



FIRST PACIFIC COMPANY LIMITED
第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Press Release

Tuesday, 28 April 2015

Philex 1Q2015 Net Income Up 14% Amidst Weak Metal Prices

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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April 28, 2015

PRESS RELEASE

1Q2015 NET INCOME UP 14% AMIDST WEAK METAL PRICES

HIGHLIGHTS

- 1Q2015 REPORTED NET INCOME AT P305 MILLION, UP 14% FROM 1Q2014
- 1Q2015 NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY AT P329 MILLION, 30% HIGHER THAN 1Q2014
- 1Q2015 GOLD PRICES DECLINED 13%; COPPER PRICES FELL 5%
- EARNINGS PER SHARE GREW 45% TO 10.0 CENTAVOS
- P705 MILLION IN LOANS REPAID IN 1Q2015; PARENT DEBT AT P3.6 BILLION AS OF APRIL 2015 FROM P4.3 BILLION AS OF END-2014
- SILANGAN PROJECT DMPF APPROVED; DEFINITIVE FEASIBILITY STUDY TO BE COMPLETED BY 2nd HALF 2015
- 111 MILLION TONNES IN INCREMENTAL RESOURCES DECLARED IN PADCAL – ADDITIONAL 473 MILLION POUNDS OF COPPER AND 1.34 MILLION OUNCES OF GOLD

Manila, Philippines – The Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “PX”) today announced that its first quarter 2015 financial and operating performance yielded a Net Income of P305 million, 14 percent higher than 2014’s P267 million. Net Income Attributable to the Equity Holders of the Parent Company was P329 million, which was 30 percent higher year-on-year. This was achieved despite the continued slump in metal prices and lower ore grades in Padcal. Core Net Income for the period amounted to P214 million (1Q2014: P278 million).

Production and Revenues

After securing the permanent lifting of the suspension order from the Mines and Geosciences Bureau, Padcal mine officially resumed normal operations in August last year and operated for 88 days in the first three months of 2015 compared with 90 days in 2014. During the same period, metal prices were depressed, with average realized prices for gold plummeting 13 percent to US\$1,189 per ounce (1Q2014: US\$1,371 per ounce) and copper prices dropping 5 percent to US\$2.71 per pound (1Q2014: US\$2.85 per pound).

In addition, the natural depletion of higher grade ores resulted in lower metal output. Specifically, gold grades were at 0.435 (1Q2014: 0.439) and copper at 0.204 (1Q2014: 0.223) which translated to a 2 percent decline in gold output to 25,997 ounces (1Q2014: 26,442 ounces) and 12 percent fall in copper production to 8.361 million pounds (1Q2014: 9.468 million pounds).

These resulted in revenues of P1.423 billion for gold and P912.4 million for copper, 12 percent and 23 percent lower, respectively, from the previous year.

Meanwhile, revenues from silver totaled P19.4 million (1Q2014: P22.1 million) while revenues from petroleum and other sources were affected by the significant drop in oil prices and fell 63% to P37.6 million. Total consolidated revenues for the period amounted to P2.393 billion (1Q2014: P2.913 billion).

Costs and Expenses

The Company effectively managed costs and expenses across all fronts, especially at the head office and Padcal mine site. Consolidated operating costs and expenses in the first three months of 2015 was contained at P1.887 billion, which was 17 percent below the previous year.

Production costs went down 14 percent to P1.561 billion and general and administrative expenses decreased 34 percent to P188.5 million. These were the results of the Company's operational enhancement initiatives and strict cost containment.

Other income amounted to P110.0 million in 2015 and reversed the P49.1 million in other charges reported the previous year due to one off gains. In particular, Philex booked a gain for the sale of its investments in Indophil Resources as the Company continued to look for ways to generate income to offset the impact of the low metal price environment.

Debt Management

The Company likewise sustained its balance sheet clean-up as it repaid P705 million in outstanding debt from local banks during the period. This brought down the Company's total debt to P3.6 billion as of April 16, 2015 from P4.3 billion as at end December 2014.

Outlook

Last week, the Company received an Order from the Department of Environment and Natural Resources (DENR), through the Mines and Geosciences Bureau (MGB), dated April 10, 2015 approving the Declaration of Mining Project Feasibility (DMPF) of the Silangan Project. This authorizes Silangan Mindanao Mining Co., Inc. (SMMCI), the Company subsidiary which owns the project, to proceed to the Development and Operating Periods of Mineral Production Sharing Agreement (MPSA), subject to compliance with the conditions of the Order.

"This is indeed a very welcome news for the Company, amidst the overhang of weak global metal prices. The approval of the DMPF will facilitate the initial stages of mine development and bring us closer to the targeted commissioning of the project by 2018. We expect the project's Definitive Feasibility Study also to be completed by the second half of this year, which will enable us to finalize the financial requirements for the project", Philex President and CEO Eulalio B. Austin, Jr. said.

