



APEX MINING REPORTS 21% HIGHER 1ST QUARTER INCOME

HIGHLIGHTS

- Milling tonnage of 140,250 and gold production of 15,771 ounces exceeded the 1st quarter 2017 record high production
- Consolidated net income of P121 million, an increase of 21% versus income for the same period last year
- Parent Company net income of P122 million, was 9% higher than income of previous quarter

Apex Mining Co., Inc. (APX), reported consolidated net income for the first quarter of 2018 of P121 million, reflecting an increase of 21% over the income of P100 million reported for the same period in 2017.

Parent Company net income was P122 million, 9% higher than the P112 million net income reported in 2017. On per share basis, Parent Company income was P0.020 this quarter as compared to P0.018 in 2017.

This quarter's income would have been the highest income level for a quarter period were it not for the full application of income tax with the exhaustion in 2017 of the Company's tax shield from carry over losses in previous years. Earnings before income tax amounted to P173 million on consolidated basis, and P174 million from the Parent Company alone.

The record recovery rate of 84.6% for gold supplemented the increase in milling tonnage to 140,250 tonnes this quarter period, both up by 3% as compared to the 82.1% recovery rate and 135,904 tonnes in 2017. Although the average gold grade was slightly lower at 4.13 grams per tonne this year from 4.17 grams a year ago, metal production was higher by 5% for gold at 15,771 ounces, and by 10% for silver at 83,129 ounces as compared to 14,969 ounces of gold and 75,359 ounces of silver produced in 2017.



“While our milling rate for the quarter this year averaged only at 1,680 tonnes per day, in the month of March, we were able to mill at our target tonnage of 1,800 tonnes per day,” said Walter W. Brown, President and CEO. “The mine’s efforts are focused on being able to sustain this tonnage level.”

With gold price averaging at \$1,335 per ounce and foreign exchange at P52.08 to a dollar, the revenue for gold this quarter of P1.1 billion set a new record level for one quarter period. In 2017, gold price and foreign exchange were at \$1,234 per ounce and P50.06 to a dollar, generating gold revenue of P925 million.

Revenue from silver was P71 million, 7% higher than the P67 million revenue in 2017. Silver price averaged lower at \$16 per ounce this quarter from \$18 per ounce in 2017,

Cash income from operations at P519 million increased by 25% from last year of P415 million. Cash operating cost was P554 million, 8% higher than P548 million a year ago, although on a per unit basis, cash operating cost this year was 2% lower at \$79 per tonne as compared to \$81 per tonne a year ago, mainly on account of the higher milling tonnage. Cash operating cost per ounce of gold was higher at \$791, an increase of 3% over \$769 last year, mainly on account of the increase in the excise tax rate to 4% effective January 2018 from 2% previously.

Rehabilitation of the Sangilo mine of Itogon-Suyoc Resources, Inc. (ISRI), a wholly-owned subsidiary of the Company, is ongoing. Incidental gold produced during the quarter aggregated to 794 ounces valued at P56 million, which is treated in the accounts as a credit against the capitalized costs of the mine’s rehabilitation.

The Company’s consolidated accounts also include those of Monte Oro Resources & Energy, Inc. (MOREI), another wholly-owned subsidiary, which holds a 30% participating interest in Service Contract (SC) 72 covering the Sampaguita gas field offshore northwest of Palawan. “The active talk from the Philippine government on the possible ‘joint exploration’ in the area is a positive development for SC 72 which has been under a moratorium since 2014. If China and the Philippines are able to arrive at a mutually acceptable arrangement for the exploration and exploitation of this resource, MOREI and ultimately Apex as Parent Company will benefit,” said Mr. Brown.



MOREI also 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). MOREI likewise has 52% interests in a domestic company with a Build-Operate-Transfer contract in waste disposal management, the International Cleanenvironment Systems, Inc.

The administrative costs of ISRI and MOREI 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.