APEX MINING REPORTS 2017 EARNINGS 33% HIGHER VS. 2016

HIGHLIGHTS

- Consolidated net income of P429 million for 2017 was 33% higher than last year
- Parent Company net income of P503 million, up by 14%
- Milling tonnage up by 23% at 1,693 tonnes per day average
- Mill recovery at all time high of 82.8%
- Gold production of 60,185 ounces highest annual output to date

Apex Mining Co., Inc. (APX) reported consolidated net income of P429 million or P0.08 per share for 2017, an increase of 33% from the net income of P322 million or P0.06 per share in 2016.

Parent Company net income for the year was P503 million or P0.08 per share, 14% higher than the net income of P441 million or P0.07 per share in 2016.

The Maco mine in Compostela Valley surpassed its previous record in milling throughput at 578,893 tonnes, equivalent to a daily average of 1,693 tonnes. In 2016, mill throughput was 28% lower at 452,948 tonnes or at 1,373 tonnes per day. Mill recovery rate has been at its highest at 82.8% versus the 80.3% recovery last year.

The highest level of annual metal production thus far was consequently achieved in 2017. Gold output was at 60,185 ounces, as compared to 54,681 ounces in 2016. While the grade of gold per tonne of ore for the year dropped to 3.9 grams from 4.7 grams of gold a year ago, the ore grade in the last quarter of 2017 averaged higher at 4.0 grams. Silver output was at 315,525 ounces, as compared to 309,623 ounces in 2016.

A new record level for the Company's revenue was likewise established at P4.1 billion, 17% higher than the revenue in 2016 of P3.5 billion, mostly on account of the higher production, augmented by slightly better gold price at $1,265 per ounce in 2017 from $1,255 per ounce in 2016. Silver price was lower at $17.10 per ounce compared to $17.50 per ounce last year.

"Overall, we are gratified by the accomplishments of the Company in this third year of continued earnings growth. This would not have been possible without the dedication and cooperation of the Company's workforce who exerted exemplary efforts to improve efficiency and productivity at the Maco mine," said Walter W. Brown, President and CEO.

The increase in milling tonnage increased cash operating cost to P2.6 billion, up by 15% from the year ago cost of P2.2 billion. On a per unit basis, however, this averaged 14% lower at $88 per tonne this year as compared to $102 per tonne in 2016. Per ounce, the decrease in cash operating cost to $846 in 2017 was lower by 2% compared to $861 last year, primarily on account of the lower ore grade. Cash income from operations was 21% better at P1.6 billion this year versus the P1.3 billion income in 2016.

Non-cash charges for depreciation, depletion and amortization was P935 million, 44% higher than last year. The higher milling tonnage consequently increased depletion cost, while the prior years' capital expenditures increased depreciation and amortization. Financing costs likewise increased by 23% to P202 million with the increase in bank loans to partly finance capital expenditures. Consolidated income before income tax amounted to P420 million, 26% higher than last year.

"We have attained our year-end goal in terms of gold and silver production. Our operating tonnage for the year has actually increased although we were short of our target of milling at 1,800 tonnes daily, which at best has been intermittent. We are continuing to pursue this objective in 2018 which we expect should produce more metals from the Maco mine," said Mr. Brown. "The installation of another ball mill is proceeding. Initially as back up unit, the new mill will eventually provide additional capacity for the mine's long-term plan to operate at 3,000 tonnes daily. Side by side, we have to accelerate our mine development to enable ore delivery match our higher milling capacity."

Over at the Sangilo mine of Itogon-Suyoc Resources, Inc. (ISRI), a wholly-owned subsidiary of the Company, the installation of the ball mill sourced from the Paracale Gold Project is 90% accomplished. While the full scale rehabilitation of the mine is still for implementation, the refurbishing of the old plant facility produced 1,931 ounces of incidental gold valued at P122 million during the year. To date, some 3,400 ounces of incidental gold have been shipped and sold which generated

P214 million to partly defray the capital costs of mine rehabilitation and development. At the Suyoc mine, resource validation continues, showing better ore grades potential.

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 succeeding five years. The plan for the Suyoc mine is to operate at 300 tonnes per day within three years from completion of resource validation. “We are approaching the two projects on a per milestone basis to make their funding more manageable to handle,” explained Mr. Brown.

The Company’s consolidated accounts also include those of Monte Oro Resources & Energy, Inc. (MORE), another wholly-owned subsidiary, which holds 30% participating interest in Service Contract (SC) 72 covering the Sampaguita gas field offshore northwest of Palawan.

MORE owns the Paracale Gold Project and has mining interests in other countries under the 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 likewise has 52% interests in a domestic company engaged in waste disposal management, the International Cleanvironment Systems, Inc. (ICSI).

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.