



**FIRST PACIFIC COMPANY LIMITED**  
**第一太平有限公司**

# Press Release

**Wednesday, 30 April 2014**

**Philex Mining first quarter 2014 operating and financial results  
with comparatives for first quarter 2013**

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](http://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**

### **FIRST QUARTER 2014 OPERATING AND FINANCIAL RESULTS** **WITH COMPARATIVES FOR FIRST QUARTER 2013**

#### **HIGHLIGHTS**

- 1Q2014 CORE NET INCOME AT P278.4 MILLION (1Q2013: P132.4 MILLION), UP 110%
- REPORTED NET INCOME AT P267.4 MILLION, LOWER THAN LAST YEAR
- HIGHER NUMBER OF OPERATING DAYS THIS YEAR RESULTED IN INCREASED PRODUCTION OF GOLD AND COPPER
- REALIZED PRICES FOR GOLD AT US\$1,371/OZ (1Q2013: US\$1,595/OZ); COPPER AT US\$2.85/LB (1Q2013: US\$3.42/LB)
- CONSOLIDATED REVENUES REACHED P2.913 BILLION

Manila, Philippines – The Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “Philex”) today announced that the Company’s Core Net Income in the first three months of 2014, based on unaudited financial results, more than doubled to P278.4 million from P132.4 million in the same period last year. Reported Net Income for the period, however, was lower at P267.4 from P403.3 million in the first quarter of 2013, which included a significant amount of one-time income from insurance claims received (P1.017 billion).

#### **Production and Revenues**

The Padcal mine operated for three (3) whole months 2014 compared with approximately one (1) month of operation in 2013 resulting in significantly higher output and increased revenues. Consolidated revenues grew 228 percent to P2.913 billion in the first quarter of this year from P889.3 million in 2013.

The growth in revenues was a function of the higher number of operating days and the corresponding increase in metal production, partially offset by lower realized metal prices. Total tonnes milled in 2014 was 2,396,077 (1Q2013: 611,801 tonnes), equivalent to an average daily throughput of 26,623 tonnes—4% better than the 25,492 average daily tonnage in 2013.

Gold production in the first quarter of 2014 rose almost two-and-a-half times to 26,442 ounces from the same period last year. Gold revenue surged 227 percent to P1.610 billion, despite realized prices for gold falling to US\$1,371 per ounce (1Q2013: US\$1,595 per ounce).

Similarly, copper produced almost quadrupled from last year to 9,468,009 pounds, corresponding to a 246-percent increase in revenue to P1.178 billion, as realized prices for

copper dropped to US\$2.85 per pound (1Q2013: US\$ 3.42 per pound). Combined revenues from silver, coal, and petroleum more than doubled to P124.4 million (1Q2013: P55.3 million), with the petroleum volume increase mainly due to the higher production at the Galoc oil field.

### **Operating Costs and Other Charges**

Because of the higher number of operating days this year, costs and expenses reached P2.274 billion for the period (1Q2013: P682.8 million).

Meanwhile, Other Charges this year amounted to P49.1 million, reversing the P446.4 million Net Other Income shown last year due primarily to the one-off, significant insurance proceeds received.

### **EBITDA, Net Income and Core Earnings per Share**

The higher output also delivered a consolidated EBITDA of P907.8 million this year – almost doubling the P460.7 million reported in 2013. Core earnings per share amounted to 5.64 centavos (1Q2013: 2.68 centavos). Net Income per share was 5.1 centavos (1Q2013: 8.5 centavos).

### **Outlook**

“We are glad to be starting the year on a positive note, and looking forward to operate finally the Padcal mine for the full twelve (12) months in 2014, after two (2) successive years of partial operations. Our rehabilitation initiatives at Padcal affirm our strong commitment to ensure the maximum safety of all our people and facilities, and full compliance with all the applicable laws governing our operations. Furthermore, we believe the Company has completed all the remedial measures and investments required to improve the water management system at Padcal and last year, these new facilities were commissioned. The construction of the third and final chute is also currently underway and will be completed by July 1, 2014,” said Philex Mining President and Chief Executive Officer Eulalio B. Austin, Jr.

