



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

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

## Press Release

**Wednesday, 2 August 2017**

**Philex's social development, environmental stewardship, and  
fiscal contributions amounted to P884M in 1H2017  
compared with P719M in 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 a Philippine-listed company engaged in the exploration and mining of mineral resources and, through a listed investment PXP Energy Corporation (PSE: PXP), in energy and hydrocarbon businesses.

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 additional 15.0% and 7.7% economic interests in Philex and PXP Energy Corporation, respectively.*

\* \* \*

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August 2, 2017

**PHILEX'S SOCIAL DEVELOPMENT, ENVIRONMENTAL STEWARDSHIP, AND  
FISCAL CONTRIBUTIONS AMOUNTED TO P884M IN 1H2017  
COMPARED WITH P719M IN NET INCOME**

**HIGHLIGHTS**

- CORE NET INCOME AT P748 MILLION (1H2016 P774 MILLION)
- NET INCOME AT P719 MILLION (1H2016 P757 MILLION)
- 1H2017 EDITDA AT P1.821 BILLION (1H2016 P1.697 BILLION)
- TOTAL TAXES AND FEES PAID TO NATIONAL AND LOCAL GOVERNMENT AT P672 MILLION
- ENVIRONMENTAL-RELATED EXPENSES AT P167 MILLION
- SOCIAL SERVICES COSTS AT P45 MILLION
- US\$8.0 MILLION DEBT REPAYED IN FIRST SIX MONTHS; PARENT'S SHORT-TERM DEBT DOWN TO US\$54.0 MILLION

Manila, Philippines – The Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “PX”) today announced Core Net Income of P748 million (1H2016: 774 million) and Net Income of P719 million (1H2016: P757 million) for the first six months of the year. Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to P1.821 billion, 7 percent higher than the EBITDA for the same period last year at P1.697 billion.

**Production and revenue**

Padcal mine milled 4.138 million tonnes of ore in 1H2017 compared with 4.704 million tonnes in 1H2016 mainly due to low mine delivery, brought about by equipment availability issues, limited capacities of ore passes at lower mining levels affecting operational flexibility, and bouldery ore in newly commissioned draw points, affecting the ore extraction and transport processes.

Consolidated revenues amounted to P4.756 billion (1H2016: P4.788 billion), due largely to lower metal production that negated the impact of improved copper prices and favorable exchange rates.

Revenue from copper reached P2.007 billion (1H2016: P1.795 billion) as higher average realized copper prices at US\$2.65 per pound (1H2016: P2.14 per pound) offset lower copper production of 14.992 million pounds (1H2016: 17.341 million pounds).

On the other hand, gold revenue totaled P2.710 billion (1H2016: P2.955 million) as production reached 43,251 ounces (1H2016: 49,589 ounces) and realized gold prices averaged at US\$1,258 per ounce (1H2016: US\$1,263 per ounce).

Revenues from silver rose to P38.9 million (1H2016: P37.3 million) as average realized price also went up to US\$17.6 per ounce (1H2016: US\$16.6 per ounce).

**Cost and expenses**

The Company continued to manage its General and Administrative Expenses (G&A) effectively, resulting in a 7 percent reduction in G&A to P173.8 million (1H2016: P186.7 million). Cash

production costs likewise declined to P2.175 billion (1H2016: P2.266 billion) due to a decrease in the cost of power and contracted works.

Depletion, depreciation and amortization however increased to P737.0 million from P584.6 million due to the higher amortization of newly commissioned draw points and resulted in higher consolidated costs and expenses of P3.294 billion (1H2016: P3.253 billion).

During the period, the Company incurred Net Other Charges of P34.1 million (1H2016: P25.8 million net other income) due principally to the impact of the peso depreciation on the Company's dollar-denominated loans.

The Company also sustained its deleveraging strategy and retired US\$8 million (₱400.4 million) out of its outstanding short-term bank debt in the first six months of 2017, which reduced the Parent Company's total short-term debt to US\$54.0 million (₱2.725 billion) as of end-June this year.

### **Fiscal and corporate social responsibility**

In terms of support to nation-building and corporate social responsibility, the Company and its subsidiaries contributed P884 million during the period, in the form of taxes and other fees to the national and local governments as well as for social development and environmental management initiatives.

In particular, taxes paid/due to the national and local governments reached P479 million while various fees and withholding taxes amounted P193 million.

In addition, P167 million was spent for reforestation activities as well for the reinforcement and strengthening of existing pollution-control devices to ensure the safe quality of air and water resources at all times and to maintain proper waste management inside the camp and around the surrounding areas.

The Company also spent P45 million during the period for the provision of health services, educational assistance, livelihood opportunities, and critical social and economic infrastructure to maintain the physical, mental and overall well-being of residents within the host and neighboring communities.

