749	₱835,587,980

Milling throughput in Maco mine was 17% higher at 601,730 tonnes or 2,299 tonnes per day for the three quarters of 2022, as compared to 514,008 tonnes or 2,017 tonnes per day in 2021. A consistently high recovery rate was also achieved at 87.76% compared to 87.85% a year ago. In Sangilo mine, milling throughput was at 88,397 tonnes or 344 tonnes per day.

Average ore grade in Maco Mine was higher at 3.97 grams of gold per tonne from 3.45 grams per tonne in 2021. The higher tonnage, ore grade and recovery rate, resulted in gold production volume of 67,497 ounces, 36% higher compared to 49,713 ounces produced in the same period a year ago. Sangilo mine produced a total of 6,497 gold ounces during the three quarters of 2022.

The third quarter's Maco mine production was higher with total gold production reaching 23,749 ounces, or 22% higher than the same period in 2021. Total tonnes milled at the Maco site in the third quarter was 209,585, or 14% higher compared to the third quarter tonnage of 2021. Daily mill throughput was 2,334 tonnes per day and mill feed grades were 4.02 grams per tonne for gold and 18.72 gpt for silver.

Stronger metal prices during three quarters of 2022 which averaged $1,817 per ounce for gold and $22 per ounce for silver pushed the revenue higher, as compared to $1,786 and $25 gold and silver prices, respectively, in 2021. During the third quarter of 2022, realized gold and silver prices averaged at $1,726 and $19 per ounce, respectively.

The depreciation of the PHP against the USD resulted in the positive exchange rate variance as shown in the previous page.

Consolidated Cost of Production
Consolidated cost of production in the three quarters of 2022 increased to ₱3.84 billion from ₱3.19 billion in 2021 mainly due to higher tonnage processed during the period. A breakdown of the main components of the consolidated cost of production is as follows:

- Depreciation, depletion and amortization expense was lower by 2% or ₱22.71 million in the three quarters of 2022 compared to 2021.

  The increase in ore reserves of the Maco mine in the middle of 2021 to 5.75 million tonnes (at the average grade of 4.9 grams of gold per tonne) reported by an accredited competent person in compliance with the Philippine Mineral Reporting Code, compared to the previous ore reserves of 1.92 million tonnes (at the average grade of 6.34 grams of gold per tonne), correspondingly reduced the applicable depletion rate starting July 2021. The impact of lower depletion rate, however, was partly negated with the increase in tonnage output, bringing the net decrease of the depletion expense by ₱107.93 million in the three quarters of 2022.

- Materials used in mining and milling during the three quarters of 2022 was higher by ₱334.56 million compared to 2021. The Group processed a total of 690,127 tonnes during the three quarters of 2022 which is 17% higher than the tonnage milled in the same period last year. Consequently, power cost, which also increased as a result of surge in coal and fuel prices worldwide, was higher by ₱85.23 million or 44% than the previous comparative period due to increased production level.

- Personnel cost and contracted services were higher by ₱102.08 million and ₱53.33 million, respectively, in the third quarter of 2022 compared to 2021 due to the payroll and additional benefits of full manpower operations at the sites compared to the same period in 2021 when the COVID-19 pandemic reached the mine site and temporarily reduced the mobility and number of the workforce.

- Indigenous People (IP) surface rights royalty & IP royalty and taxes, licenses and permits, as a group, accounted for a 6.72% or ₱43.57 million increase in 2022 compared to 2021 due to higher revenue and cost base.

- Bullion refining and transportation charges also increased in the three quarters of 2022 compared to 2021 due to higher volume of metals shipped and sold. Refining cost and transportation charges are computed based on the volume of shipments and metal outturn.

Consolidated Excise Taxes
Consolidated excise taxes of the Group amounted to ₱302.54 million in the three quarters of 2022 from ₱196.9 million in the same period in 2021 due to higher ounces sold.

Consolidated General and Administrative Expenses
Consolidated general and administrative (G&A) expense in the three quarters of 2022 and 2021 amounted to ₱114.71 million and ₱106.68 million, respectively due to increase in head office expenses as well as higher administrative costs of projects currently handled by the subsidiaries.

Consolidated Finance Cost and Other Income/Charges
The consolidated finance cost and other income/charges of the Group amounted to ₱241.32 million for the three quarters of 2022 and 2021, respectively. The decrease is mainly due to lower outstanding loan amount during the period compared to 2021 resulting from loan payments of the Parent Company and ISRI for the maturing amortization of term loan with a local bank (Note 4). In 2021, Group recognized a provision for impairment for the assets of MORE. No similar provision was recognized during the period.

Consolidated Provision for (Benefit from) Income Tax
Due to higher taxable income reported during the period, the provision for income tax in the three quarters of 2022 is higher at ₱547.86 million compared to ₱331.54 million in the same period in 2021.

<u>Consolidated Statement of Financial Position</u>

Consolidated Current Assets
Total consolidated current assets increased by ₱1.08 billion to ₱4.04 billion as of September 30, 2022 mainly due to the following:

- Cash of the Group increased by ₱680.48 million to ₱2.12 billion from ₱1.44 billion as of December 31, 2021, primarily from the net cash inflow from operating activities amounting to ₱2.92 billion, as reduced by expenditures for capital assets, mine development and explorations costs aggregating to ₱2.10 billion, and settlements of maturing term loan amortization amounting to ₱137.81 million.

