



APEX MINING CO., INC.

APEX MINING REPORTS HIGHER NINE MONTHS REVENUE WINS BIG AT THE SAFEST MINES AWARDS

HIGHLIGHTS

- Wins Safest Underground Mining Operation, Most Improved Safety Performance and Safety Exploration (Category A) at the Safest Mines Awards of the Presidential Mineral Industry Environmental Award
- Revenues of P5.0 billion from 53,295 ounces of gold and 260,453 ounces of silver sold
- Higher milling tonnage and sustained mill recovery rate
- Parent Company net income at P995 million, 5% lower compared to 2020.
- Consolidated net loss at P136 million due to recognition of provision for impairment of subsidiary companies' assets

Apex Mining Co., Inc (APX) wins three top awards in 2021's edition of the prestigious Safest Mines Awards of the Presidential Mineral Industry Environmental Award: Safest Underground Mining Operation; Most Improved Safety Performance; and, Safety Exploration (Category A). Select employees of APX also garnered Best Personality Awards: Ronnie N. Rojo, Best Underground Safety Inspector; Johary S. Unggel, Best Underground Mine Supervisor; and, Marvin A. Badayos, Best Underground Miner.

The PMIEA is part of this year's 67th Annual Mine Safety and Environment Conference (ANMSEC) and is spearheaded by the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR).

APX prides itself in institutionalizing safety as a way of life, with safety best practices deeply ingrained in its operations. In fact, its Maco Mine was cited by MGB-RXI with the Safety Milestone Award for recording over 2.1 million man-hours without lost time accidents (LTAs) between 11 March and 30 June 2021. For the first half of 2021, the company's Safety Department initiated 24 training sessions for around 477 participants, furthering its commitment to safety.



APX finished the third quarter of 2021 with consolidated revenues of P5.0 billion for the first nine months of 2021, 9% higher than the consolidated revenues of P4.6 billion for the same period in 2020. Parent company likewise posted revenues of P4.7 billion, a 2% increase from P4.6 billion revenues in the same period of 2020.

Parent Company's milling throughput is higher at 514,008 tonnes (averaging at 2,107 tonnes per day) as compared to 491,269 tonnes (averaging at 1,921 tonnes per day) as of September 30, 2020. Gold recovery is at 87.06%, almost the same level compared to last year's 87.29% recovery. Silver recovery slightly improved to 78.54% against last year's 76.55% recovery rate. Itogon-Suyoc Resources, Inc., milled a total of 44,140 tonnes during the year (averaging 185 tonnes per day).

The higher throughput and average realized gold price of \$1,786/oz during the year (versus \$1,779/oz last year), neutralized the impact in revenue from the drop in ore grades which averaged 3.45 grams of gold and 19.80 grams of silver per tonne during the period compared to 3.59 grams of gold and 22.38 grams of silver per tonne in the same period last year.

The third quarter average ore grade per tonne was higher at 3.93 grams of gold but lower at 20.97 grams of silver, as compared to 3.79 grams of gold and 23.61 grams of silver in the third quarter of 2020. Recovery rate for the quarter slightly declined to 87.85% for gold and 76.50% for silver from 88.77% and 80.37%, respectively.

Average realized gold price this quarter was 6% lower at \$1,791/oz. as compared to \$1,902/oz. in the same quarter in 2020. Silver price also tallied lower at \$23.71/oz. from \$24.34/oz. previously.

Gold and silver sold this quarter was lower at 19,959 ounces and 87,791 ounces compared to 26,031 ounces and 140,240 ounces, respectively, in 2020. The big numbers from the third quarter last year can be explained by inventories affected by the quarantine restrictions and flight cancellations due to the COVID-19 pandemic during the first and second quarter of 2020 being subsequently shipped during the third quarter last year.



During the period, the Group recognized a provision for impairment of some subsidiary companies' assets amounting to P1.1 billion as a result of the latest management assessment on the recoverability of property and equipment, intangible assets and deferred mining exploration costs of foreign projects in West Africa and Mongolia, and local projects in Camarines Norte and in Metro Manila.

The Gori Hills project located in the Republic of Sierra Leone in West Africa is owned through Monte Oro Mining Co., Ltd. (MOMCL) which holds the tenements for the project. It received word that its tenement license was revoked by the National Mineral Agency. MOMCL will work to question that revocation and for the reinstatement of that license.

The Khar At Uui Gold Project, registered under the joint venture company Erdeneminas LLC, which is owned 51% by indirect subsidiary Minas de Oro Mongol LLC (Minas), and 49% by Erdenejas LLC, a Mongolian exploration company, is currently under continued care and maintenance.

APX, through Monte Oro Resources & Energy Inc. (MORE), owns Paracale Gold Limited (PGL), an Isles of Man company, which wholly owns Coral Resources Philippines, Inc. (CRPI) and has a 40% interest in Bulawan Mineral Resources Corporation (BMRC). Their mine project is located in Jose Panganiban, Camarines Norte. BMRC handles all tenement applications while CRPI is the owner/operator of a mineral processing plant. BMRC tenement applications were adversely affected by the freeze on issuance of new mining licenses by the government. The CRPI mineral processing plant remains under continued care and maintenance.

APX, through MORE, owns 52% of International Cleanenvironment Systems, Inc. (ICSI) which has a Build-Operate-Transfer contract with the Philippine government through the DENR to manage, rehabilitate and introduce ecologically friendly technologies for waste disposal, and recycling of municipal waste in Metro Manila. This BOT agreement is yet to be implemented.

APX Management deems it prudent to provide for the impairment of these non-moving subsidiary companies' assets during this pandemic year. The implementation, redevelopment or sale of these impaired



assets in the future will provide upside opportunities to the Company going forward.

While the recognition of provision for impairment of these subsidiary companies' assets did not affect the cash flows of the Group, it brought the nine-month period bottom line to a net loss of P136 million from P991.3 million net income in the similar period in 2020. Parent Company, on the other hand, posted a net income of P994.5 million during the period, 5% lower than the P1.0 billion net income reported in the first three-quarters of 2020.

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