

2018 APEX MINING FIRST HALF INCOME 21% HIGHER

HIGHLIGHTS

- Consolidated net income during 1H 2018 is P216 million – a 21% improvement over results in 1H 2017
- 1H 2018 Parent Company net income is P235 million – 14% higher compared to 1H 2017
- Milling tonnage slightly exceeded the 2017 levels for six-month production throughput
- Gold production exceeds all-time records for quarterly and 1st half reporting periods at 16,564 ounces during 2Q 2018 and 32,334 ounces during 1H 2018
- 1H 2018 yields the highest 1st half silver production in the Company's history at 159,251 ounces

Apex Mining Co., Inc. (APX) reports a consolidated net income of P216 million during 1H 2018 – a 21% increase over P178 million earned in 1H 2017. Parent Company net income rose by 14% to P235 million in 1H 2018 from P206 million in 1H 2017. Furthermore, earnings per share in 1H 2018 improved to P0.04 from P0.03 in 1H 2017.

Milling tonnage increased to 292,164 tonnes in 1H 2018 from 289,910 tonnes in 1H 2017. Average milling rate in 1H 2018 is at 1,830 tonnes per day (TPD). Ore grade of 4.09 grams of gold per tonne and mill recovery of 84.11% exceeded prior year values of 3.81 grams of gold per tonne and 82.15%, respectively. Gold production during 1H 2018 reached a new 1st half record of 32,334 ounces – 10% higher than the previous record of 29,419 ounces in 2017. Gold production during 2Q 2018 at 16,564 ounces also exceeded the previous all-time quarterly production record. Moreover, silver production during 1H 2018 set a new record of 159,251 ounces – 8% more than the previous high of 147,502 ounces in 2017.

Revenue rose by 21% to P2.4 billion in 1H 2018. Higher gold prices averaging \$1,309 per ounce together with a favorable peso-to-dollar exchange rate of P52.56 vis-à-vis 2017 values of \$1,245 per ounce and P49.98, respectively, contributed to greater revenues. Silver price is slightly lower at \$16 per ounce from \$17 per ounce last year.

“We are pleased to report the attainment in the second quarter of the Maco mine’s operating target of 1,800 tonnes per day,” said Dr. Walter W. Brown, President and CEO. “We have initially aimed to reach this level by the last quarter of 2017 but the mine had not been consistent in its ore delivery given the backlog in ore development. We are glad that significant strides in this area have been made and we look forward to making the next step closer to our long-term objective for the Maco mine to operate at 3,000 tonnes per day.”

Higher gold output net of silver credits resulted in lower cost per ounce in 1H 2018 at \$643 per ounce from \$687 per ounce in 2017. On a per tonne basis, cash operating costs remained nearly constant at \$80 per tonne from \$79 in 2017. Higher milling tonnage in 1H 2018 attributed to a slight increase in cash operating costs from P1.1 billion to P1.2 billion. “These are record lows in operating costs per unit in recent history of the Maco mine,” explained Dr. Brown.

Cash operating income soared by 33% at P1.0 billion in 1H 2018 from P0.8 billion in 2017. Consolidated income before income tax in 1H 2018 increased to P317 million from P185 million in 2017 – a 70% increment partly offset by higher provisions for income tax due to the full utilization in 2017 of the Company’s tax shield from carry over losses in former years. Financing charge is P114 million from P101 million in 2017 while non-cash charges for depletion, depreciation and amortization total P532 million from P444 million in 2017.

Phased rehabilitation work at the Sangilo mine of Itogon-Suyoc Resources, Inc. (ISRI), a wholly-owned subsidiary of the Company, continues. A new ball mill has been installed and will undergo debugging and testing upon completion of the mine’s power station. The full blast construction of facilities and the development of underground mine will be carried out upon securing of the project financing. The Company has fully complied with all the documentary requirements of the government regulators for the Environment Compliance Certificate (ECC) of the 200 TPD Phase of the 400 TPD expansion plan, and expects for the review to be completed and the ECC to be issued within the next 45 days. At the Suyoc mine, data gathering is currently ongoing to update resource and reserve estimates.

The Company’s consolidated accounts also include Monte Oro Resources & Energy, Inc. (MORE), another wholly-owned subsidiary. MORE holds a 30% participating interest in Service Contract (SC) 72 covering the Sampaguita gas field offshore northwest of Palawan. Furthermore, MORE also owns the Paracale Gold Project in Camarines Norte. It also has mining interests in several countries including Mongolia, Myanmar, Sierra Leone and Uganda. Additionally, MORE has a 52% stake in a Build-Operate-Transfer contract for waste disposal management.

The administrative costs of ISRI and MORE as non-operating subsidiaries were treated as period costs against the Parent Company’s net income.