APEX MINING REPORTS HIGHER 2017 NINE MONTHS INCOME

HIGHLIGHTS

- Consolidated net income of P305 million for 2017 was 5% higher than the same period in 2016
- Parent Company net income of P346 million, up by 7%
- Milling tonnage up by 31% at 1,659 tonnes per day average
- Mill recovery at all time high of 82.5%
- Gold production of 43,925 gold ounces highest nine months output to date

Apex Mining Co., Inc. (APX) reported consolidated net income of P305 million or P0.054 per share for the nine months period of 2017, a modest increase of 5% from the net income of P291 million or P0.052 per share for the same period last year.

Parent Company net income was P346 million, 7% higher than the net income of P323 million in 2016.

The Maco mine in Compostela Valley surpassed its previous record in milling throughput at 428,146 tonnes, establishing a daily average of 1,659 tonnes. In 2016, mill throughput was 31% lower at 327,599 tonnes or at 1,348 tonnes per day. A new record rate was also established in mill recovery at 82.5% versus the 80.8% recovery last year.

Despite a drop in ore grade to 3.87 grams per tonne of gold from 4.83 grams per tonne, a record in gold production was achieved at 43,925 ounces for 2017 as compared to 41,123 ounces for 2016. Silver output was lower at 223,726 ounces this year as compared to 232,201 ounces in 2016.

Gold price during the year was volatile. Average price was $1,257 per ounce for 2017 as compared to $1,275 per ounce for 2016. Price of silver was lower at $17.10 per ounce compared to P17.70 per ounce last year.

Revenue amounted to P3.0 billion for the period, a record level for the Company. This is 11% higher than the revenue of P2.7 billion in 2016.

The increase in milling tonnage increased cash operating cost to P1.8 billion, up by 11% from the cash operating cost a year ago of P1.6 billion. On a per unit basis, however, cash operating cost averaged 21% lower at $79 per tonne this year as compared to $100 per tonne in 2016. The corresponding decrease in cash operating cost per ounce to $776 in 2017 was relatively minimal at 3% compared to $798 last year as a result of the lower average ore grade this year. Cash income from operations was 12% better at P1.2 billion this year versus the P1.0 billion income in 2016.

Non-cash charges was P652 million, 23% higher than last year. The higher tonnage in the three quarters period consequently increased depletion cost. This dampened the increase in the resulting income from operations which amounted to P521 million, 1% higher compared to the income of P515 million in 2016

“We are getting closer to meeting our operating target of milling 1,800 tonnes per day”, said Walter W. Brown, President and CEO. “The Maco mine has acquired and is in the process of installing a ball mill that would initially serve as back-up but which will eventually provide additional capacity to enable us to attain the mine’s long-term plan of operating at 3,000 tonnes daily. We shall accelerate our mine development program to enable ore delivery to match our milling capacity. While we have actually operated at 1,800 tonnes on some days, we were not able to sustain this momentum for most part of this quarter. We are confident, however, that we can attain our intermediate production goal by the year’s end by deploying the necessary equipment for mine development.”

Rehabilitation of the Sangilo mine of Itogon-Suyoc Resources, Inc. (ISRI), a wholly-owned subsidiary of the Company, continues albeit on a slower pace as financing for the project is still being secured. The installation of the ball mill sourced from the Paracale Gold Project is ongoing and is programmed for commissioning by December of this year. The mine currently runs its old mill, while refurbishing the entire plant facility, at the average of about 60 tonnes daily, in the process producing 1,284 ounces of incidental gold valued at P82 million during the first nine months of 2017. The initial milestone target for the Sangilo mine is to obtain all the requirements for 200 tonnes per day production, eventually to be increased to 400 tonnes per day. The long-term objective is for an installed capacity of 1,900 tonnes per day within the next five years.

The Suyoc mine, on the other hand, continues to undergo resource validation, showing better ore grades potential. The plan for the Suyoc mine is to operate at 300 tonnes per day within three years after financing is obtained.

“We cannot go full scale on the refurbishment of these two mines until we are able to ascertain the availability of funds that would be needed up to their full completion, which is projected to reach about $110 million. We are now approaching the two projects on a per milestone basis to be able to program activities that will make their funding more feasible and manageable to handle,” said Mr. Brown.

The Company’s consolidated accounts also include those of Monte Oro Resources & Energy, Inc. (MORE), a wholly-owned subsidiary acquired in October 2014. MORE has mining interests in 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 30% 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.