APEX MINING CO., INC.

APEX MINING REPORTS 58% HIGHER Q1 2020 EARNINGS

HIGHLIGHTS

- Consolidated net income of P119 million, 58% higher than 2019
- Parent Company net income of P125 million, 45% higher than 2019
- Lower milling throughput and ore grade
- Mill recovery rate new record level at 86.84%
- Higher average metal prices than 2019 average
- Lower operating costs and expenses

Apex Mining Co., Inc. (APX) reported consolidated net earnings of P119 million in the first quarter of 2020, 58% higher than the P75 million earnings for the same period in 2019. Parent Company earnings before share of subsidiaries' losses was 45% higher at P125 million from P86 million reported last year.

Lower operating costs and expenses provided for the higher earnings. This was in part a result of the 5% lower milling throughput of 158,834 tonnes for the quarter in 2020, as compared to 167,200 tonnes in 2019 which thus far is the highest quarterly tonnage averaging at 1,958 tonnes per day. But while tonnage milled was lower this quarter, a new record recovery rate was nevertheless established at 86.84% from 84% a year ago.

As operations was at the leaner grade zone of the Maco mine, average ore grade was lower at 3.04 grams of gold per tonne from 3.67 grams per tonne in 2019. The lower grade, in combination with lower tonnage, more than offset the benefit of the higher mill recovery rate, resulting in gold production output and sales of 13,916 ounces, 19% lower compared to 17,215 ounces sold a year ago. Silver output of 77,852 ounces was likewise 25% lower than the 103,345 ounces in 2019.

Partly cushioning the negative effect in revenue of the lower metal outputs were the stronger metal prices which averaged $1,585 per ounce for gold and $17 per ounce for silver, as compared to $1,311 and $16, respectively, in 2019. Net revenue of P1.2 billion this quarter was 6% lower as compared to P1.3 billion in 2019.

Lower mining and mine overhead costs reduced cash operating costs by 12% to P623 million this year from P710 million same quarter last year. On a per tonne basis, these were equivalent to $77 per in 2020, 5% lower as compared to $81 in 2019. Because of the reduced metal output, however, the equivalent cash operating cost per ounce of gold was 12% higher at $882 this year from $790 in 2019. Nonetheless, cash income from operations remained slightly better at P507 million this year as compared to P497 million in 2019.

The increase in ore reserves of the Maco mine as at the beginning of 2020 to 1.92 million tonnes (at the average grade of 6.34 grams of gold per tonne) reported on by an accredited competent person in compliance with the Philippine Mineral Reporting Code, compared to the previous ore reserves of 1.37 million tonnes (at the average grade of 7.1 grams of gold per tonnne), correspondingly reduced the applicable depletion rate starting the first quarter period. The lower depletion rate, together with the lower tonnage output, reduced by 46% the depletion expense to P68 million from P125 million in the previous quarter. This factored also to the higher earnings reported this year.

The consolidated earnings is after the Company's share of the administrative costs of wholly-owned subsidiaries, Itogon-Suyoc Resources, Inc. (ISRI) which owns the Sangilo and Suyoc Mines in Benguet Province, and Monte Oro Resources & Energy, Inc. (MORE) which holds a 30% participating interest in Service Contract 72 covering the Sampaguita gas field offshore northwest of Palawan.

"The Covid-19 related community quarantines imposed in Davao de Oro where the Company's Maco mine is located has not significantly affected its operations this period as the restrictions were put in effect only towards the last 15 days of the quarter", explained Luis R. Sarmiento, President and CEO. "The target date to commence the commercial operation of the Sangilo mine of ISRI, however, has been moved to July because of the restrictions imposed in Benguet Province, and in South Africa where the locomotive equipment needed by the mine ready for delivery by the manufacturer has been held up. With respect to MORE, there was no progress in the status of Service Contract 72."