

COVER SHEET

SEC Registration Number

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COMPANY NAME

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

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

N	/	A	
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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)
2,744 (as of October 30, 2024)	4/30	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, 2024**
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**
Postal Code: **1605** **Exchange Road, Ortigas Center, Pasig City**
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)

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
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 17 of the SRC and SRC Rule 17 thereunder and Sections 25 and 177 of the Revised Corporation 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, 2024 and 2023

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 33% or ₱762.49 million higher at ₱3.07 billion in the three quarters of 2024 compared to the ₱2.31 billion consolidated net income in the same period in 2023. The third quarter consolidated net income in 2024 and 2023 was ₱1.31 billion and ₱1.03 billion, respectively.

The Parent Company net income in the third quarter of 2024 and 2023 amounted to ₱1.26 billion and ₱949.14 million, respectively, bringing the net income for the three quarters of 2024 and 2023 to ₱2.97 billion and ₱2.18 billion, respectively.

Consolidated Revenues

The consolidated gross revenues earned during the three quarters of 2024 amounted to ₱10.84 billion, higher by ₱2.11 billion or 24% compared to the ₱8.73 billion gross revenues earned during the three quarters of 2023. The three quarters 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 2024 and 2023 are as follows:

	Gold			Silver		
	2024	2023	%	2024	2023	%
Three Quarters:						
Volume in ounces	78,105	77,652	+1	257,169	265,217	-3
Realized price/ounce, in USD	\$2,359	\$1,939	+22	\$27.72	\$23.46	+18
Third Quarter:						
Volume in ounces	25,112	26,856	-6	80,331	89,648	-10
Realized price/ounce, in USD	\$2,545	\$1,913	+33	\$29.50	\$23.07	+28

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 2024 and 2023 were ₱56.95 and ₱56.68 to one USD, respectively, or the depreciation of the PHP by less than 1% 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, 2024, and 2023 of the Group is as follows:

Variances	Between Three Quarters of 2024 and 2023			Between Third Quarter of 2024 and 2023		
	Gold	Silver	Total	Gold	Silver	Total
Volume	₱ 48,852,239	(₱10,500,893)	₱38,351,346	(₱189,133,761)	(₱12,181,707)	(₱201,315,469)
Price	1,824,906,925	60,972,283	1,885,879,208	898,928,754	29,387,468	928,316,222
Exchange rate	181,988,116	8,336,032	190,324,149	133,916,547	2,777,537	136,694,084
Consolidated revenue	₱2,055,747,280	₱58,807,423	₱2,114,554,702	₱ 843,711,540	₱19,983,297	₱863,694,837

Masara Landslide

On February 6, 2024, a landslide occurred in Zone 1, Bgy. Masara, Maco, Davao De Oro resulting to damages to property and casualties. Government and private sources reported that the landslide was caused by adverse weather conditions including sustained, abnormal rainfall in the months immediately before the said incident.

Apex went on limited operations and immediately deployed resources such as equipment, technical tools and personnel from safety, security, community relations, general services, geologists, heavy equipment machine operators to assist in the search, rescue, retrieval and relief operations. Assistance was given to the displaced families in the evacuation centers as well as to the families of the casualties in the form of food packs, financial aid and psycho-social interventions. The Company actively coordinates with the local and national government in relation to the mitigation measures and relocation assistance to the displaced community. Deployed resources used in the search, rescue, retrieval and relief operations have been returned to their posts and the mine and mill operations are currently operating at a normal capacity.

Despite this incident, ore tonnes milled in Maco mine during the three quarters of 2024 was 10% higher at 657,975 tonnes compared to the 597,443 tonnes in the same period in 2023. Gold recovery was at 85.20%, lower compared to last period's 87.00% recovery rate. Ore gold grades averaged lower, too, at 3.58 grams per tonne compared to the three quarters of 2023 at 3.97 grams of gold per tonne.

The surge in realized gold price of \$2,359/oz during the year (versus \$1,939/oz last year), drove the revenues up in the three quarters of 2024. The depreciation of the PHP against the USD as of September 30, 2024 resulted in a favorable exchange rate variance.

Itogon-Suyoc Resources, Inc. milled a total of 110,303 tonnes in the three quarters of 2024 compared to 104,270 tonnes in the same period last year.

