



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

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

## Press Release

**Wednesday, 27 April 2016**

**Philex 1Q2016 results**  
**Improved gold prices, cost reduction drive 38% growth in 1Q2016 net income**

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 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](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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April 28, 2016

**PRESS RELEASE**

**IMPROVED GOLD PRICES, COST REDUCTION DRIVE 38% GROWTH IN 1Q2016 NET INCOME**

**HIGHLIGHTS**

- 1Q2016 NET INCOME UP 38% YEAR-ON-YEAR TO P420 MILLION
  - CORE NET INCOME 82% HIGHER AT P389 MILLION
  - NET INCOME ATTRIBUTABLE TO PARENT 30% BETTER AT P426 MILLION
  - EARNINGS PER SHARE GREW TO 8.6 CENTAVOS
- COST AND EXPENSES LOWER BY 11% AT P1.674 BILLION
- ADDITIONAL US\$5.0 MILLION DEBT REPAYED IN FIRST FOUR MONTHS OF 2016; PARENT DEBT DOWN TO US\$65.5 MILLION AS OF APRIL 2016

Manila, Philippines – The Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “PX”) today announced that its first quarter 2016 financial and operating performance delivered a Net Income of P420 million, 38 percent higher than 1Q2015’s P305 million. Net Income Attributable to the Parent Company was P426 million, which was 30 percent better year-on-year, and translated to an earnings per share of 8.6 centavos. Core net income was 82 percent higher at P389 million (1Q2015: P214 million)

The performance was attributed to the Company’s strong resolve to work efficiently and bring down costs and expenses amid the volatility in metal prices.

**Tonnage Improvement**

Padcal mine operated for 90 days in 1Q2016 and milled 2.325 million tonnes of ore, compared with 88 operating days and 2.221 million tonnes of ore milled in the same period last year. The higher tonnage resulted in a mild improvement in copper production to 8.425 million pounds (1Q2015: 8.361 million pounds) amid steady ore grades. Gold output, on the other hand, contracted to 24,200 ounces (1Q2015: 25,997 ounces) as higher grade ore is being naturally depleted.

This operational performance delivered P2.413 billion in revenues (1Q2015: P2.393 billion), with both gold and copper recording slightly better revenues of P1.427 billion (1Q2015: P1.423 billion) and P946 million (1Q2015: P912 million), respectively. Gold revenues benefitted from a recovery in prices, which rose to US\$1,239 per ounce (1Q2015: US\$1,189 per ounce), while copper revenue was undermined by depressed prices at US\$2.25 per pound (1Q2015: US\$2.71 per pound).

Revenues from silver totaled P16.8 million (1Q2015: P19.4 million), while revenues from petroleum and other sources were affected by the significant drop in oil prices and fell to P23.1 million (1Q2015: P37.6 million).

**Cost and Expense Management**

Under the persistent volatile market environment, the Company continued to manage its costs and expenses, enabling it to achieve an 11 percent reduction in consolidated costs and expenses to P1.674 billion from P1.887 billion in 1Q2015.

In particular, production costs went down 8 percent to P1.438 billion (P1.561 billion) as the Company constantly explored new methods and implemented more efficient techniques to further optimize

operations. General and administrative expenses also decreased 41 percent to P110.4 million as the Company continued to pursue various cost containment and expense reduction initiatives across the organization.

As a result, on a per tonne basis, the Company's operating cost dropped 11 percent year-on-year, and has consistently fallen by an average of 3 percent quarterly for the past five quarters, from P844 per tonne in 1Q2015 to P755 per tonne in 1Q2016.

These campaigns enabled the Company to significantly improve its margins, with operating margin rising to 24 percent (1Q2015: 14 percent) and net income margin climbing to 19 percent (1Q2015: 14 percent).

### **Debt Repayment**

The Company also continued to deleverage its balance sheet as it repaid US\$5 million out of its outstanding debt in the first four months of the year, which further brought down the Parent Company's total debt to US\$65.5 million as of end-April.

### **Intensified Exploration**

The encouraging results from the Bumolo project increased confidence on further extending Padcal's mine life beyond 2022 and, as such, activities will be advanced to the succeeding stages to reinforce the initial findings. In general, exploration activities around Padcal will be intensified to identify new ore bodies, augment existing resources and extend the mine's life anew.

### **Outlook**

"Our performance early in the year illustrates the operational and financial impact of the productivity enhancement programs implemented the previous years. We believe that these measures will drive our profitability higher in the years ahead, especially against the backdrop of a much improved pricing environment. On a larger scale, the strategic direction we are pursuing with respect to our most valuable assets to date, from the exploration of Padcal and its vicinity to the ongoing progress with the Silangan project, will be critical in the Company's long-term value-creation program," Philex President and CEO Eulalio B. Austin, Jr. said.