“With respect to the local tax issue, the parties involved are already on advanced stage of discussion, and we are optimistic that a mutually beneficial resolution will be reached at the soonest possible time. In addition, we have also successfully completed the clean-up of the bodies of water affected by the incident in 2012, and continue to be engaged in constant dialogue with the Pollution Adjudication Board,” Austin added.

“The Company’s Silangan Project in Surigao del Norte, meanwhile, also continued to progress in the first quarter of 2014 as Philex awaits the completion of the project’s Pre-Feasibility Study within the second quarter of the year,” Silangan Mindanao Mining Company, Inc. President and Chief Operating Officer Yulo E. Perez said.

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**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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

|  | <b>March 31,<br/>2014<br/>(UNAUDITED)</b> | <b>December 31<br/>2013 (AUDITED)</b> |
|--|---|---------------------------------------|
| <b>ASSETS</b>  |   |                                       |
| <b>Current Assets</b>  |   |                                       |
| Cash and cash equivalents  | 3,627,731                                 | 4,080,512                             |
| Accounts receivable  | 638,334                                   | 295,451                               |
| Inventories  | 1,743,482                                 | 2,668,274                             |
| Other current assets   | 1,411,103                                 | 1,343,245                             |
| <b>Total Current Assets</b>  | <b>7,420,650</b>                          | <b>8,387,482</b>                      |
| <b>Noncurrent Assets</b>   |   |                                       |
| Property, plant and equipment - net                                | 6,917,959                                 | 6,880,096                             |
| Available-for-sale (AFS) financial assets                          | 1,141,061                                 | 975,380                               |
| Goodwill   | 1,208,020                                 | 1,208,020                             |
| Deferred income tax assets   | 15,354                                    | 11,818                                |
| Deferred exploration costs and other noncurrent assets             | 23,388,153                                | 22,427,186                            |
| <b>Total Noncurrent Assets</b>                                     | <b>32,670,547</b>                         | <b>31,502,500</b>                     |
| <b>TOTAL ASSETS</b>  | <b>40,091,197</b>                         | <b>39,889,982</b>                     |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                        |   |                                       |
| <b>Current Liabilities</b>   |   |                                       |
| Loans payable - current  | 6,201,496                                 | 6,176,369                             |
| Accounts payable and accrued liabilities                           | 2,170,524                                 | 2,321,301                             |
| Income Tax Payable   | 137,200                                   | 11,519                                |
| Dividends payable  | 483,442                                   | 460,650                               |
| Provisions and subscriptions payables                              | 810,156                                   | 805,108                               |
| <b>Total Current Liabilities</b>                                   | <b>9,802,818</b>                          | <b>9,774,947</b>                      |
| <b>Noncurrent Liabilities</b>                                      |   |                                       |
| Deferred income tax liabilities - net                              | 3,897,812                                 | 3,916,378                             |
| Loans payable - net of current portion                             | 57,235                                    | 55,014                                |
| Pension obligation   | 20,793                                    | 21,598                                |
| Provision for losses and mine rehabilitation costs                 | 203,029                                   | 204,791                               |
| <b>Total Noncurrent Liabilities</b>                                | <b>4,178,869</b>                          | <b>4,197,781</b>                      |
| <b>Total Liabilities</b>   | <b>13,981,687</b>                         | <b>13,972,728</b>                     |
| <b>Equity Attributable to Equity Holders of the Parent Company</b> |   |                                       |
| Capital Stock - P1 par value                                       | 4,936,996                                 | 4,936,996                             |
| Additional paid-in capital   | 1,067,566                                 | 1,058,497                             |
| Retained Earnings  |   |                                       |
| Unappropriated   | 4,134,504                                 | 4,128,826                             |
| Appropriated   | 10,000,000                                | 10,000,000                            |
| Net unrealized gain on AFS financial assets                        | 170,369                                   | 4,689                                 |
| Cumulative translation adjustments                                 | 23,885                                    | 25,116                                |
| Net revaluation surplus  | 1,611,397                                 | 1,611,397                             |
| Effect of transactions with non-controlling interests              | 45,099                                    | 45,099                                |
|  | 21,989,816                                | 21,810,620                            |
| Non-controlling Interests  | 4,119,694                                 | 4,106,634                             |
| <b>Total equity</b>  | <b>26,109,510</b>                         | <b>25,917,254</b>                     |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>                              | <b>40,091,197</b>                         | <b>39,889,982</b>                     |