Earthquake swarms

A prolonged series of earthquakes and aftershocks occurred during the first quarter of 2023 which affected power supply to operations. The mine was also forced to do a series of safety inspections during this period of earthquake swarms. These forced intermittent work stoppages. Heavy and long periods of rainfall during the period caused landslides to occur within the Davao de Oro province. The landslide affected the old tailings dam (utilized between 1976 to 1989 under a different management) posing access problems for workers.

From the Mine Reserves and Resource Certifications of 2021, the Parent Company's Maco Mine has enough reserves and resources to continue at the targeted production rate of 3,000 tonnes per day until 2032. The exploration program for MPSA 225 continues to this day and once the updated third-party competent report on the results of exploration is completed, the Parent Company will disclose properly. The acquisition of the Asia Alliance Mining Resources Corporation gives the mine future gold resources as the extensions of existing mining veins spill over to the adjacent tenement, giving our exploration team new ground to drill and validate.

Consolidated Cost of Production

Consolidated cost of production incurred in the three quarters of 2024 increased to ₱5.89 billion from ₱4.98 billion in 2023 mainly due to higher tonnage processed resulting to increase in materials consumption, power consumption, and higher depreciation and depletion recorded during the period. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization expense was higher by 15% or ₱170.58 million in the three quarters of 2024 compared to 2023 due to higher capital expenditures incurred in the past years for depreciable assets such as plant expansion, maintenance and infrastructure, as well as mine development which is subject to depletion. As at December 31, 2023, 2022 and 2021, the Group spent ₱2.6 billion, ₱2.2 billion and ₱1.8 billion in property plant and equipment.
- Materials used in mining and milling during the three quarters of 2024 was higher by ₱301.18 million compared to 2023. Aside from processing higher consolidated tonnage at 768,278 tonnes during the three quarters of 2024 compared to 701,713 tonnes in 2023, higher materials consumption for the underground operations and increasing unit costs of materials and supplies used, mainly brought about by inflation, pushed the total operating costs higher.

- Personnel cost and contracted services were higher by ₱155.62 million and ₱122.31 million, respectively, in the three quarters of 2024 and 2023, due to the increase in salaries and benefits implemented during the period, despite slight reduction of manpower resulting from retirement and resignations, as well as sourcing of non-core activities manpower requirements from a third-party contractor. During the period, the site also experienced earthquakes and landslides which affected the regular working days of underground and support employees.
- Indigenous People (IP) surface rights royalty & IP royalty and taxes, licenses and permits, as a group, accounted for a 21% or ₱26.94 million increase in 2024 compared to 2023 due to higher revenue and cost base being used in the computation of these costs.

Consolidated Excise Taxes

Consolidated excise taxes of the Group amounted to ₱423.08 million in the three quarters of 2024 from ₱336.78 million in the same period in 2023 due to higher ounces sold at a higher price.

Consolidated General and Administrative Expenses

Consolidated general and administrative (G&A) expense in the three quarters of 2024 and 2023 amounted to ₱206.76 million and ₱171.39 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 ₱408.41 million and ₱286.40 million in the three quarters of 2024 and 2023, respectively. The increase is mainly due to higher outstanding loan amount during the period compared to 2023, net of loan payments of the Parent Company and ISRI for the maturing amortization of term loan with a local bank (Note 4).

Acquisition of AAMRC

On December 5, 2022, the Parent Company and previous shareholders of AAMRC (collectively referred to as the “Sellers”) entered into a Share Purchase Agreement (SPA) where the Parent Company shall purchase 1,900,000 shares, representing 100% equity interest in AAMRC, including all the rights, title and interest by virtue of a Notice of Award issued by Philippine Mining Development Corporation as the highest bidder for the Joint Operating Agreement (JOA) over copper mines and mining claims covering 19,135 hectares, situated in the Municipalities of Mabini, Maco and Maragusan, Davao de Oro, also known as the North Davao Project, covered by application Financial and Technical Assistance Agreement (FTAA)-XI-14, for \$81.5 million where \$5.5 million is payable upon execution of the SPA and \$76 million shall be paid in 4 equal annual installments of \$19 million over the next four (4) years starting on the first anniversary of Deed of Absolute Sale (DOAS) and every year thereafter.