- Trade and other receivables significantly increased by ₱307.74 million to ₱333.94 million as of September 30, 2022 compared to December 31, 2021 mainly due to gold and silver bullion shipped and sold at the end of September which was collected only in October, 2022.

- Inventories increased by ₱210.42 million as of September 30, 2022 versus the comparative balance as of December 31, 2021 due to higher materials and supplies ordered to support the increasing mining and milling capacity of the Maco and Sangilo mines. The inventory also includes bullions and buttons not yet shipped and sold as of September 30, 2022.

- Prepayments and other current assets increased due to higher input value added tax paid from the local purchases and importation as well as advance deposits necessary for importation of equipment, spare parts and other supplies.

Consolidated Noncurrent Assets
Total consolidated noncurrent assets increased by ₱1.18 billion to ₱13.88 billion as of September 30, 2022 from ₱12.7 billion as of December 31, 2021 due to the acquisition of new equipment and continuous exploration and development activities.

Consolidated Current Liabilities
Consolidated current liabilities were lower by ₱56.91 million to ₱4.68 billion as of September 30, 2022 from ₱4.74 billion as of December 31, 2021 mainly because of higher supplier payments and lower purchase of local and imported goods and services near end of the quarter. Income tax payable

is also lower as it covers third quarter income tax due only. Third quarter income tax due will be due for payment in November 2022.

Consolidated Noncurrent Liabilities
The Group's consolidated noncurrent liabilities decreased by ₱146.05 million to ₱2.50 billion as of September 30, 2022 compared to September 30, 2021 due to quarterly loan amortization payments and reclassification to current portion of a bank term loan. During the third quarter of 2022, no additional bank loans were drawn.

Consolidated Equity
Consolidated equity increased by ₱2.46 billion contributed by the total comprehensive income registered in the nine months ended September 30, 2022.

Key Performance and Financial Soundness Indicators

Operating Performance Indicators
Tonnage milled, ore grade and mill recovery determine metal production volume. The higher the tonnage, ore grade and mill recovery, the more metals are produced. Below are the mine and mill data in the production of the Maco mine of the Parent Company:

	Nine months ended September 30			Third Quarter ended September 30		
	2022	2021	Change	**2022**	2021	Change
Tonnes milled	**601,730**	514,008	+17	**209,585**	184,007	+14
Mill head grade (gpt):						
Gold	**3.97**	3.45	+15	**4.02**	3.93	+2
Silver	**19.85**	19.80	+0	**18.72**	20.97	-11
Metal recovery (%):						
Gold	**87.76**	87.06	+1	**87.74**	87.85	-0
Silver	**74.58**	78.54	-5	**72.13**	76.50	-6

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

A. Profitability Ratios

		Nine-Month Period Ended September 30	
	Formula	**2022**	**2021**
Gross profit margin	Gross profit / Revenue	48.84%	36.05%
Return on assets	Net income / Total assets	13.74%	-0.90%
Return on equity	Net income / Total equity	22.94%	-1.83%
Debt service coverage ratio (DSCR)	EBITDA / Loan principal plus interest payments	5.28: 1	2.93: 1

The increase in the gross profit margin in the three quarters of 2022 compared to the same period in 2021 can be attributed to higher gold and silver prices during the period.

Return on assets and return on equity increased mainly from the higher net income in the three quarters of 2022 than in 2021.

DCSR increased due to higher earnings before income taxes, depreciation, depletion and amortization and reduction of outstanding loans due to amortization payments during the period.

B. On Liquidity and Leverage

	Formula	**September 30, 2022**	September 30, 2021
Current ratio	Current assets / Current liabilities	**0.86 : 1**	0.72 : 1
Asset-to-equity	Total assets / Total equity	**1.67 : 1**	2.04 : 1
Debt-to-equity	Total debts / Total equity	**0.67 : 1**	1.04 : 1

The decrease in current liabilities from the amortization of term loan was faster than the growth in assets in 2022 resulting to higher current ratio against 2021. Asset-to-equity ratio decreased this year compared to prior period due to the higher growth in the Group's total stockholders' equity account as compared to the changes in its assets. Debt-to-equity ratio decreased due to the increase in equity from net income and decrease in total debts due to loan amortization payments made by the Group during the period.

Material Event/s and Uncertainties

A. Note 11 of Consolidated Financial Statements for the Quarter Period Ended September 30, 2022 is hereby incorporated for reference.

B. To the best of the Company's knowledge, there are:

a. no known trends, events or uncertainties that would have any material impact on liquidity and revenue of the Company except for the COVID-19 pandemic as disclosed in Note 11 of the unaudited financial statements below;
b. no known events which may trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;
c. no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period except for the corporate guarantee issued by the Company to secure a bank loan of ISRI;
d. no material commitments for capital expenditures, general purpose of such commitments, and expected sources of funds for such expenditures;
e. no significant elements of the items of income and expenses in the financial performance of the Company other than those described in the Company's audited financial statements; and,
f. no seasonal aspects of the Company's operations that have a material effect on the Company's financial statements (there is no one period materially significant, whether higher or lower, than the periods during the year.)

