



Press Release

Tuesday, 5 November 2013

PHILEX REPORTS CORE INCOME OF P1.479 BILLION FOR 9M2013

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 the exploration and mining of mineral resources and, through 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% economic interest in Philex.*

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PRESS RELEASE

PHILEX REPORTS CORE INCOME OF P1.479 BILLION FOR 9M2013

Manila, PHILIPPINES — Gold and copper producer Philex Mining Corporation (PX: PSE) and its subsidiaries (“Philex” or the “Company”) today reported lower Core Income of P1.479 billion for the nine-month period ended September 30th, as metal prices weighed down on mining profits worldwide despite higher production for the period.

In a disclosure of its unaudited financial and operating results today, Philex stated that its Padcal Mine in Benguet Province milled a total of 5,455,448 tonnes producing 23,783,383 pounds of copper and 72,905 ounces of gold, or 7 percent and 2 percent higher, respectively, over the same period last year.

The global downtrend in metal prices resulted in a 35 percent decline in income from operations to P2.322 billion over the nine-month period. With gold price lower by 18 percent at USD1,340 per ounce, operating revenue from gold decreased by 16 percent to P4.179 billion. Copper prices, on the other hand, were down by 19 percent to USD3.26 per pound, cutting revenues from copper by 15 percent to P3.329 billion. Revenues from silver were also lower by 23 percent to P0.063 billion.

Core Income for the period was lower at P1.479 billion or 35%. From Reported Net Income of P2.035 billion for the same period last year, the Company’s profit was reduced to P1.446 billion for the same period this year.

Padcal Mine On Its Way To Recovery

Padcal Mine has operated for seven (7) months as of September 30th, approximately the same number of operating days for the entire year 2012, when it voluntarily suspended operations starting August 1st 2012, after a sink hole occurred at its active tailing storage facility (TSF).

In response to the incident, the Company implemented a comprehensive Integrated Environmental Management Program (IEMP), which included settlement of claims, plugging of the sinkhole, cleanup of affected waterways, rehabilitation and reinforcement of the TSF, and construction of a new spillway. The completion of the open spillway, which will eventually

About Philex Mining Corporation:

Philex Mining Corp. was incorporated in the Philippines in 1955 and was listed on the Philippine Stock Exchange on Nov. 23, 1956. Philex Mining, Philex Gold Philippines, Inc. (PGPI), Silangan Mindanao Exploration Co., Inc. (SMECI), and Silangan Mindanao Mining Co., Inc. (SMMCI) are primarily engaged in large-scale exploration, development, and utilization of mineral resources. PGPI is a wholly owned subsidiary of Philex Mining through a holding company and incorporated in the Philippines while SMECI is a wholly owned subsidiary of Philex Mining through a holding company and PGPI, and incorporated in the Philippines. Philex Mining operates the Padcal mine in Benguet while PGPI operated the Bulawan mine in Negros Occidental between 1996 and June 2002. SMECI, through its subsidiary SMMCI, owns the Silangan Project covering the Boyongan and Bayugo deposits, which are currently under prefeasibility stage.

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become its main water management system, allows Philex to continue the rehabilitation and reinforcement of TSF.

Despite lower metal prices, Philex continues and will continue to implement the IEMP to ensure the safety of the communities and its employees. “The IEMP, which includes, the commissioning of the newly constructed spillway this year, is vital for the safety of downstream communities,” Vice President for Operations and Padcal Resident Manager Libby Ricafort said. “Philex will always prioritize the safety of the communities where it operates and its employees.”

“Even as Padcal Mine focuses on the IEMP, Philex will maintain the development of the Silangan Project in Surigao del Norte through its wholly owned subsidiary Silangan Mindanao Mining Co. Inc. Exploration and development work continues.” concluded Eulalio B Austin, Jr, President of Philex.