Furthermore, under the SPA, the Parent Company shall advance to AAMRC total commitment fees of \$32.50 million due to PMDC where initial commitment fee amounting to \$28.50 million (out of the total commitment fees of US\$32.5 million) shall be paid at least two (2) business days prior to the scheduled date of execution of the Compromise Agreement and JOA between AAMRC and PMDC, while the remaining \$4.00 million shall be paid in four (4) equal annual installment payments of \$1.00 million starting the second year from signing of the JOA. These commitment fees are advances on the royalty fee under JOA to be applied or credited against the future royalty fees due to PMDC at not more than 20% of the total amount of the royalty fee due in each one (1) year period.

On February 10, 2023, as the closing conditions of the SPA were complied, the DOAS between the Parent Company and the Sellers were completed and all the rights of the Sellers as shareholder were transferred to the Parent Company from the Sellers. The Parent Company took control of AAMRC on the said date. The fair value of the consideration as at February 10, 2023, acquisition date, amounted to \$71.50 million or ₱3.89 billion.

Consolidated Provision for (Benefit from) Income Tax

The provision for income tax in the three quarters of 2024 is higher at ₱844.57 million compared to ₱641.70 million in the same period in 2023 due to the higher taxable income reported.

Consolidated Statement of Financial Position

Consolidated Current Assets

Total consolidated current assets increased by ₱666.87 million to ₱5.26 billion as of September 30, 2024 mainly due to the following:

- Cash of the Group were higher by ₱38.31 million to ₱1.38 billion from ₱1.34 billion as of December 31, 2023 primarily from the net cash inflow from operating activities, as reduced by expenditures for capital assets, mine development and explorations costs aggregating to ₱2.58 billion, and cash flows used in financing activities amounting to ₱1.07 billion from the settlements of maturing term loan amortization, net of new short-term loan availment and second tranche payment to AAMRC sellers.
- Trade and other receivables increased by ₱226.98 million to ₱1.14 billion as of September 30, 2024 compared to December 31, 2023 mainly due to the shipment sold near end of the three quarters of 2024 and the proceeds collected during the first week of October 2024.
- Inventories increased by ₱15.25 million as of September 30, 2024 versus the comparative balance as of December 31, 2023 due to the timing of shipment of bullion produced.
- On May 27, 2022, Forum, on behalf of the SC 72 Joint Venture, and Nido Petroleum Philippines Pty Ltd (“Nido”), technical operator of SC 54 and SC 6B, signed a Term Sheet wherein Nido agreed to purchase most of the SC 72 long lead items (LLIs) such as wellheads, casings and accessories, conductor, drill bits, etc. for US\$2.9 million, to be paid in tranches within 12 months. The LLIs are currently stored in Singapore and Batam, Indonesia. On June 10, 2022, a Sale and Purchase Agreement (SPA) was executed with Nido to formalize the transaction. Nido paid the first tranche amounting to US\$400 thousand in mid-June 2022. The second and third tranches amounting to US\$500 thousand each were paid on September 7 and October 7, 2022, respectively.

On November 25, 2022, Forum submitted a request to the DOE for approval to sell the LLIs, and which the latter approved on December 15, 2022. The proceeds from the sale of the LLIs will be deducted from the SC 72 historical costs, subject to DOE’s validation.

In May 2023, an amendment to SPA was signed, granting Nido an extension to settle the remaining balance of the purchase price. Following Nido’s full payment of the balance in October 2023, a Deed of Absolute Sale was executed, finalizing the transfer of ownership of LLIs to Nido.

Consolidated Noncurrent Assets

Total consolidated noncurrent assets increased by ₱1.24 billion to ₱23.72 billion as of September 30, 2024 from ₱22.48 billion as of December 31, 2023 due to acquisition of new equipment and continuous exploration and development activities, net of the depreciation of equipment and depletion of mine and mining properties.

Consolidated Current Liabilities

Consolidated current liabilities were higher by ₱618.32 million to ₱8.49 billion as of September 30, 2024 from ₱7.88 billion as of December 31, 2023 mainly because of the availment of \$19 million short-term loan from a local bank, recognition of financial liability from the acquisition of AAMRC, and higher purchase of local and imported goods and services near end of the period. Income tax payable also increased due to third quarter income tax due.

