



FIRST PACIFIC COMPANY LIMITED

Press Release

Wednesday, 29 February 2012

**PHILEX MINING POSTS HISTORIC HIGH 2011 PERFORMANCE
CORE NET INCOME UP 34% TO P5.568 BILLION
REPORTED NET INCOME UP 47% TO P5.800 BILLION
EBITDA UP 35% TO P8.851 BILLION**

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 31.3%*.

Philex is a Philippine-listed company engaged in exploration, development and utilization of mineral resources in the Philippines. 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

PHILEX MINING POSTS HISTORIC HIGH 2011 PERFORMANCE
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- Core net income of P5.568 billion for 2011, 34% higher than the record income of P4.151 billion in 2010
- Reported net income for 2011 at P5.800 billion, a 16% increase from the previous record income of P5.006 billion in 2007, and a 47% increase from the P3.945 billion recorded in 2010
- Record high global metal prices increased operating revenue by 20% to P16.134 billion
- Record tonnage in ten years of 9.487 million tonnes and better ore grades than 2010, resulted in highest copper and gold production since 2009
- EBITDA highest since 2005 at P8.851 billion, 35% increase from 2010
- Core earnings per share grew 34% to P1.13 from 84.45 centavos in 2010
- Final dividend of 42 centavos per share, consisting of regular final dividend of 14 centavos per share, plus a special dividend of 28 centavos. Full year dividend payout at 50%.

MANILA, Philippines, February 29, 2012 — Philex Mining Corporation (“Philex Mining”) (PSE:PX) today announced its historic high financial and operating results for 2011, with Core Net Income reaching a record P5.568 billion, a 34% growth from the previous year. The robust performance was attributed to a blend of higher metal production and unprecedented market prices for gold, copper and silver.

Philex Mining also posted its highest Reported Net Income to date in its 54 years of operating history. Last year, the country’s biggest gold and copper producer posted Reported Net Income of P5.800 billion, a growth of 47% from P3.945 in 2010 and besting its previous record earnings of P5.006 billion in 2007.

Core earnings per share grew 34% from 84.45 centavos in 2010 to P1.13 in 2011.

Reported earnings per share also posted double digit increase of 35% from 2010 to P1.17 in 2011. Both EPS and Core EPS are the highest posted by the Company to date.

The Philippine mining leader also achieved a new record for Operating Revenue by achieving a 20% increase from P13.394 billion in 2010 to P16.134 billion in 2011, as gold continued its 11-year bull run in the world market. Realized price for gold averaged US\$1,536 per ounce, a 26% increase from US\$1,217 per ounce in 2010. Copper price per pound also improved from US\$3.63 in 2010 to US\$3.70 in 2011.

Income from operations was higher at 31% to P7.943 billion from P6.065 billion in 2010. Earnings before interest, tax, depreciation and amortization (EBITDA) likewise increased 35% to P8.851 billion in 2011 from P6.566 billion in the previous year.

Ore milled for the year reached 9.487 million tonnes, slightly higher than the 2010 tonnage of 9.364 million tonnes. For the year in review, the Company produced 7% higher volume of copper to 37.955 million pounds and a 5% increase in gold to 140,113 ounces..

“We owe our tremendous year-on-year improvement to the improving demand for metals in the world market and to the skills, dedication, and focus of our people,” said **Manuel V. Pangilinan, Chairman and Chief Executive Officer of Philex Mining**. “To all our management and staff, we extend our gratitude.”

The higher ore tonnage milled from the Padcal mine brought total costs and expenses higher by 9% to P6.977 billion this year from P6.426 billion a year ago. Expressed in per ounce of gold produced and after deducting revenues from copper and silver as by-product credits, the operating cost of gold stood at US\$114 per ounce in 2011 from US\$92 per ounce a year ago. Expressed in per pound of copper produced and after deducting revenues from gold and silver as by-product credits, the operating cost of copper was at a negative US\$1.55 per pound in 2011 from negative US\$0.59 per pound a year ago.

Philex Petroleum Corporation, a 64.79%-controlled subsidiary, contributed P538 million to Philex Mining’s consolidated earnings this year, a turn-around from the loss of P191 million in 2010. Revenue from petroleum was almost five times the revenue of P112 million reported in 2010.

An extraordinary gain of P524 million was reflected this year from the restatement of Philex Mining’s investment in Pitkin Petroleum Plc to fair value. The accounting treatment of this investment was changed to that of an available-for-sale financial asset from that of investment in an associate when Philex Mining’s holdings in Pitkin was diluted from 21% to 18.46%.

“Gold prices have soared 22% over the past year and global demand and supply for metals are expected to be fundamentally strong throughout 2012,” says Mr. Pangilinan.

“Philex Mining will continue to lead and will focus on exploring additional revenue streams to maximize the opportunities presented by the world’s growing requirements for gold and copper.”

“Although declining grades of ore are expected from the Padcal Mine, the extension of the mine life to 2020 ramps up reserves to 806,000 ounces of gold and 333 million pounds of copper for the next nine (9) years. This synchronizes well with our expanding portfolio of assets with the expected commencement of the Silangan Project in 2016.”

“With the support of the Philippine Government, Philex Mining stays committed to optimizing the resources that our country offers for the shared benefit of our employees, shareholders, and more importantly, the communities where we operate, and at the same time, protecting and enhancing our environment.”