### **Outlook**

Outside of operations, the Company is further intensifying its adherence to global mining standards. "In fact, we have tapped Australian and Canadian counsel to assist us in our efforts to align further with these countries' mining, safety, and environmental standards. In addition, we are also spearheading efforts for the possibility of Canada's Towards Sustainable Mining or TSM initiative being adopted by the local industry while continuing to be ISO 14001 (Environment Management System) and OSHAS 18001 (Occupational Health and Safety Standard) certified. This is in addition to the tailings storage facility designed by global experts and developed under international standards and the Definitive Feasibility Study (DFS) of the Silangan Project currently being finalized by our consultants from Australia," said Eulalio B. Austin, Jr., Philex Mining Corporation President and CEO.

PHILEX MINING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016  
(Amounts in Peso Thousands, except Earnings Per Share)

	<u>2017</u>	<u>2016</u>
<b>REVENUE</b>		
Gold	2,709,854	2,954,725
Copper	2,006,787	1,795,447
Silver	38,948	37,328
	<u>4,755,589</u>	<u>4,787,500</u>
Less: Smelting charges	400,080	418,636
	<u>4,355,509</u>	<u>4,368,864</u>
<b>COSTS AND EXPENSES</b>		
Production costs	2,175,251	2,266,448
Depreciation, depletion and amortization	737,009	584,589
General and administrative expenses	173,847	186,685
Excise taxes and royalties	207,745	215,472
	<u>3,293,852</u>	<u>3,253,194</u>
<b>INCOME FROM OPERATIONS</b>	<u>1,061,657</u>	<u>1,115,670</u>
<b>OTHER INCOME(CHARGES)</b>		
Foreign exchange gains (losses) - net	(54,457)	6,382
Interest income	920	1,234
Share in net losses of associates	(9,457)	(18,000)
Gain on sale of available-for-sale financial assets	9,075	-
Others - net	19,819	36,179
	<u>(34,100)</u>	<u>25,795</u>
<b>INCOME BEFORE INCOME TAX</b>	<u>1,027,557</u>	<u>1,141,465</u>
<b>PROVISION FOR INCOME TAX</b>		
Current	301,011	284,603
Deferred	7,952	70,815
	<u>308,963</u>	<u>355,418</u>
	<u>718,594</u>	<u>786,047</u>
<b>LOSS ON DECONSOLIDATED SUBSIDIARY GROUP, NET OF TAX</b>	-	(29,102)
<b>NET INCOME</b>	<u>718,594</u>	<u>756,945</u>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO:</b>		
Equity Holders of the Parent Company	718,594	778,603
Non-controlling interests	-	(21,658)
	<u>718,594</u>	<u>756,945</u>
<b>CORE NET INCOME</b>	<u>747,639</u>	<u>774,016</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>0.1455</u>	<u>0.1576</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>0.1455</u>	<u>0.1576</u>
<b>CORE NET INCOME PER SHARE</b>	<u>0.1513</u>	<u>0.1567</u>

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

	June 30 2017 (UNAUDITED)	December 31 2016 (AUDITED)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	461,315	457,937
Accounts receivable	442,357	486,497
Inventories	2,048,478	2,318,850
Advances to a related party	2,168,834	2,193,829
Other current assets	1,436,844	1,437,752
<b>Total Current Assets</b>	<b>6,557,828</b>	<b>6,894,865</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment	6,666,599	6,735,578
Deferred exploration costs and other noncurrent assets	23,775,314	23,158,325
Available-for-sale (AFS) financial assets	79,526	104,615
Investment in associates	1,446,419	1,455,876
Pension asset - net	298,761	312,570
<b>Total Noncurrent Assets</b>	<b>32,266,619</b>	<b>31,766,964</b>
<b>TOTAL ASSETS</b>	<b>38,824,447</b>	<b>38,661,829</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Loans payable	2,725,300	3,082,640
Accounts payable and accrued liabilities	1,639,128	1,832,661
Income tax payable	136,191	164,265
Dividends payable	554,250	498,129
<b>Total Current Liabilities</b>	<b>5,054,949</b>	<b>5,577,695</b>
<b>Noncurrent Liabilities</b>		
Deferred income tax liabilities - net	2,953,095	2,957,896
Loans and bonds payable	6,755,604	6,592,854
Provision for losses and mine rehabilitation costs	135,879	134,124
<b>Total Noncurrent Liabilities</b>	<b>9,844,578</b>	<b>9,684,874</b>
<b>Total Liabilities</b>	<b>14,899,527</b>	<b>15,262,569</b>
<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	4,463,413	4,442,436
Appropriated	10,500,000	10,000,000
Net unrealized gain (loss) on AFS financial assets	1,589	(3,094)
Equity conversion option	1,225,518	1,225,518
Net revaluation surplus	1,572,385	1,572,385
Effect of transactions with non-controlling interests	77,892	77,892
	23,925,177	23,399,517
Non-controlling Interests	(257)	(257)
<b>Total equity</b>	<b>23,924,920</b>	<b>23,399,260</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>38,824,447</b>	<b>38,661,829</b>