Consolidated Noncurrent Liabilities

The Group's consolidated noncurrent liabilities decreased by ₱1.27 billion to ₱3.31 billion as of September 30, 2024 compared to December 31, 2023 due to the second tranche payment of financial liability from the acquisition of AARMC amounting to \$19 million, quarterly loan amortization payments and reclassification to current portion of a bank term loan.

Consolidated Equity

Consolidated equity increased by ₱2.56 billion contributed by the total comprehensive income registered in the nine months ended September 30, 2024.

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 Sept 30			Third Quarter ended Sept 30		
	2024	2023	Change	2024	2023	Change
Tonnes milled	657,975	597,443	+10	231,579	218,879	+6
Mill head grade (gpt):						
Gold	3.58	3.97	-10	3.63	4.06	-11
Silver	15.80	17.94	-12	16.09	17.68	-14
Metal recovery (%):						
Gold	85.20	86.99	-2	84.15	86.39	-3
Silver	73.12	71.60	+2	74.32	70.63	+5

Sangilo mines milled 110,303 tonnes during the three quarters of 2024 at a grade of 2.99 grams per tonne for gold. Gold recovery rate was 85.39%.

Financial Soundness Indicators

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

A. Profitability Ratios

	Formula	Nine-Month Period Ended Sept 30	
		2024	2023
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	45.67%	39.02%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	10.59%	10.37%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	17.87%	16.61%
Debt service coverage ratio (DSCR)	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	1.87: 1	1.36: 1

The increase in the gross profit margin in the three quarters of 2024 compared to the same period in 2023 can be attributed to higher gold and silver prices and ounces during the period sold at a higher price.

DCSR increased due to additional short-term loan obtained from a local bank to fund the initial acquisition cost of Asia Alliance Mining Resources Corporation.

B. On Liquidity and Leverage

	Formula	Sept 30, 2024	Sept 30, 2023
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.62: 1	0.68: 1
Asset-to-equity	$\frac{\text{Total assets}}{\text{Total equity}}$	1.69: 1	1.60: 1
Debt-to-equity	$\frac{\text{Total debts}}{\text{Total equity}}$	0.69: 1	0.60: 1

The decrease in current liabilities from the amortization of term loan was faster than the growth in assets in 2024 resulting to lower current ratio against 2023. Asset-to-equity ratio increased this year compared to prior period due to the higher growth in its assets compared to the changes in equity. Debt-to-equity ratio increased due to the increase in equity from net income and increase in total debts due to new loan availment despite 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, 2024 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 climate change related risks such as landslides which may cause disruptions in the Maco operations;
- 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, share purchase agreement and domestic standby letter of credit with the sellers for the acquisition of Asia-Alliance Mining Resources Corporation;
- 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.
- 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, 2024 Unaudited	December 31, 2023 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	₱ 1,380,369,008	₱ 1,342,059,132
Trade and other receivables	1,137,041,395	910,065,661
Inventories	1,307,948,917	1,292,697,855
Advances to related parties	26,812,386	2,304,109
Other current assets	1,404,285,175	1,042,456,267
Total Current Assets	5,256,456,881	4,589,583,024
Noncurrent Assets		
Property, plant and equipment	13,784,351,853	13,083,989,196
Deferred exploration costs	6,519,220,080	6,325,385,582
Financial assets measured at fair value through other comprehensive income (FVOCI)	7,000,000	7,000,000
Intangible assets	16,018,607	16,018,607
Other noncurrent assets	3,392,154,415	3,044,535,604
Total Noncurrent Assets	23,718,744,955	22,476,928,989
TOTAL ASSETS	₱28,975,201,836	₱27,066,512,013
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	₱1,601,946,736	₱1,768,200,799
Financial liability – current	836,661,303	836,661,303
Advances from related parties	916,012,000	916,012,000
Loans payable - net of noncurrent portion (Note 4)	4,811,604,341	4,083,966,092
Income tax payable	328,070,099	271,130,169
Total Current Liabilities	8,494,294,479	7,875,970,363
Noncurrent Liabilities		
Financial liability – net of current portion	2,337,467,287	3,008,811,659
Loans payable - net of current portion (Note 4)	526,214,207	1,141,057,584
Provision for retirement benefits	420,634,033	405,128,596
Provision for mine rehabilitation and decommissioning	19,196,681	19,196,681
Deferred income tax liabilities	10,179,459	10,179,459
Total Noncurrent Liabilities	3,313,691,668	4,584,373,979
Total Liabilities	11,807,986,147	12,460,344,342
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	190,678,741	190,678,741
Remeasurement loss on financial asset at FVOCI	(340,842,240)	(340,842,240)
Remeasurement gain on retirement plan	17,496,386	17,496,386
Currency translation adjustment on foreign subsidiaries	270,115	270,115
Retained earnings	13,160,373,223	10,598,965,204
	17,174,751,259	14,613,343,241
Non-controlling Interests	(7,535,570)	(7,175,570)
Total Equity	17,167,215,689	14,606,167,671
TOTAL LIABILITIES AND EQUITY	₱28,975,201,836	₱27,066,512,013

