APEX MINING CO., INC.

APEX MINING REPORTS 2016 EARNINGS UP 351% VERSUS 2015

HIGHLIGHTS

- **Consolidated net income for 2016 at P322.0 million, higher by 351% from 2015**
- **Parent Company net income for 2016 at P440.5 million, higher by 160% from 2015**
- **Increased milling tonnage and recovery rate produced 27% more gold ounces and 38% more silver ounces**
- **Higher production output and average metal prices boosted revenue for the year, 45% higher than 2015**

Apex Mining Co., Inc. (APX) continued to report record accomplishments in operating performance and financial results during the year 2016.

Parent Company net income was higher by 160% at P440.5 million in 2016 as compared to P169.3 million in 2015. Parent Company earnings per share amounted to P0.07 in 2016 from P0.03 in 2015.

Consolidated net income for 2016 amounted to P322.0 million, higher by 351% from the consolidated net income of P71.4 million reported in 2015. Consolidated earnings per share amounted to P0.06 in 2016 from P0.01 in 2015. The lower net income amount as compared to the Parent Company net income is due to the administrative costs of the non-operating subsidiaries of the Company, namely Monte Oro Resources and Energy, Inc. for P41.4 million, and Itogon-Suyoc Resources Inc. for P40.2 million, that are treated as period costs against the Parent Company net income.

Revenue for the period amounted to P3.5 billion, higher by 45% from the P2.4 billion revenue reported in 2015. The higher revenue was achieved from the new record output of the Company's Maco mine in Compostela Valley of 54,681 ounces of gold and 309,623 ounces of silver in 2016, again surpassing the previous record production of 43,048 ounces of gold and 224,479 ounces of silver in 2015. Increased milling throughput at 452,948 tonnes in 2016 from 316,148 tonnes in 2015, and better mill recovery averaging 80% for gold and 72% for silver in 2016 as compared to 78% and 65%, respectively, in 2015, contributed to the higher metals produced in 2016.

In addition to the higher production output, the record annual revenue generated thus far by the Company in 2016 was also brought about by the higher metal prices which averaged at $1,255 per ounce gold and $17 per ounce silver for the Maco mine's shipments during the year. In 2015, the gold price averaged at $1,158 per ounce, while silver price averaged at $16 per ounce.

"We are pleased at the Company's performance to date, generating its second year of continued positive results after the current management team's taking over the helm in October 2013. We give credit to all the men and women making up the workforce of the Company in achieving this accomplishment," said Walter W. Brown, President and CEO.

In 2016, the Company's compliance with mining regulation was affirmed by the Department of Environment and Natural Resources audit. In addition, the Company obtained its ISO 14001-2015 certification on environmental management systems from Certification International in compliance with DENR requirement.

With the increase in milling tonnage, the Parent Company cash operating costs increased by 19% to P2.2 billion in 2016 from P1.9 billion in 2015. The higher volume resulted in lower cost on a per tonne basis to $102 this year from $129 per tonne in 2015. Cash operating cost for 2016 is P582.9 million or 26% for personnel and contracted services, more than 90% of which hail from Mindanao; P795.0 million or 26% for materials consumption, of which about 30% is sourced from the Compostela Valley region including Davao and

Tagum; P94.0 million for the Company's social development programs for the host communities and for royalty and surface rights paid to the indigenous people of the mine; P137.5 million or 6% for excise tax, real property and other municipal taxes paid to the national and local governments; and P248.8 million or 11% for power mainly sourced from the Mindanao grid. In addition is P632.7 million or 18% for the portion of capital expenditures charged against revenue during the year. Thus, about P2.8 billion or 81% of the Company's revenue went to the welfare of Mindanao and to the general economy of the country. Only 13% of revenue remained as net income for the Company's stockholders but which was retained by the Company for its continuing operating and capital expenditure requirements. Capital expenditures for 2016 amounted to P1.4 billion as compared to P2.5 billion in 2015.

"This contradicts the notion that it is only the owners of mining companies that reap benefits from mining operations," further explained Walter W. Brown. "On the contrary, from their invested capital and the revenue generated, a substantial portion of the value derived from the mine flows to the economy of the country, benefitting the employees, the people living in the mining areas, and the satellite businesses that depend on mining. The mines are usually located in remote and largely uninhabited areas where without such operations there would be no economic activity at all. In fact, in periods of depressed prices where operations would result to a loss, which is not an uncommon to the industry, none of the revenue would remain to accrue to the owners."

Following its first shipment in the second quarter of 2016 of incidental production in the course of rehabilitating the Sangilo mine in Itogon, Benguet, Itogon-Suyoc Resources, Inc. (ISRI), one of the Company's wholly-owned subsidiaries, has to date made a total of four shipments consisting of 1,547 ounces of gold valued at P92.1 million from the test run of its mill currently at 50 tonnes per day. The rehabilitation plan for the Sangilo mine is for a two-stage program of gearing operations initially at 400 tonnes per day, and thereafter at the final installed capacity of 1,900 tonnes per day. The plan for the Suyoc mine, on the other hand, is for a 300 tonnes per day operation. The total investment costs for these projects is currently estimated to amount to about $105.6 million. The accounts of ISRI are included in the 2016 and 2015 consolidation, having been acquired by the Company in June of 2015.

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 a processing plant located in Paracale, Jose Panganiban, Camarines Norte, through Paracale Gold Limited. MORE has other 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).

MORE also owns 30% participating interests in Service Contract (SC) 72 for natural gas in the Sampaguita gas field offshore northwest of Palawan. In a decision released by the Permanent Court of Arbitration in the Hague on July 12, 2016 on the maritime case filed by the Philippines against China, the Tribunal ruled that the Reed Bank (Recto Bank) in the disputed area of the West Philippine Sea where SC 72 is located is within the Philippines' Exclusive Economic Zone (EEZ) as defined under the United Nation's Convention on the Law of the Sea (UNCLOS). Depending on the Philippine government's guidance on the matter, this development could possibly lead to the resumption of activities in SC 72, which will augur well for the Company as the parent of MORE.