



## FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

*(Incorporated with limited liability under the laws of Bermuda)*

# Press Release

**Friday, 29 July 2022**

**Philex registers Php1.333 billion core net income in 1H2022,  
an increase of 16% compared with 1H2021**

The attached press release was released 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 investment in Philippine-listed PXP Energy Corporation (PSE: PXP), in energy and hydrocarbon exploration and production.

Further information on Philex can be found at [www.philexmining.com.ph](http://www.philexmining.com.ph) and on PXP at [www.pxpenergy.com.ph](http://www.pxpenergy.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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July 28, 2022

**PRESS RELEASE**

**PHILEX REGISTERS PHP1.333 BILLION CORE NET INCOME IN 1H2022,  
AN INCREASE OF 16% COMPARED WITH 1H2021**

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**HIGHLIGHTS**

- 2Q2022 Core Net Income at Php657 million up 7.7% from Core Net Income of Php610 million in 2Q2021
- 1H2022 Core Net Income at Php1.333 billion higher by 16.0% than Core Net Income for the same period in 2021 at Php1.149 billion
- 2Q2022 Core EBITDA of Php1.171 billion higher by 15.3% than 2Q2021 Core EBITDA of Php1.016 billion
- 1H2022 Core EBITDA of Php2.353 billion higher by 16.1% than Core EBITDA of 1H2021 at Php2.027 billion

**(MANILA, PHILIPPINES)** – Philex Mining Corporation (PSE:PX) (the “Company” or “Philex”) today announced that the Company achieved significant increases in its revenues and Core Net Income for 2Q2022 and for 1H2022. Philex recorded a Core Net Income of Php657 million for the 2nd quarter. Philex registered a high Core Net Income for the first half of the year at Php1.333 billion, versus Php 1.149 billion in 1H2021. Continued optimization of operating costs and expenses contributed to the higher Core Net Income for the quarter and the six months ended June 30, 2022. The Company reported a Net Income of Php709 million for 2Q2022 versus the Reported Net Income of Php600 million for the same period in 2021, an 18% increase.

**Production and Revenues**

Total tonnage milled for the 2Q2022 at 1.859 million tonnes was 4.3% lower than the 1.943 million tonnes in 2Q2021. However, due to higher Copper ore grades, Copper output stood at 6.461 million pounds, compared with 6.436 million pounds in 2Q2021. The impact of the lower tonnage on Gold output was mitigated by the sustained Gold ore grades at 0.284 g/t. Thus, gold output was only lower by 3.6% at 13,116 ounces in 2Q2022 compared with 13,612 ounces in the same period in 2021. The Company generated higher revenues for 2Q2022 at Php2.712 billion, higher by 6.1% over the same period in 2021 on account of higher realized prices for Gold. This brings 1H2022 revenues to Php5.432 billion, ahead by 6.8% over the same period in 2021, with revenues at Php5.085 billion.

**Operating Costs and Expenses, Core and Net Income**

Operating costs and expenses for 2Q2022 at Php1.663 billion are higher than those of 2Q2021 at Php1.593 billion, due to slightly higher production expenses particularly on materials and supplies prices

brought about by inflation, and higher excise taxes and royalties attributable to higher revenues. Non-cash production costs in 2Q2022 amounted to Php357 million compared with non-cash production costs in 2Q2021 amounting to Php271 million. This brings the 1H2022 operating costs and expenses to P3.318 billion, slightly higher compared with the Php3.240 billion in 1H2021. The increase is attributable to increasing production cost brought about by the continuing effects of the COVID-19 pandemic, as well as the Russian invasion of Ukraine, which had a severe impact on the import prices of materials and supplies, especially fuel and power, critical to business operations.

Reported Net Income for 2Q2022 increased by 18% to Php709 million from Php600 million in 2Q2021. This brings the Company's 1H2022 Reported Net Income to Php1.399 billion from Php1.159 billion of 1H2021, up by 20.7%.

Core Net Income for 2Q2022 reached Php657 million to close the 1H2022 Core Net Income at Php1.333 billion, higher by 16.0% versus the Core Net Income of Php1.149 billion in 1H2021.