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	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
REVENUES				
Gold	₱10,436,021,988	₱8,380,274,708	₱3,763,652,136	₱2,919,940,596
Silver	404,308,784	345,501,362	136,690,181	116,706,884
	10,840,330,772	8,725,776,070	3,900,342,318	3,036,647,480
COST OF PRODUCTION (Note 8)	5,889,313,819	4,983,832,028	2,037,785,507	1,589,485,744
EXCISE TAXES	423,077,656	336,776,608	155,412,402	120,300,359
GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	206,756,583	171,388,111	69,795,454	52,567,956
FINANCE COST AND OTHER INCOME/CHARGES	408,406,109	286,397,115	30,508	37,540,557
INCOME BEFORE INCOME TAX	3,912,776,605	2,947,382,208	1,637,318,447	1,236,752,864
PROVISION FOR CURRENT INCOME TAX	844,573,024	641,669,315	328,302,325	209,175,708
NET INCOME (Note 10)	₱3,068,203,581	₱2,305,712,893	₱1,309,016,122	₱1,027,577,156
Net income (loss) attributable to:				
Equity holders of the Parent Company	₱3,068,563,581	₱2,306,072,893	₱1,309,136,122	₱1,027,697,156
Non-controlling interests	(360,000)	(360,000)	(120,000)	(120,000)
	₱3,068,203,581	₱2,305,712,893	₱1,309,016,122	₱1,027,577,156
BASIC AND DILUTED EARNINGS PER SHARE (Note 7)	₱0.541	₱0.406	₱0.231	₱0.181
NET INCOME	₱3,068,203,581	₱2,305,712,893	₱1,309,016,122	₱1,027,577,156
OTHER COMPREHENSIVE INCOME, NET OF TAX	—	—	—	—
TOTAL COMPREHENSIVE INCOME	₱3,068,203,581	₱2,305,712,893	₱1,309,016,122	₱1,027,577,156
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company	₱3,068,563,581	₱2,306,072,893	₱1,309,136,122	₱1,027,697,156
Non-controlling interests	(360,000)	(360,000)	(120,000)	(120,000)
	₱3,068,203,581	₱2,305,712,893	₱1,309,016,122	₱1,027,577,156

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, 2024 AND 2023

	Attributable to Equity Holders of the Parent Company									
	Capital stock (Note 6)	Additional paid-in capital	Revaluation surplus	Treasury shares (Note 6)	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, 2022	₱6,227,887,491	₱634,224	₱226,025,835	(2,081,746,680)	(₱341,842,240)	₱57,113,285	(₱10,441,321)	₱7,464,658,813	₱29,084,643	₱11,571,374,050
Net income	—	—	—	—	—	—	—	2,306,072,893	(360,000)	2,305,712,893
Other comprehensive income	—	—	—	—	2,797,760	2,863,177	—	—	—	5,660,937
Total comprehensive income	—	—	—	—	2,797,760	2,863,177	—	2,306,072,893	(360,000)	2,311,373,830
Balances at September 30, 2023	₱6,227,887,491	₱634,224	₱226,025,835	(2,081,746,680)	(₱339,044,480)	₱59,976,462	(₱10,441,321)	₱9,770,731,706	₱28,724,643	₱13,882,747,880
Balances at December 31, 2023	₱6,227,887,491	₱634,224	₱190,678,741	(2,081,746,680)	(₱340,842,240)	₱17,496,386	₱270,115	₱10,598,965,204	(₱7,175,570)	₱14,606,167,671
Net income	—	—	—	—	—	—	—	3,068,563,581	(360,000)	3,068,203,581
Dividends	—	—	—	—	—	—	—	(507,155,562)	—	(507,155,562)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	—	—	2,561,408,019	(360,000)	2,561,048,019
Balances at September 30, 2024	₱6,227,887,491	₱634,224	₱190,678,741	(2,081,746,680)	(₱340,842,240)	₱17,496,386	₱270,115	₱13,160,373,223	(₱7,535,570)	₱17,167,215,690