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

	September 30, 2022 Unaudited	December 31, 2021 Audited
ASSETS		
Current Assets		
Cash	**₱2,117,193,614**	₱1,436,715,112
Trade and other receivables	**333,944,892**	26,207,449
Inventories	**1,362,576,419**	1,152,153,737
Advances to related parties	**2,304,109**	2,304,109
Prepayments and other current assets	**224,322,554**	343,605,424
Total Current Assets	**4,040,341,588**	2,960,985,831
Noncurrent Assets		
Property, plant and equipment	**11,101,547,578**	10,291,585,141
Deferred exploration costs	**1,921,737,702**	1,709,559,269
Financial assets measured at fair value through other comprehensive income (FVOCI)	**4,000,000**	4,000,000
Intangible assets	**14,788,790**	14,788,790
Other noncurrent assets	**834,270,427**	677,839,850
Total Noncurrent Assets	**13,876,344,497**	12,697,773,050
TOTAL ASSETS	**₱17,916,686,085**	₱15,658,758,881
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**₱1,408,057,783**	₱1,509,813,176
Advances from related parties	**916,012,000**	916,012,000
Loans payable - net of noncurrent portion (Note 4)	**2,360,330,636**	2,315,484,534
Total Current Liabilities	**4,684,400,419**	4,741,309,710
Noncurrent Liabilities		
Loans payable - net of current portion (Note 4)	**2,069,572,259**	2,252,225,636
Provision for retirement benefits	**328,187,816**	292,055,276
Provision for mine rehabilitation and decommissioning	**18,329,248**	17,854,413
Deferred income tax liabilities	**87,791,518**	87,791,518
Total Noncurrent Liabilities	**2,286,274,368**	2,649,926,843
Total Liabilities	**6,708,954,122**	7,391,236,553
Equity Attributable to Equity Holders of the Parent Company		
Issued capital stock	**6,227,887,491**	6,227,887,491
Additional paid-in capital	**634,224**	634,224
Treasury shares	**(2,081,746,680)**	(2,081,746,680)
Revaluation surplus on property, plant and equipment	**280,481,926**	280,481,926
Remeasurement loss on financial asset at FVOCI	**(343,842,240)**	(343,842,240)
Remeasurement gain on retirement plan	**26,132,299**	26,132,299
Currency translation adjustment on foreign subsidiaries	**(1,708,473)**	(1,708,473)
Retained earnings	**6,589,745,718**	4,128,503,222
	10,697,584,266	8,236,341,769
Non-controlling Interests	**30,820,559**	31,180,559
Total Equity	**10,728,404,825**	8,267,522,328
TOTAL LIABILITIES AND EQUITY	**₱17,916,686,085**	₱16,658,758,881

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	
	2022 (Unaudited)	2021 (Unaudited)	**2022 (Unaudited)**	2021 (Unaudited)
REVENUES				
Gold	**₱7,169,437,669**	₱4,674,493,537	**₱2,631,312,501**	₱1,802,487,270
Silver	**339,228,898**	319,089,489	**111,378,464**	104,615,715
	7,508,666,568	4,993,583,026	**2,742,690,965**	1,907,102,985
COST OF PRODUCTION (Note 8)	**3,841,345,926**	3,193,325,737	**1,440,364,613**	1,083,799,515
EXCISE TAXES	**302,543,827**	196,900,196	**108,458,804**	81,395,211
GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	**114,710,527**	106,676,131	**37,437,933**	39,557,151
FINANCE COST AND OTHER INCOME/CHARGES	**241,322,365**	1,300,869,417	**120,783,947**	1,163,989,705
INCOME BEFORE INCOME TAX	**3,008,743,922**	195,811,545	**1,035,645,667**	(461,638,597)
PROVISION FOR CURRENT INCOME TAX	**547,861,426**	331,543,051	**137,699,909**	162,715,259
NET INCOME (Note 10)	**₱2,460,882,496**	(₱135,731,506)	**₱897,945,758**	(₱624,353,856)
Net income (loss) attributable to:				
Equity holders of the Parent Company	**₱2,461,242,496**	₱9,994,799	**₱898,065,758**	(₱478,867,551)
Non-controlling interests	**(360,000)**	(145,726,305)	**(120,000)**	(145,486,305)
	₱2,460,882,496	(₱135,731,506)	**₱897,945,758**	(₱624,353,856)
BASIC AND DILUTED EARNINGS PER SHARE (Note 7)	**₱0.434**	₱0.002	**₱0.158**	₱(0.084)
NET INCOME	**₱2,460,882,496**	(₱135,731,506)	**₱897,945,758**	(₱624,353,856)
OTHER COMPREHENSIVE INCOME, NET OF TAX	–	–	–	–
TOTAL COMPREHENSIVE INCOME	**₱2,460,882,496**	(₱135,731,506)	**₱897,945,758**	(₱624,353,856)
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company	**₱2,461,242,496**	₱9,994,799	**₱898,065,758**	(₱478,867,551)
Non-controlling interests	**(360,000)**	(145,726,305)	**(120,000)**	(145,486,305)
	₱2,460,882,496	(₱135,731,506)	**₱897,945,758**	(₱624,353,856)

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE AND THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022 AND 2021