The Company generated EBITDA of Php1.171 billion for the 2Q2022 versus Php1.016 billion in 2Q2021, a 15.3% increase. This brings the 1H2022 EBITDA to Php2.353 billion versus Php2.027 billion in 1H2021, an increase of 16.1%.

### **Silangan Project**

The Company is now in the midst of fund raising activity for its Silangan Project. The planned Stock Rights Offer (SRO) Offer period started in July 12, 2022 and ended July 25, 2022. The listing date of the SRO shares is scheduled for August 3, 2022. The Company is offering a maximum of 842 million shares at Php3.15 per share offer price to raise Php2.652 billion new equity. The shares will be listed in the Philippine Stock Exchange (PSE) on August 3, 2022.

The net proceeds of the SRO will be used by the Company for investment in Silangan Mindanao Mining Co. Inc. (SMMCI) through Silangan Mindanao Exploration Co. Inc. (SMECI) for the initial capital expenditures and development cost of the Silangan Project.

The Company is set to begin the development of the first phase of the Silangan project this year, which will process around 2,000 tonnes of ore per day. This will be ramped up to 12,000 tonnes a day or four million tonnes a year by the 12th year of operations. The mine is targeted to commence commercial operations in 1Q2025.

### **Industry Outlook**

The May 9 national and local elections brought about a peaceful and orderly transition of power at both the national and local levels. The new government under President Ferdinand Marcos Jr. has set better prospects for a revived and revitalized mining industry.

The government under President Marcos Jr. has regarded the mining industry to be one of the major contributors to accelerated economic recovery. The Department of Finance (DOF) has also stated that

the government wants to progress the revival of the local mining industry to support the country's economic rehabilitation.

"With government policies supportive of the mining industry, we are confident that investor interest in the Silangan Project will be given a boost," according to Eulalio B. Austin Jr., Philex President and CEO.

"While we do not expect global uncertainty to wane because of the continuing threat of COVID-19 and the emerging variants, not to mention the Russian invasion of Ukraine that has disrupted the global supply chain and raised concerns on food and energy security, we are optimistic that 2022 will be another good year for Philex, and for the mining industry in general."

"The global outlook for metal prices continues to be positive, and the demand for green metals, which include copper, strengthens our resolve to further develop and expand our mining business," according to Manuel V. Pangilinan, Philex Chairman. "Recent government pronouncements under President Marcos Jr. are supportive of the mining industry. These should encourage renewed investor interest and confidence in responsible mineral resource development. It is time to slay the dragon of our much maligned past, and welcome right and principled mining as a major participant to authentic nation-building."

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#### *Disclaimer on Forward Looking Statements*

*This press release may contain forward looking statements with respect to the results of operations and business of Philex Mining Corporation ("PX"). Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual performance of PX to be different from any future performance implied.*