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PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30
(Amounts in Peso Thousands, except Earnings Per Share)

	<u>2013</u>	<u>2012</u>
REVENUE		
Gold	4,178,891	4,963,429
Copper	3,329,540	3,914,265
Silver	63,050	81,422
	<u>7,571,481</u>	<u>8,959,116</u>
Less: Marketing charges	467,857	433,550
	<u>7,103,624</u>	<u>8,525,566</u>
Petroleum	153,590	120,304
Coal	2,831	34,069
Others	2,531	494
	<u>7,262,576</u>	<u>8,680,433</u>
COSTS AND EXPENSES		
Mining and milling costs (including depletion and depreciation)	3,382,155	3,567,001
General and administrative expenses	999,158	898,232
Mine products taxes & royalties	409,923	463,262
Petroleum production costs	94,968	93,583
Handling, hauling and storage	51,389	56,077
Cost of coal sales	3,369	22,089
	<u>4,940,962</u>	<u>5,100,244</u>
INCOME FROM OPERATIONS	<u>2,321,614</u>	<u>3,580,189</u>
OTHER INCOME(CHARGES)		
Insurance proceeds	1,017,125	-
Gain on sale of investments	239,945	-
Interest income	28,872	52,483
Marked-to-market gains	-	287,188
Padcal maintenance costs during suspension of operations	(439,590)	(321,934)
Impairment loss on deferred exploration costs and others	(366,779)	-
Interest expense	(330,803)	(11,984)
Foreign exchange losses	(85,345)	(140,433)
Others - net	(111,031)	(482,226)
	<u>(47,606)</u>	<u>(616,906)</u>
INCOME BEFORE INCOME TAX	<u>2,274,008</u>	<u>2,963,283</u>
PROVISION FOR INCOME TAX	<u>(827,667)</u>	<u>(928,759)</u>
NET INCOME	<u>1,446,341</u>	<u>2,034,524</u>
NET INCOME ATTRIBUTABLE TO:		
Equity Holders of the Parent Company	1,504,396	2,116,495
Non-controlling interests	(58,055)	(81,971)
	<u>1,446,341</u>	<u>2,034,524</u>
CORE INCOME	<u>1,478,734</u>	<u>2,262,060</u>
BASIC EARNINGS PER SHARE	<u>0.3050</u>	<u>0.4291</u>
DILUTED EARNINGS PER SHARE	<u>0.3050</u>	<u>0.4287</u>
CORE INCOME PER SHARE	<u>0.2998</u>	<u>0.4587</u>

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	September 30 2013 (UNAUDITED)	December 31 2012 (AUDITED) AS RESTATED
ASSETS		
Current Assets		
Cash and cash equivalents	4,797,643	1,669,542
Accounts receivable	870,090	207,749
Inventories	2,561,268	1,314,851
Prepaid income tax	-	166,467
Other current assets	1,102,734	997,340
Total Current Assets	9,331,735	4,355,949
Noncurrent Assets		
Property, Plant and Equipment - net	6,559,519	6,035,174
Available-for-sale (AFS) financial assets	1,226,824	3,990,761
Goodwill	1,206,956	258,593
Deferred exploration costs and other noncurrent assets	20,640,340	14,631,528
Total Noncurrent Assets	29,633,639	24,916,056
TOTAL ASSETS	38,965,374	29,272,005
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	5,958,199	1,450,000
Accounts payable and accrued liabilities	1,469,067	1,095,550
Income Tax Payable	60,953	-
Dividends payable	462,116	483,257
Provisions and subscriptions payables	647,850	1,589,578
Total Current Liabilities	8,598,185	4,618,385
Noncurrent Liabilities		
Long-term portion of loan	50,841	-
Deferred income tax liabilities - net	3,885,283	2,327,427
Pension obligation	-	43,973
Accrued retirement benefit costs	13,371	-
Provision for losses	171,631	171,631
Provision for mine rehabilitation costs	20,247	18,892
Total Noncurrent Liabilities	4,141,373	2,561,923
Total Liabilities	12,739,558	7,180,308
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock - P1 par value	4,933,246	4,933,027
Additional paid-in capital	1,077,931	963,867
Retained Earnings	15,124,475	13,578,781
Net unrealized (loss) gain on AFS financial assets	(750,640)	601,055
Cumulative translation adjustments	143,945	(41,785)
Net revaluation surplus	1,611,397	1,611,397
Effect of transactions with non-controlling interests	84,856	45,099
	22,225,210	21,691,441
Non-controlling Interests	4,000,606	400,256
Total equity	26,225,816	22,091,697
TOTAL LIABILITIES & EQUITY	38,965,374	29,272,005