"For our other less core tenements, we are likewise exploring the most appropriate business model, be it in the form of partnership, joint-venture, or farm-in/farm-out agreement, that will generate the best value," Austin added.

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**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015**  
(Amounts in Thousands, except Earnings Per Share)

	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>		
Gold	1,427,229	1,423,215
Copper	945,738	912,408
Silver	16,773	19,374
Petroleum & others	23,125	37,616
	<u>2,412,865</u>	<u>2,392,613</u>
Less: Smelting charges	210,715	199,511
	<u><b>2,202,150</b></u>	<u><b>2,193,102</b></u>
<b>COSTS AND EXPENSES</b>		
Mining and milling costs (including depletion and depreciation)	1,423,798	1,542,387
General and administrative expenses	110,446	188,542
Excise taxes and royalties	105,988	113,723
Petroleum and other production costs	19,007	23,795
Handling, hauling and storage	14,496	18,671
	<u><b>1,673,735</b></u>	<u><b>1,887,118</b></u>
<b>INCOME FROM OPERATIONS</b>	<u><b>528,415</b></u>	<u><b>305,984</b></u>
<b>OTHER INCOME (CHARGES)</b>		
Foreign exchange gain - net	50,184	13,296
Interest income	1,756	3,305
Gain on disposal of available for sale (AFS) financial assets	-	107,088
Interest expense	-	(18,691)
Others - net	31,793	4,919
	<u><b>83,733</b></u>	<u><b>109,917</b></u>
<b>INCOME BEFORE INCOME TAX</b>	<u><b>612,148</b></u>	<u><b>415,901</b></u>
PROVISION FOR INCOME TAX	(191,703)	(110,583)
<b>NET INCOME</b>	<u><u><b>420,445</b></u></u>	<u><u><b>305,318</b></u></u>
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Equity holders of the Parent Company	426,435	328,542
Non-controlling interests	(5,990)	(23,224)
	<u><u><b>420,445</b></u></u>	<u><u><b>305,318</b></u></u>
<b>CORE NET INCOME</b>	<u><u><b>388,898</b></u></u>	<u><u><b>214,479</b></u></u>
<b>BASIC EARNINGS PER SHARE</b>	<u><u><b>0.0863</b></u></u>	<u><u><b>0.0665</b></u></u>
<b>DILUTED EARNINGS PER SHARE</b>	<u><u><b>0.0863</b></u></u>	<u><u><b>0.0665</b></u></u>

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

(Amounts in Thousands, except Par Value per Share)

	March 31 2016 (Unaudited)	December 31 2015 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	879,343	1,008,686
Accounts receivable	711,958	897,479
Inventories	2,190,425	1,886,544
Other current assets	1,487,469	1,478,748
<b>Total Current Assets</b>	<b>5,269,195</b>	<b>5,271,457</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment	6,760,416	6,828,052
AFS financial assets	106,687	106,687
Investment in an associate	653,408	659,408
Goodwill	1,238,583	1,238,583
Deferred income tax assets - net	5,992	5,992
Deferred exploration costs and other noncurrent assets	29,808,011	29,438,845
<b>Total Noncurrent Assets</b>	<b>38,573,097</b>	<b>38,277,567</b>
<b>TOTAL ASSETS</b>	<b>P 43,842,292</b>	<b>P 43,549,024</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Loans payable	3,109,545	3,317,730
Accounts payable and accrued liabilities	1,324,713	1,448,445
Income tax payable	107,002	13,014
Dividends payable	479,385	479,652
Provisions and subscriptions payable	436,019	456,043
Derivative liability	10,438	-
<b>Total Current Liabilities</b>	<b>5,467,102</b>	<b>5,714,884</b>
<b>Noncurrent Liabilities</b>		
Loans and bonds payable	6,329,223	6,259,063
Deferred income tax liabilities - net	4,017,438	3,939,160
Pension obligation	21,968	21,968
Provision for losses and mine rehabilitation costs	328,582	330,047
<b>Total Noncurrent Liabilities</b>	<b>10,697,211</b>	<b>10,550,238</b>
<b>Total Liabilities</b>	<b>16,164,313</b>	<b>16,265,122</b>
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital Stock - Peso 1 par value	4,940,399	4,940,399
Additional paid-in capital	1,143,448	1,142,722
Retained Earnings		
Unappropriated	5,922,706	5,496,271
Appropriated	10,000,000	10,000,000
Net unrealized loss on AFS financial assets	(1,022)	(1,022)
Equity conversion option	1,225,518	1,225,518
Cumulative translation adjustments	97,240	124,334
Net revaluation surplus	1,611,397	1,611,397
Effect of transactions with non-controlling interests	23,164	23,164
	24,962,850	24,562,783
Non-controlling Interests	2,715,129	2,721,119
<b>Total Equity</b>	<b>27,677,979</b>	<b>27,283,902</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>P 43,842,292</b>	<b>P 43,549,024</b>