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

	June 30 2022 <u>(Unaudited)</u>	December 31 2021 <u>(Audited)</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P 4,084,176	P 2,890,763
Accounts receivable - net	478,456	466,922
Inventories - net	1,768,183	1,926,464
Derivative assets	59,515	-
Other current assets - net	546,413	437,585
<b>Total Current Assets</b>	<u>6,936,743</u>	<u>5,721,734</u>
<b>Noncurrent Assets</b>		
Deferred exploration costs	28,656,166	28,099,836
Investment in associates - net	3,623,934	3,632,480
Property, plant and equipment - net	3,289,658	3,428,552
Pension asset - net	249,195	352,609
Financial assets measured at fair value through other comprehensive income (FVOCI)	125,212	125,212
Other noncurrent assets	504,554	495,424
<b>Total Noncurrent Assets</b>	<u>36,448,719</u>	<u>36,134,113</u>
<b>TOTAL ASSETS</b>	<u><b>P 43,385,462</b></u>	<u><b>P 41,855,847</b></u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Loans and bonds payable	P 10,475,585	P 10,131,071
Accounts payable and accrued liabilities	2,708,998	2,556,347
Subscription payable	2,767	2,767
Income tax payable	215,146	181,243
Dividends payable	411,719	452,413
<b>Total Current Liabilities</b>	<u>13,814,215</u>	<u>13,323,841</u>
<b>Noncurrent Liabilities</b>		
Deferred tax liabilities - net	1,701,603	1,816,070
Provision for losses and mine rehabilitation costs	2,342	17,496
<b>Total Noncurrent Liabilities</b>	<u>1,703,945</u>	<u>1,833,566</u>
<b>Total Liabilities</b>	<u><b>15,518,160</b></u>	<u><b>15,157,407</b></u>
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital stock - P1 par value	4,940,399	4,940,399
Additional paid-in capital	1,143,981	1,143,981
Retained earnings		
Unappropriated	8,028,948	6,943,648
Appropriated	10,500,000	10,500,000
Net unrealized gain on financial assets measured at FVOCI and derivative	100,881	17,319
Equity conversion option	1,225,518	1,225,518
Net revaluation surplus	1,849,971	1,849,971
Effect of transactions with non-controlling interests	77,892	77,892
	<u>27,867,590</u>	<u>26,698,728</u>
Non-controlling Interests	(288)	(288)
<b>Total Equity</b>	<u><b>27,867,302</b></u>	<u><b>26,698,440</b></u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>P 43,385,462</b></u>	<u><b>P 41,855,847</b></u>

**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE PERIOD ENDED JUNE 30, 2022**  
(Amounts in Peso Thousands, Except Earnings Per Share)

	UNAUDITED			
	2022		2021	
	1Q	2Q	1H	1H
<b>REVENUES</b>	P 2,528,194	P 2,485,478	P 5,013,672	P 4,747,471
<b>COSTS AND EXPENSES</b>				
Production costs	1,094,562	1,086,443	2,181,005	2,196,314
Depletion, amortization and depreciation	331,425	357,471	688,896	609,904
Excise taxes and royalties	163,397	160,390	323,787	307,994
General and administrative expenses	66,004	58,424	124,427	125,637
	<u>1,655,388</u>	<u>1,662,728</u>	<u>3,318,115</u>	<u>3,239,849</u>
<b>OTHER (CHARGES) INCOME</b>				
Foreign exchange gain (loss) - net	18,950	69,253	88,204	(18,364)
Interest income	667	1,408	2,075	968
Share in net losses of associates	(5,428)	(3,118)	(8,546)	(15,676)
Others - net	(20,140)	(9,880)	(30,020)	(232,393)
	<u>(5,951)</u>	<u>57,663</u>	<u>51,713</u>	<u>(265,465)</u>
<b>INCOME BEFORE INCOME TAX</b>	<b>866,856</b>	<b>880,413</b>	<b>1,747,270</b>	1,242,157
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>				
Current	224,870	210,225	435,095	186,648
Deferred	(48,402)	(38,660)	(87,062)	(103,592)
	<u>176,468</u>	<u>171,565</u>	<u>348,033</u>	<u>83,056</u>
<b>NET INCOME</b>	<b>P 690,387</b>	<b>P 708,848</b>	<b>P 1,399,237</b>	P 1,159,101
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Equity holders of the Parent Company	690,387	708,848	1,399,237	1,159,101
Non-controlling interests	-	-	-	-
	<u>P 690,387</u>	<u>P 708,848</u>	<u>P 1,399,237</u>	<u>P 1,159,101</u>
<b>CORE NET INCOME</b>	<b>P 676,174</b>	<b>P 656,909</b>	<b>P 1,333,083</b>	P 1,149,121
<b>BASIC/DILUTED EARNINGS PER SHARE</b>	<b>P 0.140</b>	<b>P 0.143</b>	<b>P 0.283</b>	P 0.235
<b>CORE NET INCOME PER SHARE</b>	<b>P 0.137</b>	<b>P 0.133</b>	<b>P 0.270</b>	P 0.233
<b>EBITDA</b>	<b>P 1,182,195</b>	<b>P 1,170,797</b>	<b>P 2,352,992</b>	P 2,026,636