The Company also announced an additional 110.9 million tonnes of estimated mineral resources identified from the 800-600 meter levels (ML) in its Padcal Mine, corresponding to incremental contained metal of 473.0 million pounds of copper and 1.342 million ounces of gold. This development increases the possibility of extending Padcal's declared life of mine, which extension is now the subject of an ongoing technical study.

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PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Amounts in Peso Thousands, except Earnings Per Share)

	<u>2015</u>	<u>2014</u>
REVENUE		
Gold	1,423,215	1,610,402
Copper	912,408	1,178,450
Silver	19,374	22,125
Petroleum & others	<u>37,616</u>	<u>102,303</u>
	2,392,613	2,913,280
Less: Marketing charges	<u>199,511</u>	<u>213,750</u>
	<u>2,193,102</u>	<u>2,699,530</u>
COSTS AND EXPENSES		
Mining and milling costs (including depletion and depreciation)	1,542,387	1,795,539
General and administrative expenses	188,542	285,555
Excise taxes and royalties	113,723	137,975
Petroleum production costs	23,795	32,263
Handling, hauling and storage	18,671	19,822
Cost of coal sales	-	2,794
	<u>1,887,118</u>	<u>2,273,948</u>
OTHER INCOME(CHARGES)		
Gain on sale of AFS financial assets	107,088	-
Foreign exchange gains (losses) - net	13,296	(33,648)
Interest income	3,305	13,605
Interest expense	(18,691)	(79,696)
Others - net	4,919	50,622
	<u>109,917</u>	<u>(49,117)</u>
INCOME BEFORE INCOME TAX	415,901	376,465
PROVISION FOR INCOME TAX	(110,583)	(109,042)
NET INCOME	<u>305,318</u>	<u>267,423</u>
NET INCOME ATTRIBUTABLE TO:		
Equity Holders of the Parent Company	328,542	252,528
Non-controlling interests	(23,224)	14,895
	<u>305,318</u>	<u>267,423</u>
CORE NET INCOME	<u>214,479</u>	<u>278,414</u>
BASIC EARNINGS PER SHARE	<u>0.0665</u>	<u>0.0512</u>
DILUTED EARNINGS PER SHARE	<u>0.0665</u>	<u>0.0512</u>
CORE NET INCOME PER SHARE	<u>0.0434</u>	<u>0.0564</u>

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Peso Thousands, except Par Value Per Share)

	March 31 2015 (UNAUDITED)	December 31 2014 (AUDITED)
ASSETS		
Current Assets		
Cash and cash equivalents	4,104,965	5,231,892
Accounts receivable	1,092,739	1,055,864
Inventories	1,597,130	1,858,220
Derivative assets	-	7,766
Other current assets	1,454,791	1,376,741
Total Current Assets	8,249,625	9,530,483
Noncurrent Assets		
Property, plant and equipment	7,390,096	7,138,912
Available-for-sale (AFS) financial assets	607,799	906,681
Goodwill	1,238,583	1,238,583
Deferred income tax assets - net	8,221	8,224
Deferred exploration costs and other noncurrent assets	26,766,829	25,817,465
Total Noncurrent Assets	36,011,528	35,109,865
TOTAL ASSETS	44,261,153	44,640,348
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loans payable	3,777,150	4,307,720
Accounts payable and accrued liabilities	1,754,677	1,795,755
Income Tax Payable	14,952	47,423
Dividends payable	495,995	488,818
Provisions and subscriptions payables	488,234	883,102
Total Current Liabilities	6,531,008	7,522,818
Noncurrent Liabilities		
Deferred income tax liabilities - net	3,951,618	3,859,141
Bonds payable	6,023,767	5,947,366
Pension obligation	44,185	43,585
Provision for losses and mine rehabilitation costs	572,959	225,618
Total Noncurrent Liabilities	10,592,529	10,075,710
Total Liabilities	17,123,537	17,598,528
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock - P1 par value	4,940,399	4,940,399
Additional paid-in capital	1,121,035	1,117,627
Retained Earnings		
Unappropriated	4,941,746	4,712,032
Appropriated	10,000,000	10,000,000
Net unrealized loss on AFS financial assets	(172,518)	(64,010)
Equity conversion option	1,225,518	1,225,518
Cumulative translation adjustments	30,752	37,370
Net revaluation surplus	1,611,397	1,611,397
Effect of transactions with non-controlling interests	21,383	19,084
	23,719,712	23,599,417
Non-controlling Interests	3,417,904	3,442,403
Total equity	27,137,616	27,041,820
TOTAL LIABILITIES & EQUITY	44,261,153	44,640,348