	Attributable to Equity Holders of the Parent Company									
	Capital stock (Note 7)	**Additional paid-in capital**	**Revaluation surplus**	**Treasury shares** (Note 7)	**Re-measurement loss on financial asset at FVOCI**	**Re-measurement gain on retirement plan**	**Currency translation adjustment on foreign subsidiaries**	**Retained earnings**	**NCI**	**Total**
Balances at December 31, 2020	₱6,227,887,491	₱634,224	₱351,316,435	(2,081,746,680)	(₱344,642,240)	(₱19,243,522)	₱2,682,086	₱3,229,518,939	₱176,981,332	₱7,543,388,065
Net income (loss)	–	–	–	–		–	–	9,994,799	(145,726,305)	(135,731,506)
Other comprehensive income	–	–	–	–		–	–	–	–	–
Total comprehensive income (loss)	–	–	–	–		–	–	9,994,799	(145,726,305)	(135,731,506)
Balances at September 30, 2021	₱6,227,887,491	₱634,224	₱351,316,435	(₱2,081,746,680)	(₱344,642,240)	(₱19,243,522)	₱2,682,086	₱3,239,513,738	₱31,255,027	₱7,407,656,559
Balances at December 31, 2021	**₱6,227,887,491**	**₱634,224**	**₱280,481,926**	**(2,081,746,680)**	**(₱343,842,240)**	**₱26,132,299**	**₱1,708,473**	**₱4,128,503,222**	**₱31,180,559**	**₱8,267,522,328**
Net income	–	–	–	–		–	–	**2,461,242,498**	**(360,000)**	**2,460,882,496**
Other comprehensive income	–	–	–	–		–	–	**–**	**–**	**–**
Total comprehensive income	–	–	–	–		–	–	**2,461,242,498**	**(360,000)**	**2,460,882,496**
Balances at September 30, 2022	**₱6,227,887,491**	**₱634,224**	**₱280,481,926**	**(2,081,746,680)**	**(₱343,842,240)**	**₱26,132,299**	**₱1,708,473**	**₱6,589,745,718**	**₱30,820,559**	**₱10,728,404,825**

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

	2022 (Unaudited)	2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the period	**₱3,008,743,922**	₱195,811,546
Adjustments for:		
Depreciation, depletion and amortization	**924,353,496**	947,060,435
Provision for impairment (Note 10)	**-**	1,107,393,105
Provision for retirement benefits and mine rehabilitation	**36,607,375**	42,095,672
Operating income before working capital changes	**3,969,704,793**	2,292,360,758
Decrease (increase) in:		
Receivables	**(307,737,443)**	(530,557,777)
Inventories	**(210,422,682)**	(155,947,510)
Prepayments and other current assets	**119,282,870**	(135,633,851)
Increase in trade and other payables	**93,218,922**	215,863,416
Cash flows generated from operations	**3,664,046,460**	1,686,085,036
Income tax paid	**(742,835,739)**	(388,738,975)
Net cash flows from operating activities	**2,921,210,721**	1,297,346,061
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment, including mine development costs	**(1,734,315,932)**	(1,151,017,558)
Increase in deferred exploration costs and other noncurrent assets	**(368,609,011)**	(350,532,340)
Cash flows used in investing activities	**(2,102,924,943)**	(1,501,549,898)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net loan payment	**(137,807,275)**	(576,111,372)
Net change in accounts with related parties	**-**	-
Net cash flows used in financing activities	**(137,807,275)**	(576,111,372)
NET INCREASE (DECREASE) IN CASH	**680,478,502**	(780,315,209)
CASH AT BEGINNING OF PERIOD	**1,436,715,112**	1,399,909,932
CASH AT END OF PERIOD	**₱2,117,193,614**	₱619,594,723

See accompanying Notes to Consolidated Financial Statements.

APEX MINING CO., INC. AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLE - UNAUDITED

AS OF THE PERIOD ENDED SEPTEMBER 30, 2022

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	₱45,787,897	₱45,787,897	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Less: Allow. For Doubtful Acct.	–	–	–	–	–	–	–	–	–
Net Trade Receivable	-	-	–	–	–	–	–	–	–
b) Non-Trade Receivables	288,156,915	288,156,915							
Net Receivables (a + b)	**₱333,944,812**								

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, Business Development and Status of Operations

Corporate Information
The Parent Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 26, 1970, primarily to carry out 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's shares are listed in the Philippine Stock Exchange (PSE) carrying the trading symbol "APX". It has two wholly-owned subsidiaries, Itogon-Suyoc Resources, Inc. (ISRI) and Monte Oro Resources & Energy, Inc. (MORE). Its ultimate parent, Prime Strategic Holdings, Inc. (PSHI), holds, directly and indirectly, 54.75% voting interest in Apex.

The Parent Company currently operates the Maco Mines in Maco, Davao De Oro. Its registered business and principal office address is 3304B West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, Philippines

Status of Operations
Significant developments in the Group operations are as follows:

A. Mining Properties

Maco Mine
On December 22, 2005, the Mines and Geosciences Bureau (MGB) approved the Company's application for a Mineral Production Sharing Agreement (MPSA) covering 679.02 hectares of land situated in Maco, Davao de Oro. On June 25, 2007, the MGB approved the Company's second application for a MPSA covering an additional 1,558.50 hectares of land near the area covered by the first mineral permit.

As at September 30, 2022, the Company holds valid and subsisting MPSA Nos. 225-2005-XI and 234-2007-XI, which have terms of 25 years from the effective date.

ISO Certification
The Company's Maco Mines has three certifications:
- ISO 9001:2015 for Quality Management System
- ISO 14001:2015 for Environmental Management System, and
- ISO 45001:2018 Occupational Health and Safety

granted in March 2018 by Certification International. The scope of the certifications includes exploration underground mining, milling and recovery of gold and silver using carbon-in-leach process; mine waste and mill trails management, and all support services.

Itogon Mines
ISRI is the holder of four (4) Patented Mineral Claims covering the Sangilo Mine in Itogon, Benguet and MPSA No. 152-2000-CAR covering the Suyoc Mine in Mankayan, Benguet.

