



Press Release

Tuesday, 30 April 2013

**1Q2013 Philex consolidated core net income at P132 million;
Reported consolidated net income at P403 million**

The attached press release was released today in Manila by Philex Mining Corporation (“Philex”), in which First Pacific Group holds an economic interest of approximately 31.2%*.

Philex is a Philippine-listed company engaged in exploration and mining of mineral resources and, via a listed subsidiary Philex Petroleum Corporation in oil and gas exploration.

Further information on Philex can be found at www.philexmining.com.ph.

** Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% interest in Philex.*

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pressrelease

1Q2013 PHILEX CONSOLIDATED CORE NET INCOME AT P132 MILLION **REPORTED CONSOLIDATED NET INCOME AT P403 MILLION**

- Padcal operations temporarily resumed on March 8, 2013, generating operating revenues of P889 million
- Proceeds of P1.017 billion from insurance received and contributed to income for the quarter
- Operating income of P159 million, 39% of reported consolidated net income this quarter period

April 30, 2013, MANILA, Philippines— Philex Mining Corp. (PX: PSE) and its subsidiaries, (Philex or the Company) today announced consolidated core net income of P132 million for the first quarter period of 2013, realized only during March, 2013 when the Padcal mine was allowed to operate. The P1.017 billion proceeds from the settlement of the Company's pollution liability insurance claim relative to the tailings pond incident at the Tailings Storage Facility 3 of the Padcal mine substantially covered the losses in the first two non-operational months.

From the resumption of the mine's operations on 8th March 2013 - albeit on a temporary basis - production revenue of P889 million was generated, contributing P159 million of operating income to the consolidated net reported income for the quarter period amounting to P403 million.

In 2012, on the basis of a fully operational first quarter, core net income amounted to P1.330 billion; while reported net income amounted to P1.268 billion.

It will be recalled that from 1st August last year, the Padcal mine has suspended its operations on account of the accidental leakage that occurred from its tailings storage facility incident brought by two successive strong typhoons that struck the mine that time. The leakage has been completely stopped in October 2012 with the sealing of Penstock A and the tunnel from where the tailings escaped. However, it was only on February 26, 2013 that the Mines and Geosciences Bureau issued its Order granting Padcal the permission to operate temporarily and allow the filling of the void created in the tailings pond as part of its urgent remediation measures to maintain the stability of the tailings pond. A similar order was received from the Pollution Adjudication Board on March 7, 2013, after which the mine resumed operating activities on March 8, 2013.

"Construction of the spillway of the Padcal tailings pond is in full swing and expected to be completed as per schedule by June of this year", said Eulalio B. Austin, Jr., Philex President and Chief Executive Officer. "Clean up of the Balog Creek is now 98% completed. When all of the necessary rehabilitation works are done, we are optimistic that we will be allowed to resume operations permanently after the four months temporary period given to us by the Government",

he added.

A total of 611,801 tonnes were milled from the resumption of operations to the end of the quarter, producing 7,610 ounces of gold and 2.434 million pounds of copper. A year ago, 2.356 million tonnes were milled, producing 29,153 ounces of gold and 9.085 million pounds of copper. Ore grades were higher this quarter, averaging 0.497 grams per tonne gold and 0.228% copper, compared with 0.494 grams per tonne gold and 0.219% copper in the first quarter of last year.

Philex Chairman, Manuel V. Pangilinan, commented, "We are thankful to the Government for recognizing the importance of allowing Padcal to operate as part of the process of fully rehabilitating its tailings pond. The next step for us is to obtain approval for a permanent resumption so Padcal can get back to its normal status as soon as possible. A concern of late is the drop in the prices of our product – gold and copper – but we are optimistic that these will recover in due course. We have faith that Padcal will get back on its feet, stronger than before, having proven that it can overcome even tremendous setbacks like this one that it just faced."

The Company recently announced that it has been authorized by its Board of Directors to undertake a rights offering of common shares where the Company expects to raise approximately P12.0 billion, the net proceeds of which will be used for the repaying of loans advanced by the First Pacific Group, a major shareholder, for capital expenditures and exploration costs related to the Company's Silangan and Kalayaan projects, and for general corporate purposes. The specific terms and conditions of the rights offering including the final issue size, rights entitlement, offer price and record date have not yet been determined. In October 2012, the First Pacific Group agreed to grant the Company a \$200 million loan facility to provide funding for its requirements to rehabilitate the tailings pond of Padcal and to ensure the progress at Silangan Mine, \$80 million of which facility amount has already been availed by Philex as of the end of the quarter.

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About Philex Mining Corporation

Philex Mining Corporation was incorporated in the Philippines in 1955 and is listed in the Philippine Stock Exchange. The Company, Philex Gold Philippines, Inc. (PGPI, a wholly-owned subsidiary through a holding company and incorporated in the Philippines), and Silangan Mindanao Exploration Co., Inc. (SMECI, a wholly-owned subsidiary through a holding company and PGPI, and incorporated in the Philippines) and its subsidiary, Silangan Mindanao Mining Co., Inc. (SMMCI) are primarily engaged in large-scale exploration, development and utilization of mineral resources. The Company operates the Padcal Mine in Benguet. PGPI operated the Bulawan mine in Negros Occidental until the second quarter of 2002. SMECI, through SMMCI, owns the Silangan Project covering the Boyongan and Bayugo deposits which are currently under the prefeasibility stage.