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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.

Philex’s financial statements for 2011 and 2010 are audited.

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PHILEX MINING CORPORATION AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Peso Thousands, except Per Share)

	Year Ended December 31,		%
	2011	2010	
REVENUE			
Gold	9,294,021	7,208,532	29
Copper	6,091,803	5,721,373	6
Silver	187,893	134,553	40
	<u>15,573,717</u>	<u>13,064,458</u>	<u>19</u>
Less: Marketing charges	810,467	714,018	14
	<u>14,763,250</u>	<u>12,350,440</u>	<u>20</u>
Petroleum	551,568	298,449	85
Coal	1,288	31,062	(96)
Others	7,843	-	100
	<u>15,323,949</u>	<u>12,679,951</u>	<u>21</u>
COSTS AND EXPENSES			
Mining and milling costs (including depletion and depreciation)	5,248,910	4,966,704	6
Mine products taxes & royalties	854,229	712,536	20
General and administrative expenses	1,036,537	664,698	56
Petroleum production costs	175,883	189,471	(7)
Handling, hauling and storage	63,723	62,159	3
Cost of coal sales	1,210	19,422	(94)
	<u>7,380,492</u>	<u>6,614,990</u>	<u>12</u>
INCOME FROM OPERATIONS	<u>7,943,457</u>	<u>6,064,961</u>	<u>31</u>
OTHER INCOME(CHARGES)			
Gain (Loss) on dilution of interest in an associate	523,710	(119,804)	(537)
Foreign exchange gains (losses) - net	(14,681)	(96,485)	(85)
Equity in net earnings (losses) of associates	(44,116)	(37,594)	17
Interest income	97,810	27,133	260
Interest expense	(47,954)	(20,898)	129
Gain (Loss) on disposal of property and equipment	324	(2,009)	(116)
Gain on disposal of AFS financial assets	77	-	100
Provision for write down of assets	(170,772)	-	100
Others - net	(157,174)	(131,242)	20
	<u>187,224</u>	<u>(380,899)</u>	<u>(149)</u>
INCOME BEFORE INCOME TAX	<u>8,130,681</u>	<u>5,684,062</u>	<u>43</u>
PROVISION FOR INCOME TAX	<u>(2,330,792)</u>	<u>(1,739,433)</u>	<u>34</u>
NET INCOME	<u><u>5,799,889</u></u>	<u><u>3,944,629</u></u>	<u><u>47</u></u>
NET INCOME ATTRIBUTABLE TO:			
Equity Holders of the Parent Company	5,771,223	3,963,201	46
Non-controlling interests	28,666	(18,572)	(254)
	<u><u>5,799,889</u></u>	<u><u>3,944,629</u></u>	<u><u>47</u></u>

CORE NET INCOME	5,568,410	4,150,544	34
EBITDA	8,851,114	6,565,695	35
BASIC EARNINGS PER SHARE	1.1714	0.8064	45
DILUTED EARNINGS PER SHARE	1.1700	0.8055	45
CORE NET INCOME PER SHARE	1.1303	0.8445	34
EBITDA PER SHARE	1.7966	1.3359	34

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

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

	December 31 2011 (AUDITED)	December 31 2010 (AUDITED)
ASSETS		
Current Assets		
Cash and cash equivalents	3,947,295	3,782,248
Accounts receivable	1,595,629	2,180,432
Inventories	1,118,667	1,093,636
Derivative asset	904,701	-
Other current assets	765,334	694,625
Total Current Assets	8,331,626	7,750,941
Noncurrent Assets		
Property, Plant and Equipment - net	5,399,716	5,095,029
Available-for-sale (AFS) financial assets	5,428,069	886,737
Investments in shares of stock	-	833,355
Goodwill	258,593	258,593
Deferred income tax assets - net	12,720	-
Deferred exploration costs and other noncurrent assets	13,023,504	10,828,065
Total Noncurrent Assets	24,122,602	17,901,779
TOTAL ASSETS	32,454,228	25,652,720
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term bank loans	350,000	150,000
Accounts payable and accrued liabilities	1,160,205	968,506
Income tax payable	376,006	856,954
Dividends payable	325,333	207,875
Provisions and subscriptions payables	172,555	128,335
Derivative liabilities	47,270	-
Total Current Liabilities	2,431,369	2,311,670
Noncurrent Liabilities		
Provision for mine rehabilitation costs	17,775	31,709
Provision for losses	318,287	538,141
Deferred income tax liabilities - net	2,635,330	2,013,230
Total Noncurrent Liabilities	2,971,392	2,583,080
Total Liabilities	5,402,761	4,894,750
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock - P1 par value	4,929,751	4,922,131
Additional paid-in capital	887,290	812,378
Retained Earnings	16,093,059	12,716,722
Net unrealized gain on AFS financial assets	2,020,940	419,404
Cumulative translation adjustments	495,019	(66,174)

Net revaluation surplus	1,611,397	1,611,397
Effect of transaction with non-controlling interests	106,027	106,027
	<u>26,143,483</u>	<u>20,521,885</u>
Non-controlling Interests	907,984	236,085
Total equity	<u>27,051,467</u>	<u>20,757,970</u>
TOTAL LIABILITIES & EQUITY	<u><u>32,454,228</u></u>	<u><u>25,652,720</u></u>