The Sangilo mine has completed the rehabilitation and refurbishment of its mining and milling facilities and declared the commencement of its commercial operations on July 31, 2020. Suyoc Mine continues its resource validation and exploration activities.

ISO Certification
The Sangilo and Suyoc Mines are ISO 14001:2015 certified for environmental management system granted by TUV Rheinland in April 2017. The scope of the certification for the Sangilo Mine is for exploration, mining and mine processing; while the Suyoc Mine is for mining exploration and project development.

Paracale Gold Project
MORE wholly owns Paracale Gold Limited (PGL), an Isles of Man company, which 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 BMRC.

The mine project of PGL is located in Jose Panganiban, Camarines Norte. BMRC handles all tenements while CRPI is the owner/operator of a mineral processing plant. BMRC holds 25 tenements in various stages of application. 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 Khar At Uui 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. The project is currently under continued care and maintenance.

Sierra Leone Project
The Gori Hills project located in the Republic of Sierra Leone in West Africa is owned by MORE through Monte Oro Mining Co., Ltd. (MOMCL) which holds the tenements for the project and MORE Minerals SL (MMSL), previously engaged in artisanal mining and gold trading. MOMCL received word that its tenement license has been revoked by the National Mineral Agency (NMA). MOMCL will work to question that revocation and for the reinstatement of that license.

MORE has an interest in Gold Mines of Uganda Ltd. (GMU) in the form of advances made to this company. GMU owns significant gold related assets and gold resources in Uganda. GMU and MORE has a Memorandum of Agreement whereby both parties agree to combine their mineral interest in Africa and work towards creating a mining company that will be listed and marketed to international investors, and to enable GMU raise capital funding through the listing. As of the report date, the MA is not yet consummated by both parties. The two licenses of the Uganda project were renewed last September 9, 2020 with a tenure of three years subject to a 4-year extension.

Myanmar Project
The Modi Tuang Gold Project is located in the Yementhin Township, Mandalay Division, south east of Mandalay and north of Yangon, Myanmar. The Project is controlled by National Prosperity Gold Production Group Ltd.(NPGPL) in which the Company has a 3.92% equity interest. The company has suspended operation following dispute with the government on license terms.

B. Oil and Gas
Service Contract (SC)
MORE has a 30% participating interest in Service Contract 72 (SC 72), a service contract for gas located in the West Philippine Sea covering the Sampaguita offshore gas field northwest of Palawan. Forum (GSEC 101) Ltd. (Forum) holds the remaining 70% participating interest and is the operator of the SC.

The Philippine government lifted its moratorium on oil and gas exploration in disputed areas of the West Philippine Sea in October 2020, allowing exploration activities to resume over the block. The consortium has 20 months or until June 2022 to drill two commitment wells under sub-phase

2. Failure to comply with the minimum work commitment for each sub-phase shall terminate the service contract. Any failure or delay in the performance of obligations and duties shall be excused to the extent attributable to force majeure. In 2021, the consortium started it preparations for the drilling of two commitment wells in the first half of 2022.

On April 6, 2022, Forum received a directive from the Department of Energy (DOE) to put on hold all exploration activities for SC 72 until such time that the Security, Justice and Peace Coordinating Cluster (SJPCC) has issued the necessary clearance to proceed. Forum, as the operator, complied with this directive by suspending the drilling activities.

On April 8, 2022, Forum sent a letter to DOE, expressing its willingness to resume activities immediately, no later than April 11, 2022, but if written confirmation from DOE would not be received by April 10, 2022, the consortium will consider the suspension of work issued by the DOE to be indefinite and a force majeure event that will entitle the consortium to be excused from the performance of the obligations and to the extension of the exploration period under SC 72.

As at May 11, 2022, the consortium has not received advise from the DOE that it can resume its exploration activities. Thus, the consortium was constrained to stand by the force majeure declaration and to terminate with immediate effect all the supply and services agreements that have been put in place to carry out the work obligations imposed by the DOE. National Defense Secretary Delfin Lorenzana who heads SJPCC has publicly declared that the fate of oil exploration activities in the West Philippine Sea is now up to the next administration to be elected in the May national election.

C. Others

Solid Waste Management

MORE owns 52% of International Cleanvironment Systems, Inc. (ICSI) which has a Build-Operate-Transfer contract with the Philippine government through the DENR to manage, rehabilitate and introduce ecologically friendly technologies for waste disposal, recycling and energy generation which agreement is yet to be put in operation.

ICSI was a subject of an agreement to sell between MORE and A. Brown Co., Inc. (ABCI) whereby MORE shall sell its 52% ownership in ICSI to ABCI payable within 12 months and which was further extended to May 31, 2021. The agreement to sell did not materialize until expiration of agreement in 2021.

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

Basis of Preparation

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 for financial assets measured at FVOCI. The consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at September 30, 2022 and 2021. 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.

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, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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, NCI, and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

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. In making this judgment, the Group considered the following:
a. the currency that mainly influences costs and expenses of the Group (this will often be the currency in which costs and expenses are denominated and settled); and
b. the currency in which funds from financing activities are generated.

The Philippine peso is the currency of the primary economic environment in which the Group 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.

As at September 30, 2022, the Parent Company assessed that it has control over MORE and ISRI and has accounted for the investments as investments in subsidiaries.

