



FIRST PACIFIC COMPANY LIMITED
第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Press Release

Tuesday, 9 December 2014

Philex, SMECI Boards approve offer and issuance of P7.2b convertible notes

The attached press release was released today in Manila by Philex Mining Corporation (“Philex”) (PSE: PX), 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 (PSE: PXP), 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 and voting interests in Philex.*

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December 09, 2014

PRESS RELEASE

**PHILEX, SMECI BOARDS APPROVE OFFER AND ISSUANCE OF P7.2B
CONVERTIBLE NOTES**

The Board of Directors of Philex Mining Corp. (“Philex” or the “Company”) and Silangan Mindanao Exploration Company, Inc. (SMECI), a wholly-owned subsidiary of Philex, approved the offer and issuance of Convertible Notes (CN) by SMECI (the Issuer) amounting to P7.2 billion, subject to the terms and conditions of the Convertible Notes Agreement amongst Philex, SMECI, and the noteholders, Asia Link B.V. – a subsidiary of First Pacific Company Limited – and the Philippine Social Security System, both existing shareholders of the Company. Philex will act as the Solidary Co-Issuer for the offering.

SMECI is the holding company of Silangan Mindanao Mining Co., Inc. (SMMCI), which is currently developing the Silangan Project in Surigao del Norte. The proceeds of the CN shall be used primarily by the Issuer to finance the project’s Definitive Feasibility Study and repay advances from Philex. The valuation of the Silangan Project, which formed the basis for the size of the issue, was conducted by an independent party.

The CN bears a coupon rate of 1.5%, payable semi-annually every 18th June and 18th December and has a maturity of eight (8) years, with a one-time redemption option exercisable by the Issuer on the first anniversary of the issuance of the Note (i.e. December 18, 2015). A premium, payable at a rate of 3% per annum, retroactive from issue date and compounded semi-annually, will apply if the Issuer exercises the redemption option.

Every P18,000 worth of CN is convertible into one common share of SMECI starting December 19, 2015. A total of 400,000 new shares, representing 40% of the expanded share capital of SMECI, will be issued upon full conversion. Upon maturity, all CN outstanding will be redeemed at par, plus all accrued interest, including the 3% per annum premium on face value, compounded semi-annually from the date of issue (December 18, 2014).