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PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31

(Amounts in Peso Thousands, Except Earnings Per Share)

	<u>2013</u>	<u>2012</u>	<u>%</u> <u>Variance</u>
REVENUE			
Gold	493,023	2,177,427	(77)
Copper	340,954	1,796,063	(81)
Silver	7,837	38,668	(80)
	<u>841,814</u>	<u>4,012,158</u>	<u>(79)</u>
Less: Marketing charges	47,520	173,098	(73)
	<u>794,294</u>	<u>3,839,060</u>	<u>(79)</u>
Petroleum	46,472	8,811	427
Coal	1,031	84	1,127
	<u>841,797</u>	<u>3,847,955</u>	<u>(78)</u>
COSTS AND EXPENSES			
Mining and milling costs (including depletion and depreciation)	327,123	1,374,775	(76)
Mine products taxes & royalties	44,445	209,694	(79)
General and administrative expenses	275,353	300,296	(8)
Petroleum production costs	28,474	11,112	156
Handling, hauling and storage	6,578	48,369	(86)
Cost of coal sales	821	49	1,576
	<u>682,794</u>	<u>1,944,295</u>	<u>(65)</u>
INCOME FROM OPERATIONS	<u>159,003</u>	<u>1,903,660</u>	<u>(92)</u>
OTHER INCOME(CHARGES)			
Insurance proceeds	1,017,125	-	-
Padcal maintenance costs during suspension of operations	(439,590)	-	-
Gain on sale of AFS investments	26,880	-	-
Interest income	6,852	19,234	(64)
Foreign exchange losses	(16,690)	(47,965)	(65)
Interest expense	(105,276)	(4,761)	2,111
Others - net	(42,919)	(43,336)	(1)
	<u>446,382</u>	<u>(76,828)</u>	<u>(681)</u>
INCOME BEFORE INCOME TAX	<u>605,385</u>	<u>1,826,832</u>	<u>(67)</u>
PROVISION FOR INCOME TAX	(202,070)	(559,105)	(64)
NET INCOME	<u>403,315</u>	<u>1,267,727</u>	<u>(68)</u>
NET INCOME ATTRIBUTABLE TO:			
Equity Holders of the Parent Company	420,686	1,296,553	(68)
Non-controlling interests	(17,371)	(28,826)	(40)
	<u>403,315</u>	<u>1,267,727</u>	<u>(68)</u>
CORE NET INCOME	<u>132,373</u>	<u>1,330,128</u>	<u>(90)</u>
EBITDA	<u>874,829</u>	<u>2,047,401</u>	<u>(57)</u>
BASIC EARNINGS PER SHARE	<u>0.0853</u>	<u>0.2629</u>	<u>(68)</u>
DILUTED EARNINGS PER SHARE	<u>0.0853</u>	<u>0.2627</u>	<u>(68)</u>
CORE NET INCOME PER SHARE	<u>0.0268</u>	<u>0.2698</u>	<u>(90)</u>
EBITDA PER SHARE	<u>0.1773</u>	<u>0.4152</u>	<u>(57)</u>

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Peso Thousands, except Par Value Per Share)

	March 31 2013 (UNAUDITED)	December 31 2012 (AUDITED) AS RESTATED
ASSETS		
Current Assets		
Cash and cash equivalents	2,333,183	1,669,542
Accounts receivable	167,839	207,749
Inventories	2,095,943	1,314,851
Prepaid income tax	145,890	166,467
Other current assets	1,033,148	997,340
Total Current Assets	5,776,003	4,355,949
Noncurrent Assets		
Property, Plant and Equipment - net	6,146,808	6,035,174
Available-for-sale (AFS) financial assets	4,134,999	3,990,761
Goodwill	258,593	258,593
Deferred exploration costs and other noncurrent assets	15,194,660	14,631,528
Total Noncurrent Assets	25,735,060	24,916,056
TOTAL ASSETS	31,511,063	29,272,005
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term bank loans	3,674,000	1,450,000
Accounts payable and accrued liabilities	1,237,576	1,095,550
Dividends payable	481,750	483,257
Provisions and subscriptions payables	588,246	1,589,578
Total Current Liabilities	5,981,572	4,618,385
Noncurrent Liabilities		
Deferred income tax liabilities - net	2,533,554	2,327,427
Pension obligation	38,690	43,973
Provision for losses	171,631	171,631
Provision for mine rehabilitation costs	19,344	18,892
Total Noncurrent Liabilities	2,763,219	2,561,923
Total Liabilities	8,744,791	7,180,308
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock - P1 par value	4,933,208	4,933,027
Additional paid-in capital	985,968	963,867
Retained Earnings	13,999,467	13,578,781
Net unrealized gain on AFS financial assets	857,052	601,055
Cumulative translation adjustments	(43,168)	(41,785)
Net revaluation surplus	1,611,397	1,611,397
Effect of transactions with non-controlling interests	45,099	45,099
	22,389,023	21,691,441
Non-controlling Interests	377,249	400,256
Total equity	22,766,272	22,091,697
TOTAL LIABILITIES & EQUITY	31,511,063	29,272,005