Determination and Classification of a Joint Arrangement
Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement. Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement.
Specifically, the Company considers:
- the structure of the joint arrangement - whether it is structured through a separate vehicle
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  a. the legal form of the separate vehicle
  b. the terms of the contractual arrangement
  c. other facts and circumstances (when relevant)

This assessment often requires significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment for each assessment.

The Group has assessed that SC 72 is accounted for as joint operations in the Group's financial statements.

Assessment Whether an Agreement is a Finance or Operating Lease
Management assesses at the inception of the lease whether an arrangement is a finance or operating lease based on who bears substantially all the risk and benefits incidental to the ownership of the leased item. Based on management's assessment, the risks and rewards of owning the items leased by the Group are retained by the lessor and therefore accounts for such lease as operating lease.

Operating Lease - Group as a Lessee
The Group has entered into several contracts of lease and has determined that the lessors retain all the significant risks and rewards of ownership of these properties due to the following:

a. the ownership of the asset does not transfer at the end of the lease term;
b. the Group has no option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date when the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
c. the lease term is not for the major part of the economic life of the asset even if the title is not transferred; and,
d. at the inception of the lease, the present value of the minimum lease payments does not amount to at least substantially all of the fair values of the leased assets.

Operating leases of the Group are related to leases of mining and milling equipment, transportation vehicles and others.

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. 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 of assets to be used for operations and depletion of capitalized mine development costs and mine and mining properties commences.

Classification of Financial Instruments
The Group classifies financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement 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.

<u>Judgments</u>
Determining Stage of Impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. Quantitative criteria may include downgrade in investment grade, defaulted assets, and counterparties with objective evidence of impairment.

A significant increase in credit risk is also presumed if a debtor is more than 90 days past due in making a contractual payment. Qualitative criteria may include significant adverse changes in business, financial or economic conditions in which the counterparty operates, actual or expected restructuring.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Significant Increase in Credit Risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, information obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group has determined that its credit risk on its financial instruments has not significantly increased since origination as of September 30, 2022.

Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainties at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Provision for ECL on Trade and Other Receivables, Advances to Related Parties, and Advances to GMU

The Group uses the general approach model as the new impairment requirement of PFRS 9 based on ECL which replaced the PAS 39 incurred loss model. An assessment of the ECL relating to trade and other receivables, advances to related parties, and advances to GMU under "Other noncurrent asset" is undertaken upon initial recognition and each financial year by examining the financial position of the related party and counter party and the market in which the related party and counter party operate applying the general approach of the ECL impairment model of PFRS 9. The general approach of the ECL impairment model involves exercise of significant judgment. Key areas of judgment include defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts, debtor's capacity to pay, and, incorporating forward-looking information in calculating ECL.

Valuation of Financial Instruments

The Group carries certain financial assets and financial liabilities (i.e., derivatives and AFS financial assets) at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (e.g., foreign exchange rates, interest rates, quoted equity prices), the amount of changes in fair value would differ if the Group utilized a different valuation methodology.

Any change in the fair value of these financial assets and financial liabilities is recognized in the consolidated statements of income and in the consolidated statements of comprehensive income.

Valuation of Financial Asset at FVOCI

The Group carries its equity financial asset at FVOCI. Fair value measurement requires the use of accounting estimates and judgment. At initial recognition, the fair value of unquoted financial assets measured at FVOCI is based on the latest available transaction price. The amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any change in the fair value of its financial assets at FVOCI is recognized in the consolidated statements of comprehensive income.

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.

Assessment of the Recoverability of Deferred Exploration and Mine Development Costs

The application of the Group's accounting policy for deferred 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 ore 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 how much ore reserves could eventually be developed to justify further investment in and capitalization of exploration and mine development expenditures.

The capitalization 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 and when new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that recovery is unlikely, the amount capitalized is written off in profit or loss in the period when such new information becomes available.

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.

In 2019, the Parent Company revalued its property, plant and equipment. There were changes in the estimated fair values, useful lives and residual values of property, plant and equipment. Useful lives of certain property, plant and equipment were estimated to be longer than the original estimated useful lives as indicated in the independent appraiser's report dated June 26, 2019.

In 2019, the change has been accounted for as a change in accounting estimate and resulted to a decrease in depreciation expense.

Estimation of Ore Reserves
Ore reserves are estimates of the amount of ore that can be economically extracted from the Group's depletable mine and mining properties and are key inputs to depletion and depreciation. The Group estimates its ore reserves based on information compiled by an external mining engineer relating to the geological data on the size, depth, and shape of the ore body, which requires complex geological and mine engineering judgments to interpret and serves as bases for estimation. The estimation of ore reserves is further based upon assumptions needed for economic evaluation, such as operating costs, taxes, royalty, production data, foreign exchange rates, and commodity pricing, along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the ore reserve estimates may affect the carrying values of the depletable mine and mining properties, and depletion and depreciation charges.

Estimation of Depletion Rate
Depletion rates used to amortize depletable mine and mining properties are annually assessed based on the latest estimate of recoverable ore reserves. The Group estimates its ore reserves in accordance with local regulatory guidelines provided under the Philippine Mineral Reporting Code, duly reviewed and certified by an external mining engineer.

Estimation of Impairment of Nonfinancial Assets, including Property, Plant and Equipment (except Mine Development Costs), Intangible Assets, and Other Noncurrent Assets
The Group evaluates whether property, plant and equipment (except mine development 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 VIU or fair value, if said information is readily available. Estimation of VIU requires the use of estimates on cost projections, non-proprietary club shares, 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.

Estimation of Provision for 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 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.

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 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.

