



APEX MINING CO., INC.

APEX MINING REPORTS 298% HIGHER 1H 2020 EARNINGS

HIGHLIGHTS

- Consolidated income of P312 million, 298% higher than 2019
- Parent Company income of P326 million, up 237%
- Stronger gold price at \$1,634 per ounce gold from \$1,314 in 2019
- Lower milling tonnage but at higher grade and mill recovery rate
- Gold production of 30,988 ounces vs. 30,412 ounces in 2019
- Revenue of P2.0 billion from 23,008 ounces of gold sold

Apex Mining Co., Inc. (APX) reported a consolidated net income of P312 million for the first half of 2020, 298% higher than the consolidated net income of P78 million for the same period in 2019.

Parent Company net income was P326 million, an increase of 237% over the income of P97 million in 2019.

The restriction on the movement of employees residing outside the Maco mine by the community quarantines in the second quarter, and the strict health protocols implemented by the mine to keep it Covid-19 free, reduced workforce and lowered milling throughput to 314,528 tonnes (at 1,861 tonnes per day) in the first half of this year from 366,076 tonnes (at 2,120 tonnes per day) for the same period in 2019. Nonetheless, higher ore grade of 3.53 grams per tonne gold and 22.15 grams per tonne silver were achieved, versus the ore grade of 3.06 grams and 19.76 grams, respectively, in 2019. Mill recovery rate for gold was also higher at 86.63% from 2019's 84.37%, although lower for silver at 74.25% from 75.08%. These resulted in slightly better gold production output of 30,988 ounces this period from 30,412 ounces in 2019, but slightly lower silver output of 171,602 ounces from 174,659 ounces.

The suspension of airport service caused some delays and affected the usual frequency of the mine's bullion shipments. Of the mine's production output, only 23,008 ounces of gold and 125,635 ounces of silver were sold during the first half of 2020 at \$1,634 per ounce gold and \$17 per ounce silver, higher by 24% and 10%, respectively from \$1,314 and \$17 in 2019. As of 30 June, 2020, a total of 10,419 ounces



of gold and 56,680 ounces of silver were in inventory at the mine site, most of which were eventually shipped and sold in July at \$1,840 per ounce gold and \$20.80 per ounce silver, following the outbreak in gold price above the \$1,700 per ounce level commencing during the latter part of the second quarter. Recently, the gold price reached its historical all-time high of above \$2,050 per ounce. Silver is at \$28 per ounce.

Revenue from sales for January to June 2020 was P2.0 billion, 14% lower than the same period in 2019 which was P2.4 billion. However, lower cash operating costs, mainly on account of the lower milling tonnage, offset the reduction in revenue and resulted in cash income from operation of P971 million (15% higher compared to P846 million last year). With non-cash charges for depletion, depreciation and amortization also lower at P397 million from P608 million in 2019, net income before income tax increased 237% to P465 million from P137 million last year.

This year, cash operating cost averaged at \$74 per tonne milled (equivalent to \$783 per ounce of gold) against \$73 per tonne or \$833 per ounce last year. The total cost per ounce of gold, net of silver credits, was \$1,231, about the same as in 2019.

“We are proud of our Maco mine team for doing very well despite the difficulties brought about by the pandemic,” said Luis R. Sarmiento, President and CEO. “We are taking all the necessary safety precautions as we slowly restore the operations to pre-Covid-19 level.”

The mine is also doing a lot of cost-efficiency initiatives, including equipment availability, production per man shift, supply chain and logistics efficiencies.

According to Mr. Sarmiento, if the price of gold remains strong for the rest of 2020, coupled with the continued production efficiency initiatives, the company should be able to sustain its strong performance, too.

Meanwhile on 31 July 2020, the Sangilo mine in Itogon, Benguet, of Itogon-Suyoc Resources, Inc. (ISRI), its wholly-owned subsidiary, formally commenced its commercial operation at 200 tonnes per day. Henceforth, the operating performance of this mine will be reported together with that of the Maco mine. The exploration and resource validation work in Suyoc, the other mine of ISRI, in Mankayan, Benguet, continues.



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

The administrative costs of MORE, and ISRI up to the end of the first half of 2020, 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 reported vis-à-vis that of the Parent Company.