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

	2024 (Unaudited)	2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the period	₱3,912,776,605	₱2,947,382,208
Adjustments for:		
Depreciation, depletion and amortization	1,334,787,982	1,164,209,803
Provision for retirement benefits and mine rehabilitation	15,505,437	65,443,268
Operating income before working capital changes	5,263,070,024	4,177,035,280
Decrease (increase) in:		
Receivables	(226,975,734)	(292,409,084)
Inventories	(15,251,062)	67,521,921
Prepayments and other current assets	(361,828,908)	(105,482,188)
Increase in trade and other payables	(284,203,808)	8,876,393
Cash flows generated from operations	4,374,810,513	3,855,542,321
Income tax paid	(694,191,627)	(526,732,894)
Net cash flows from operating activities	3,680,618,885	3,328,809,427
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment, including mine development costs	(2,035,150,639)	(1,880,877,370)
Increase in deferred exploration costs and other noncurrent assets	(541,453,309)	(763,689,754)
Cash flows used in investing activities	(2,576,603,948)	(2,644,567,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net loan availment (payment)	(558,549,499)	(57,030,437)
Dividend Payment	(507,155,562)	(288,896,456)
Net change in accounts with related parties		-
Net cash flows from (used in) financing activities	(1,065,705,061)	(345,926,893)
NET INCREASE (DECREASE) IN CASH	38,309,876	338,315,410
CASH AT BEGINNING OF PERIOD	1,342,059,132	1,003,743,722
CASH AT END OF PERIOD	₱1,380,369,008	₱1,342,059,132

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, 2024****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	₱1,052,109,263	₱1,052,109,33	₱—	₱—	₱—	₱—	₱—	₱—	₱—
Less: Allow. For Doubtful Acct.	—	—	—	—	—	—	—	—	—
Net Trade Receivable	-	-	—	—	—	—	—	—	—
b) Non-Trade Receivables	84,913,745	84,913,743							
Net Receivables (a + b)	<u>₱1,137,041,395</u>								

2) Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
a.) Trade Receivable	Metal account balance for settlement by refiner	7 to 15 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 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's shares are listed in the Philippine Stock Exchange (PSE) carrying the trading symbol "APX". It has three wholly-owned subsidiaries, Itogon-Suyoc Resources, Inc. (ISRI), Monte Oro Resources & Energy, Inc. (MORE) and Asia Alliance Mining Resources Corporation (AAMRC). 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, 2024, 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 owned by MORE through Monte Oro Mining Co., Ltd. (MOMCL) which held the exploration license for the project and MORE Minerals SL (MMSL), previously engaged in artisanal mining and gold trading, were turned over to Gold Mines of Uganda Ltd. (GMU) for shares in GMU. But the exploration license was revoked by the National Mineral Agency in 2021.

Uganda Project

MORE has ownership interest in Gold Mines of Uganda Ltd. (GMU) when its advances to GMU were converted to equity in GMU. Pursuant to their Memorandum of Agreement to combine their mineral interest in Africa and work towards creating a mining company what will be listed and marketed to international investors MORE folded its Sierra Leone project into GMU. But efforts of GMU to get new core investors were not successful, and GMU has suspended operations of its two projects in Uganda until a new investor is found.

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.