4. Loans Payable

	September 30, 2022	December 31, 2021
Philippine National Bank (PNB)	**₱2,978,764,693**	₱3,135,220,170
Rizal Commercial Banking Corporation (RCBC)	**900,000,000**	922,500,000
Union Bank of the Philippines (UBP)	**551,138,202**	509,990,000
	4,429,902,895	4,567,710,170
Less current portion	**2,360,330,636**	2,315,484,534
Noncurrent portion	**₱2,069,572,259**	₱2,252,225,636

PNB
PNB has granted the Parent Company and ISRI the following facilities:

- On November 26, 2016, Credit Facilities consisting of Letters of Credit, Trust Receipts (TR) and Settlement Risk Lines totaling ₱500.00 million expiring on July 31, 2017. PNB granted renewal and increase of the Credit Facilities with a new expiry date of July 31, 2023.

As at September 30, 2022, the Parent Company has no outstanding unsecured TRs for its importation of machinery and equipment using the standard credit terms with PNB of 180 days.

In May 2019, the ISRI was granted by PNB various credit facilities such as Omnibus Line in the principal amount of ₱200.00 million and Counterparty Line (FX Line) in the principal amount of ₱2.00 million for Pre-settlement Risk Line and ₱100.00 million for Settlement Risk Line.

- On October 24, 2017, another unsecured Term Loan Facility of up to ₱2.50 billion with tenor of seven years with equal quarterly principal repayment was obtained to refinance the Parent Company's short-term loans.

  The Loan Agreement for this Term Loan Facility was signed by the parties on December 4, 2017, and on December 15, 2017, the Parent Company drew the full amount with the interest rate set at 6.00% per annum. As part of its affirmative covenants, the Parent Company used the proceeds to pay off the obligations with BDO Unionbank, Inc. and to finance the construction of the three (3) kilometer drainage system in Maco Mine. In addition, the Parent Company at all times must maintain a consolidated Debt Service Coverage Ratio (DSCR), of at least 1.2x and a consolidated Debt-to-Equity Ratio (DER) of 70:30.

  The Parent Company has an outstanding unsecured promissory note equivalent to ₱0.89 billion and ₱1.16 billion as at September 30, 2022 and December 31, 2021, respectively.

- On September 13, 2019, another unsecured Term Loan Facility of up to ₱2.00 billion with tenor of eight (8) years with equal quarterly principal repayment was obtained to finance the Parent Company's capital expenditures.

  On September 26 and December 12, 2019, Parent Company drew the first and second tranches, respectively, amounting to ₱500.00 million each with the interest rate of 6.5% per annum which will both mature on September 12, 2027. The third and fourth tranches were fully drawn in May and June 2020, respectively, amounting to ₱500.00 million each with the same interest rate.

  The Parent Company has to use the proceeds of the loan exclusively for capital expenditures and must maintain at all times a consolidated DSCR of at least 1.2x and a consolidated DER of 70:30 at all times until payment in full of all amounts due to PNB.

  The Parent Company has an outstanding unsecured promissory note equivalent to ₱1.36 billion and ₱1.55 billion as at September 30, 2022 and December 31, 2021, respectively.

- On November 23, 2018, PNB granted ISRI a Term Loan Facility of up to ₱550.00 million with tenor of five (5) years with equal quarterly principal repayment to finance ISRI's 200-tonne per day development program.

  The Loan Agreement for this facility was signed by the parties on November 23, 2018, and on November 27, 2018, ISRI drew the initial amount of ₱300.00 million with the interest rate set at 9.75% per annum. The second drawdown amounting to ₱125.00 million with the interest rate set at 8.26% per annum was made on May 31, 2019. On September 12, 2019, ISRI drew the remaining ₱125.00 million with the interest rate set at 6.94% per annum. Principal repayment started on July 27, 2020 and every quarter thereafter up to October 27, 2023. Included within the agreement signed by ISRI, are the affirmative covenants to use the proceeds of the loans exclusively for capital expenditures and general corporate requirements, to maintain consolidated DSCR of 1.2x starting on the first quarter after one year from commercial operations date and every quarter thereafter and at all times maintain a consolidated DER of not more than 70:30.

ISRI has an outstanding unsecured promissory note equivalent to ₱235.84 million and ₱314.38 million as at September 30, 2022 and December 31, 2021, respectively.

RCBC
As at December 31, 2021, the Parent Company has outstanding unsecured promissory notes amounting to ₱922.5 million with maturity date on March 15, 2022, carrying an interest rate of 5.75% per annum, while the 2020 ₱922.5 million unsecured promissory notes carrying an interest rate of 6% per annum matured on March 22, 2021.

On March 15, 2022, the Parent Company was granted to rollover with partial payment on its unsecured promissory note for ₱900.0 million maturing on September 9, 2022, bearing an interest rate of 5.75% per annum.

UBP
As at March 31, 2022 and December 31, 2021, the Parent Company has outstanding US$6.84 million, US$1.80 million and US$1.36 million unsecured promissory notes equivalent to ₱510.00 million with maturity dates of February 21 and May 24 and May 24, 2022, respectively, bearing the interest rate of 5.75%

On February 21, 2022, the Parent Company was granted to rollover its unsecured promissory note for US$6.84 million maturing on August 19, 2022 bearing an interest rate of 5.75%.

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, rentals, 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 of September 30, 2022 and December 31, 2021. Details are shown in the table below.

