

## **APEX MINING REPORTS 2018 OPERATING EARNINGS 14% HIGHER VS. 2017**

### **HIGHLIGHTS**

- Revenue of P4.7 Billion, 13% higher than 2017
- Cash Operating Income of P1.9 Billion for 2018 was 14% higher than last year
- Gold production of 70,564 ounces highest annual output to date
- Milling tonnage and ore grade 5% and 9%, respectively, higher than 2017
- Mill recovery rate at new all-time high of 84.8%

Apex Mining Co., Inc. (APX) reported the highest level of annual metal production thus far achieved in 2018 from the Maco mine in Compostela Valley of 70,564 ounces, surpassing the previous record of 60,185 ounces in 2017. Silver output was at 328,797 ounces, as compared to 315,525 ounces in 2017.

New record established in operating parameters this year contributed to the increase in metal production. Milling throughput of 609,604 tonnes, equivalent to a daily average of 1,789 tonnes, bested the previous record of 578,893 tonnes or 1,693 tonnes per day in 2017. Mill recovery rate was at its highest at 84.8%, as compared to the 82.8% record established in 2017. Ore grade likewise averaged higher at 4.25 grams from 3.90 grams per tonne of gold a year ago.

A new record for the Company's revenue was also achieved at P4.7 billion in 2018, 13% higher than the revenue of P4.1 billion in 2017. Now based on sales in accordance with the new accounting rules, the increase in revenue was on account of the higher production output actually sold during the year, despite lower gold and silver prices which averaged at \$1,260 per ounce from \$1,265, and for silver at \$15.49 from \$17.10.

"We are pleased to report that these accomplishments of the Company were made possible by the continued collective efforts in the implementation of cost savings initiatives and productivity efficiency in our Maco operations," said Walter W. Brown, President and CEO.

The increase in milling tonnage increased cash operating cost to P2.6 billion, up by 8% from the year ago cost of P2.4 billion. On a per unit basis, however, this averaged 2% lower at \$80 per tonne as compared to \$82 per tonne in 2017. Per ounce, the decrease was 12% to \$695 in 2018 from \$791 in 2017. Cash income from operations was 14% better at P1.9 billion this year versus the P1.6 billion income in 2017.

Capital expenditures for plant and equipment of P1.1 billion infused in 2018 increased non-cash charges for depreciation and amortization to P586 million, 13% higher than last year. Depletion cost was 26% higher at P532 million, largely brought about by the increase in milling tonnage. Excise taxes increased by 139% to P194 million as a result of the higher revenue and the increase in tax rate from 2% to 4% effective this year.

Net income from Parent Company alone was 40% lower at P332 million in 2018 from P503 million in 2017. On consolidated basis, after the administrative costs of subsidiaries, net income was 53% lower at P257 million from P429 million last year. The Company no longer have the benefit of the tax shield from previous years' carry over losses it had up to 2017. With the full application of income tax this year, provision for income tax was an expense of P149 million versus the tax credit of P9 million in 2017.

Full blast rehabilitation and construction work at the Sangilo mine of Itogon-Suyoc Resources, Inc. (ISRI), a wholly-owned subsidiary of the Company, is now ongoing. The environmental clearance certificate for the initial 200 tonnes per day operation having been obtained in the third quarter of the year, financing for the project was finalized and availed of in the succeeding quarter. The short-term objective is to complete the initial 200 tonnes per day project by the end of 2019, from which point the mine will commence to undertake the development of the next 200 tonnes. The long-term program is for an installed capacity of 1,900 tonnes per day in five years' time.

In addition to ISRI, the Company's consolidated accounts also include those of another wholly-owned subsidiary, Monte Oro Resources & Energy, Inc., which holds a 30% participating interest in Service Contract 72 covering the Sampaguita gas field offshore northwest of Palawan.