North Davao Project

The North Davao Project is located in Maco, Mabini, Maragusan, Nabunturan and Mawab Municipalities, Davao De Oro, Philippines. AAMRC has interest, by virtue of JOA with PMDC, over North Davao Project which is covered by application FTAA-XI-14. The project is under exploration and evaluation phase.

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 its 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 (SJPPC) 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.

In the absence of any letter from the DOE informing Forum to resume operations, Forum submitted a letter to the DOE on April 11, 2022 affirming a declaration of force majeure under SC 72 beginning April 6, 2022. Forum then undertook the termination of its service and supply agreements with several contractors. In the same letter, Forum stated that it is entitled to an extension of the period for exploration under SC 72 due to the recent declaration of force majeure.

On October 11, 2022, in response to Forum's letter dated April 11, 2022, the DOE granted the following:

- i. Declaration of force majeure for SC 72 from April 6, 2022 until such time as the same shall be lifted by the DOE;
- ii. The total expenses that were incurred as a result of the DOE directive to suspend SC 72 activities will be part of the approved recoverable costs, subject to DOE audit, and
- iii. The suspension has nullified all the work done since the lifting of force majeure on October 14, 2020. Hence, SC 72 shall, in addition to the period in item 1 above, be entitled to an extension of the exploration period corresponding to the number of days that the contractors actually spent in preparation for the activities that were suspended by the suspension order issued by the DOE on April 6, 2022 (the Extension).

On November 22, 2022, Forum filed a reply letter with respect to item iii, seeking confirmation that the Extension will also cover all the time spent on all activities that are related or connected to, in support of, or necessary or desirable to enable Forum to perform its obligations and work commitments under SC 72. These include the time spent in planning the procurement of goods and services, securing permits and approvals, coordination with JV partners and the DOE, the time spent by external consultants doing work on behalf of SC 72, etc. Total cancellation fees capitalized as deferred oil and gas exploration cost as a result of the force majeure declaration amounted to Php13.8 million.

On March 30, 2023, the DOE further affirmed that the entire period from when the force majeure was lifted to when it was re-imposed (October 14, 2020 to April 6, 2022) will be credited back to SC 72. Consequently, once the force majeure is lifted, Forum will have twenty (20) months to drill the two (2) commitment wells.

C. Others

Solid Waste Management

MORE owns 52% of International Cleanenvironment 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, 2024 and 2023. 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 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, 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.

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.

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, 2024, the Parent Company assessed that it has control over MORE, ISRI and AAMRC 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 risk 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 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 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.

Judgments

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 March 31, 2023.

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:

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 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 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 estimate 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, 2024	December 31, 2023
Philippine National Bank (PNB)	₱1,436,430,065	₱2,008,119,181
Bank of Commerce (BankCom)	2,666,408,700	1,882,580,000
Rizal Commercial Banking Corporation (RCBC)	900,000,000	900,000,000
Union Bank of the Philippines (UBP)	334,979,783	434,324,495
	5,337,818,548	5,225,023,676
Less current portion	4,811,604,341	4,083,966,092
Noncurrent portion	₱526,214,207	₱1,141,057,584

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 of the Credit Facilities to ₱2.00 billion with a new expiry date of July 31, 2025.

As at December 31, 2023 and 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, 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. PNB granted renewal with a new expiry date of July 31, 2025.

- On October 24, 2017, another unsecured Term Loan Facility of up to ₱2.50 billion with tenor of seven (7) 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 Unibank, 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.

As at September 30, 2024 and 2023, all loan covenants are complied with.

- 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, the 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.

As at September 30, 2024 and 2023, all loan covenants are complied with.

- 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 (1) year from commercial operations date and every quarter thereafter and at all times maintain a consolidated DER of not more than 70:30.

As at September 30, 2024 and 2023, all loan covenants are complied with.

- In May 2022, the Philippine National Bank granted ISRI an unsecured term loan facility of up to ₱500.00 million to finance Sangilo mine's 400 TPD development program.

The ₱500.00 million term loan facility is repayable in equal quarterly installments over five (5) years, with interest based on the 5-year Bloomberg Valuation Service (BVAL) as displayed on the PDEX page, plus a minimum spread of 2% per annum, reckoned from the date of the relevant drawdown.

