

2017 APEX MINING FIRST HALF INCOME 33% HIGHER

HIGHLIGHTS

- Consolidated net income of P177.8 million, up 33% over same six-month period in 2016
- Parent Company net income of P205.9 million higher by 32%
- Milling tonnage at all time high thus far, up 42% from a year ago
- Gold produced of 29,419 ounces highest 1st half production
- Silver produced of 147,502 ounces also highest 1st half production

Apex Mining Co., Inc. (APX) reported consolidated net income of P177.9 million or P0.032 per share for the first half of 2017, higher by 33% than the income of P133.5 million or P0.024 per share in the same period last year.

Parent Company net income was P205.9 million or P0.036 per share, 32% higher than the net income of P156.1 million or P0.028 per share in 2016.

Mill throughput of the Maco mine established a new record of 289,910 tonnes, averaging 1,680 tonnes per day, for the first half of 2017. These were respectively 42% and 30% higher than the 203,476 tonnes at 1,295 tonnes per day milled in 2016, the previous record for the same period. The improvement in tonnage was accompanied by a record mill recovery for gold (82.15% in 2017 compared to 81.33% in 2016).

The increase in tonnage and recovery resulted in the highest six months gold production thus far of 29,419 ounces, surpassing by 11% the previous record level of 26,577 ounces reported in 2016. Silver production this year also set up a new high of 147,502 ounces as compared to the previous high of 140,317 ounces in 2016. Metal production would have been higher were it not for the lower average ore grade of 3.81 grams of gold and 23.84 grams of silver for every tonne of ore in this year's first six months period as compared to the 4.99 grams of gold and 31.68 grams of silver per tonne average in 2016.

Revenue amounted to P2.0 billion, an increase of 18% as compared to the revenue of P1.7 billion generated in 2016. Metal prices averaged \$1,245 per ounce gold and \$17 per ounce silver, about the same level in 2016. The weakness of the Philippine peso vis-a-vis the US dollar which for the Company's shipments averaged at about P50:\$1 this year from the P47:\$1 level in 2016 partly account for the improvement in revenue.

Cash operating costs increased by 11% to P1.2 billion this period from P1.1 billion a year ago as a result of the higher tonnage. On per tonne of ore milled basis, however, cash operating costs is lower by 27% at \$79 per tonne in 2017 as compared to \$107 per tonne in 2016. On a per ounce of gold produced basis, cash operating costs net of silver credits at \$687 per ounce this year is lower by 6% as compared to operating costs of \$732 per ounce in 2016. Cash operating income increased by 28% to P766.8 million this year from P597.3 million in 2016. Capital expenditures amounted to P560.6 million during the 1st half of 2017 as compared to P601.4 million for the same period in 2016.



The Competent Persons' reports recently issued on the Maco mine's resource and reserves estimates as of December 2016 compliant with the Philippine Mineral Reporting Code indicate a resource of 2.47 million tonnes with an average grade of 5.4 grams of gold per tonne based on the cut-off grade of 1.5 grams of gold per tonne, and reserves of 1.37 million tonnes at an average grade of 7.10 grams per tonne based on the cut-off grade of 3.0 grams of gold per tonne, both based on the assumed gold price of \$1,200 per ounce. The previously reported resource and reserves in August 2015 was 2.56 million tonnes with an average grade of 5.6 grams of gold per tonne as resource, and 1.21 million tonnes with an average grade of 7.86 grams of gold per tonne as reserves.

"The normal expectation is that resources would decline as ore extraction progresses. However, the increase in Maco's reserves means that exploration and mine development resulted in not only replacement of the ore mine, but additional tonnages were found and developed during the intervening period," explained Walter W. Brown, President and CEO. "We shall exert more efforts in the development of ore sources so that mining will be able to support the increase in daily milling rate to 1,800 tonnes on a sustained basis by the end of 2017."

The installation of an additional ball mill for the Sangilo mine of the Company's wholly-owned subsidiary, Itogon-Suyoc Resources, Inc. (ISRI), is in progress. Sourced from the Paracale Gold Project, the mill is to augment Sangilo mine's existing mill as a back-up and to increase throughput from the mine as it undergoes rehabilitation. Incidental gold production in the first half of 2017 aggregated to 753 ounces valued at P45.8 million. Currently at about 60 tonnes per day on a test-run basis, the Sangilo mine is being geared for a two-stage program to attain full operation initially at the daily milling rate of 400 tonnes and thereafter at the final installed capacity of 1,900 tonnes. Over at the Suyoc mine, ore resource validation continues in preparation for its planned operation of 300 tonnes per day in due time. The total investment costs for these projects is estimated to be about \$110 million. Financing for the Sangilo mine is currently being worked out.

The Company's consolidated accounts also include those of Monte Oro Resources & Energy, Inc. (MORE), another wholly-owned subsidiary acquired in October 2014. MORE has mining interests in other countries under Minas de Oro Mongol LLC (in Mongolia), National Prosperity Gold Production Group Ltd (in Myanmar), Monte Oro Mining Company, Ltd. and MORE Minerals SL (both in Sierra Leone), and the Gold Mines of Uganda Ltd. (in Uganda). For its non-mining businesses, MORE has interests in a company engaged in waste disposal management, and a participating interest in Service Contract (SC) 72 which includes the Sampaguita gas field offshore northwest of Palawan. The administrative costs of ISRI and MORE as non-operating subsidiaries are treated in the accounts as period costs against the Parent Company's net income, hence the lower consolidated net income vis-à-vis the Parent Company.