



APEX MINING CO., INC.

APEX MINING REPORTS 28% 2019 EARNINGS GROWTH

HIGHLIGHTS

- Consolidated net income of P306 million, 28% higher than 2018
- Parent Company net income of P351 million, 6% higher than 2018
- Highest average metal prices for gold and silver in recent years
- Revenue of P5.0 billion, new record level
- Record milling throughput of 2,063 tonnes per day average
- Mill recovery rate all-time high at 85.5%

Apex Mining Co., Inc. (APX) reported consolidated net income of P306 million in 2019, higher by 28% from the P239 million income in 2018. Parent Company net income, before share of subsidiaries' losses, was P351 million, higher by 6% from the income of P332 million in 2018.

Metal prices averaging \$1,389 per ounce for gold and \$16.14 per ounce for silver, the highest in recent years, established a new record for the Company's annual revenue of P5.0 billion in 2019. This was higher by 6% than the previous record revenue reported in 2018 of P4.7 billion from the average prices of \$1,260 and \$15.49 per ounce for gold and silver, respectively.

Milling throughput of the Maco mine in 2019 of 711,788 tonnes, equivalent to a daily average of 2,063 tonnes, also bested the prior year's record of 609,604 tonnes or 1,789 tonnes per day. Mill recovery was likewise at its highest at 85.5% as compared to the 84.8% record established in 2018. Ore grade, however, was lower averaging at 3.19 grams of gold per tonne and 20.47 grams of silver per tonne, compared to 4.25 grams and 24.80 grams, respectively, a year ago.

While gold sold was 2% lower at 64,763 ounces in 2019 against 66,053 in 2018, silver sold was 22% higher 369,616 grams in 2019 from 303,385 grams in 2018. The mill recovery rate for silver increased to 75.5% this year from 71.7% last year.



“We could have produced more gold ounces this year were it not for the lower ore grade which we had to contend with passing through the lower grade zones of the Maco mine in the first half of the year. The higher milling tonnage and recovery rates helped in minimizing the reduction in gold output while at the same time increasing our silver production,” said Luis R. Sarmiento, President and CEO. “The strengthening of the metal prices towards the latter part of the year, with gold breaking above \$1,500 per ounce and silver reaching \$17 per ounce, somewhat offset our lower production”.

The increase in milling tonnage increased cash operating cost to P2.7 billion, up by 7% from the year ago cost of P2.6 billion. On a per unit basis, however, this averaged 7% lower at \$74 per tonne as compared to \$79 per tonne in 2018. Per ounce, the lower ore grade this year resulted in 11% higher cost to \$813 in 2019 from \$731 in 2018. Cash income from operations was slightly ahead at P2.0 billion this year versus the P1.9 billion income in 2018.

The continuing investments in capital expenditures, which for 2019 amounted to P1.7 billion, increased non-cash charges for depreciation and amortization to P691 million, 23% higher than last year. These investments were in relation to the continuing development of these mines in preparation for higher grade and larger tonnage operations. Depletion cost was 6% higher at P562 million, to a greater extent due to the higher milling tonnage.

The rehabilitation and construction work at the Sangilo mine of another wholly-owned subsidiary, Itogon-Suyoc Resources, Inc., continued in full steam in 2019. The targeted commencement of commercial operation of the mine, however, has been moved from first quarter this year to the first week of July, 2020, due to the effect on the mine’s activities by the community quarantines imposed in Benguet Province from March 16, 2020 through May 31, 2020 on account of the Covid-19 pandemic.

Developments are awaited over the Sampaguita gas field offshore northwest of Palawan covered by Service Contract 72 where wholly-owned subsidiary, Monte Oro Resources & Energy, Inc. holds a 30% participating interest.