The Loan Agreement for this facility was signed by the parties on May 24, 2022, and on June 28, 2022, ISRI drew the total amount of ₱500.00 million with the interest rate set at 8.52% per annum. Principal repayment will start on October 27, 2022, and every quarter thereafter up to June 28, 2027. 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 (1) year from commercial operations date and every quarter thereafter and at all times maintain a consolidated DER of not more than 70:30.

As at September 30, 2024 and 2023, all loan covenants are complied with.

BOC

As at December 31, 2023, the Parent Company has outstanding unsecured promissory notes amounting to \$34.00 million or ₱1.88 billion with maturity date on February 26, 2024, carrying an interest rate of 9.84% per annum.

On February 26, 2024, the Parent Company was granted to rollover its unsecured promissory note for US\$34.00 million, bearing an interest rate of 9.80% per annum.

On February 26, 2024, the Group obtained a 9.80% interest-bearing short-term loan from BOC amounting to \$19.00 million maturing on June 25, 2024. The same amount was eventually paid to the Sellers in accordance with the SPA between the Parent Company and the previous shareholders of AAMRC. On June 25, 2024, the Parent Company was granted to rollover its unsecured promissory with maturity date on September 4, 2024.

RCBC

As at December 31, 2023, the Parent Company has outstanding unsecured promissory notes amounting to ₱900.00 million with maturity date on March 2, 2024, carrying an interest rate of 7.15% per annum.

On March 1, 2024, the Parent Company was granted to rollover its unsecured promissory note for ₱900.0 million maturing on August 29, 2024, bearing an interest rate of 7.15% per annum.

UBP

As at September 30, 2024, the Parent Company has outstanding US\$1.31 million and US\$5.54 million unsecured promissory notes equivalent to ₱334.98 million with maturity date of November 6 and January 31, 2025, respectively, bearing the interest rate of 6.75%.

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, 2024 and December 31, 2023. 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	
	2024	2023	2024	2023
Net income attributable to the equity holders of the Parent Company	₱3,068,203,581	₱2,306,072,893	₱1,309,016,122	₱1,027,577,156
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	₱0.541	₱0.406	₱0.231	₱0.181

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	
	2024	2023	2024	2023
Materials and supplies	₱2,089,891,972	₱1,788,712,439	₱731,452,710	₱577,095,231
Depreciation, depletion and amortization	1,334,787,982	1,164,209,803	473,001,764	397,232,195
Personnel cost	782,467,663	626,849,259	297,761,785	202,944,390
Contracted services	549,513,715	427,202,757	211,539,949	142,169,525
Utilities	499,709,653	444,291,639	142,342,985	99,602,161
Indigenous People (IP) surface rights royalty & IP royalty	154,455,681	127,513,856	50,604,922	47,768,277
Taxes, licenses and permits	154,193,506	142,498,672	39,846,315	42,265,068
Refining and transportation	68,405,404	69,223,225	24,615,803	25,619,437
Others	255,888,242	193,330,377	66,619,273	54,789,461
	₱5,889,313,819	₱4,983,832,028	₱2,037,785,507	₱1,589,485,744

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	
	2024	2023	2024	2023
Personnel cost and professional fees	₱67,351,261	₱79,239,954	₱18,638,899	₱21,900,492
Taxes and licenses	50,361,006	17,319,495	8,521,183	4,861,296
Others admin expenses	89,044,316	74,828,662	42,635,371	25,806,169
	₱206,756,583	₱171,388,111	₱69,795,454	₱52,567,956

10. Results of Operations

The highlights of the Group's consolidated statement of income for the nine-month period ended September 30, 2024 broken down into the Parent Company, Subsidiaries and NCI are as follows:

	Parent Company	Subsidiaries	NCI	Consolidated
Revenues	₱9,588,064,608	₱ 1,252,266,164	₱—	₱10,840,330,772
Cost and expenses	(5,424,497,105)	(1,095,010,954)	(360,000)	(6,519,148,058)
Finance cost and other income/charges	(392,654,245)	(15,751,864)	—	(408,406,109)
Provision for income tax	(805,687,187)	(38,885,837)	—	(844,573,024)
Net income (loss)	₱2,965,946,071	₱102,617,509	(₱360,000)	₱3,068,203,581

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 & Treasurers