	Shares	Amount
Issued and subscribed shares at beginning and end of period	6,227,887,491	₱6,227,887,491
Less treasury shares	555,133,447	2,081,746,680
Outstanding shares at end of period	5,672,754,044	₱4,146,140,811

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 per share for the periods ended September 30 when there were no potentially dilutive common shares during the respective periods are as follows:

	Three Quarters		Third Quarter	
	2022	2021	**2022**	2021
Net income attributable to the equity holders of the Parent Company	**₱2,461,242,496**	₱9,994,799	**₱897,945,758**	₱478,867,551
Weighted average number of common shares for basic and diluted earnings per share	**5,672,755,043**	5,672,755,043	**5,672,755,043**	5,672,755,043
Basic and diluted earnings per share	**₱0.434**	(₱0.024)	**₱0.158**	₱0.110

8. **Cost of Production**

Details for the periods ended September 30 as follows:

	Nine-Month Period Ended September 30		Three-Month Period Ended September 30	
	2022	2021	**2022**	2021
Materials and supplies	**₱1,297,293,857**	₱947,060,435	**₱343,513,746**	**₱270,726,553**
Depreciation, depletion and amortization	**924,353,496**	962,729,629	**499,394,080**	**354,681,693**
Personnel cost	**573,500,775**	471,418,369	**222,316,447**	**172,427,587**
Contracted services	**327,192,715**	273,862,270	**129,213,663**	**89,361,907**
Utilities	**279,290,837**	194,058,452	**106,946,269**	**74,072,334**
Indigenous People (IP) surface rights royalty & IP royalty	**101,960,687**	83,553,022	**35,724,756**	**25,896,725**
Taxes, licenses and permits	**89,976,859**	64,810,477	**26,553,900**	**26,940,481**
Refining and transportation	**65,959,046**	54,193,242	**26,529,808**	**18,594,529**
Others	**181,817,653**	141,639,841	**50,171,944**	**51,097,706**
	₱3,841,345,926	₱3,193,325,737	**₱1,440,364,613**	**₱1,083,799,515**

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

	Nine-Month Period Ended September 30		Three-Month Period Ended September 30	
	2022	2021	**2022**	2021
Mining	**₱1,039,487,144**	₱865,285,782	**₱391,278,968**	₱296,136,640
Milling	**560,950,733**	520,584,104	**201,192,511**	180,222,942
Mine overhead	**1,316,554,553**	860,395,416	**566,481,356**	336,713,380
Depreciation, depletion and amortization	**924,353,496**	₱947,060,435	**281,411,779**	₱270,726,553
	₱3,841,345,926	₱3,193,325,737	**₱1,440,364,613**	₱1,083,799,515

9. General and Administrative Expenses

Details for the periods ended September 30 as follows:

	Nine-Month Period Ended September 30		Three-Month Period Ended September 30	
	2022	2021	**2022**	2021
Personnel cost and professional fees	**₱46,329,510**	₱57,934,815	**₱5,377,879**	₱25,791,342
Taxes and licenses	**20,527,617**	24,004,733	**8,506,969**	8,354,771
Others admin expenses	**47,853,399**	24,736,583	**23,553,085**	5,411,038
	₱114,710,527	₱106,676,131	**₱37,437,933**	₱39,557,151

10. Results of Operations

The highlights of the Group's consolidated statement of income for the nine-month period ended September 30, 2022 broken down into the Parent Company, Subsidiaries and NCI are as follows:

	Parent Company	Subsidiaries	NCI	Consolidated
Revenues	₱6,907,998,752	₱ 600,667,816	₱–	₱7,508,666,568
Cost and expenses	(3,743,168,276)	(515,072,004)	(360,000)	(4,258,600,280)
Finance cost and other income/charges	(242,126,598)	804,233	–	(241,322,365)
Provision for income tax	(547,861,426)	-	–	(547,861,426)
Net income (loss)	₱2,374,842,452	₱85,680,044	(₱360,000)	₱2,460,882,496

11. COVID-19 Disclosure

The Philippine government has been imposing various levels of community quarantine since March 16, 2020 to address the COVID-19 pandemic in the country.

The community quarantine in Davao de Oro affected the Maco Mine's second to fourth quarters of 2020 and full year 2021 operations. The restriction on the movement of employees and the health protocols reduced the workforce which slowed down mine development. The Maco Mine conducted contract tracing and isolation in coordination with the local government of Maco when several employees contracted the virus. Focus was made on higher grade ore to achieve optimal gold production levels. The suspension of airport service in Davao City caused delays and lessened the frequency of the mine's gold bullion shipments. There was an increase in transportation cost due to the longer alternative routes.

The community quarantine imposed in the Benguet Province reduced the manpower available for the Sangilo mine rehabilitation and debugging. The Sangilo Mine was included in the localized lockdown in October 2020 following the increase in COVID-19 cases within the tenement and Barangay Poblacion where the mine is located. The lockdown was lifted after the completion of swab testing conducted by the Rural Health Unit, with ISRI doubling up on its mitigation measures and disinfecting the areas where the COVID-19 cases were identified.

Despite the movement restrictions imposed by the local and national government, the Group was able to increase its production output and generate net income in the three quarters ended September 30, 2022, full year 2021 and 2020. The Group continues to adhere to the safety and health standards imposed by the national and local government to address the continuing COVID-19 pandemic.

SIGNATURES

Pursuant to the requirements of the Securities Regulations 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

LUIS R. SARMIENTO
President & CEO

BILLY G. TORRES
VP Finance & Treasurer