**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013**  
(Amounts in Peso Thousands, except Earnings Per Share)

|  | <b>2014</b>             | <b>2013</b>           |
|--|-------------------------|-----------------------|
| <b>REVENUE</b>   |                         |                       |
| Gold   | 1,610,402               | 493,023               |
| Copper   | 1,178,450               | 340,954               |
| Silver   | 22,125                  | 7,837                 |
|  | <u>2,810,977</u>        | <u>841,814</u>        |
| Less: Marketing charges  | 213,750                 | 47,520                |
|  | <u>2,597,227</u>        | <u>794,294</u>        |
| Petroleum  | 99,014                  | 46,472                |
| Coal   | 2,709                   | 1,031                 |
| Others   | 580                     | -                     |
|  | <u><b>2,699,530</b></u> | <u><b>841,797</b></u> |
| <b>COSTS AND EXPENSES</b>  |                         |                       |
| Mining and milling costs ( including depletion and depreciation) | 1,795,539               | 327,123               |
| General and administrative expenses                              | 285,555                 | 275,353               |
| Mine products taxes & royalties                                  | 137,975                 | 44,445                |
| Petroleum production costs                                       | 32,263                  | 28,474                |
| Handling, hauling and storage                                    | 19,822                  | 6,578                 |
| Cost of coal sales   | 2,794                   | 821                   |
|  | <u>2,273,948</u>        | <u>682,794</u>        |
| <b>INCOME FROM OPERATIONS</b>                                    | <u><b>425,582</b></u>   | <u><b>159,003</b></u> |
| <b>OTHER INCOME(CHARGES)</b>                                     |                         |                       |
| Interest income  | 13,605                  | 6,852                 |
| Insurance proceeds   | -                       | 1,017,125             |
| Gain on sale of AFS financial assets                             | -                       | 26,880                |
| Padcal maintenance costs during suspension of operations         | -                       | (439,590)             |
| Interest expense   | (79,696)                | (105,276)             |
| Foreign exchange losses  | (33,648)                | (16,690)              |
| Others - net   | 50,622                  | (42,919)              |
|  | <u>(49,117)</u>         | <u>446,382</u>        |
| <b>INCOME BEFORE INCOME TAX</b>                                  | <b>376,465</b>          | <b>605,385</b>        |
| <b>PROVISION FOR INCOME TAX</b>                                  | <u>(109,042)</u>        | <u>(202,070)</u>      |
| <b>NET INCOME</b>  | <u><b>267,423</b></u>   | <u><b>403,315</b></u> |
| <b>NET INCOME ATTRIBUTABLE TO:</b>                               |                         |                       |
| Equity Holders of the Parent Company                             | 252,528                 | 420,686               |
| Non-controlling interests  | 14,895                  | (17,371)              |
|  | <u><b>267,423</b></u>   | <u><b>403,315</b></u> |
| <b>CORE INCOME</b>   | <u><b>278,414</b></u>   | <u><b>132,373</b></u> |
| <b>BASIC EARNINGS PER SHARE</b>                                  | <u><b>0.0512</b></u>    | <u><b>0.0853</b></u>  |
| <b>DILUTED EARNINGS PER SHARE</b>                                | <u><b>0.0512</b></u>    | <u><b>0.0853</b></u>  |
| <b>CORE INCOME PER SHARE</b>                                     | <u><b>0.0564</b></u>    | <u><b>0.0268</b></u>  |