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**FIRST PACIFIC COMPANY LIMITED**

**第一太平**

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

Website: <http://www.firstpacific.com>

**(Stock Code: 00142)**

**OVERSEAS REGULATORY ANNOUNCEMENT**

*(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)*

**Please refer to the attached disclosure filed by Philex Mining Corporation (“Philex”) with the Philippine Stock Exchange, in relation to Philex’s press release on its results of operations for the six months ended 30 June 2011.**

**Dated this the 27<sup>th</sup> day of July, 2011**

As at the date of this announcement, the Board of Directors of First Pacific Company Limited comprises of the following Directors:

Anthoni Salim, *Chairman*

Manuel V. Pangilinan, *Managing Director and CEO*

Edward A. Tortorici

Robert C. Nicholson

Graham L. Pickles\*

Prof. Edward K.Y. Chen\*, *GBS, CBE, JP*

Tedy Djuhar

Ibrahim Risjad

Benny S. Santoso

Napoleon L. Nazareno

Jun Tang\*

Dr. Christine K.W. Loh\*, *JP, OBE,  
Chevalier de l’Ordre National du Merite*

\* *Independent Non-executive Directors*



**1H2011 CORE NET INCOME AT P2.84 BILLION**  
**1H2011 REPORTED NET INCOME AT P3.22 BILLION**  
**STRONG METAL PRICES, HIGHER PRODUCTION GENERATE**  
**RECORD EARNINGS**  
**RESULTS RECORD HIGH FOR PHILEX FOR THE PERIOD**

Highlights

- Core Net Income at P2.84 billion and Reported Net Income of P3.22 billion - the highest first six months earnings in Philex history.
- Revenues up 68% to P8.15 billion, also the highest first half revenue to date, from P4.86 billion a year ago.
- Income from operations at P4.29 billion highest first half operating income, more than twice the income of P1.44 billion last year.
- Core EBITDA up 148% to P4.5 billion versus P1.8 billion a year ago.
- Strong metal prices, metal output and oil revenues generated record earnings.
- Average realized prices at \$1,398 per ounce gold and \$4.09 per pound copper versus \$1,054 per ounce and \$3.04 per pound in previous year.
- Tonnage milled up 7% to 4.66 million tonnes from 4.36 million tonnes.
- Extraordinary gain of P 523.7 million realized from a change in accounting treatment of investment in an affiliate company.
- Core earnings per share at 58 centavos for the period versus 20 centavos a year earlier. Reported earnings per share at 65 centavos versus 20 centavos.
- Interim dividend at 14 centavos per share, representing a payout ratio of 25% of Core Net Income for the first half period of this year. Record date is August 10, 2011, while payment date is August 31, 2011.

MANILA, Philippines, July 27, 2011 -- Philex Mining Corporation (PSE: PX) (the "Company" or "Philex") today reported that it posted historic high earnings for the first half of 2011 at P2.84 billion Core Net Income and P3.22 billion Reported Net Income.

This year's Consolidated Core Net Income for the period is higher by 188% than the Core Net Income of P983.9 million in 2010. Consolidated Reported Net Income is higher by 233% than that of P965.0 million last year.

In per share terms, Core Net Income stood at 58 centavos this first half compared with 20 centavos a year ago. Reported Net Income amounted to 65 centavos versus 20 centavos in the same period of 2010.

Consolidated revenue also posted the highest level ever for the period at P8.15 billion, higher by 68% than the revenue of P4.86 billion a year ago. Gold revenue, contributing 54% of total, amounted to P4.40 billion, a rise of 79% from the revenue of P2.46 billion from gold in 2010. Copper likewise increased by 49% to P3.32 billion in 2011 from P2.23 billion last year and contributed 41% of this year's revenue. Revenues from silver and petroleum together reported a 149% increase, equivalent to P430.6 million this year from P172.6 million last year. Consolidated revenue for the 2<sup>nd</sup> quarter this year is the second highest to date at P4.29 billion, an improvement of 77% over the revenue of P2.43 billion in the second quarter of 2010.

Strong prices and metal output combined to generate the record performance for this semester, with realized price for gold averaging \$1,398 per ounce and copper at \$4.09 per pound, compared with \$1,054 per ounce gold and \$3.04 per pound copper last year (net of amortization of hedging costs deducted from the prices applicable for the respective period, which amounted to \$47 per ounce of gold and \$0.11 per pound of copper in 2011, and \$88 per ounce and \$0.14 per pound in 2010).

From better ore grades and higher tonnage milled, metal production rose to 72,784 ounces of gold and 18.7 million pounds of copper this year, up 42% and 16%, respectively, from the 51,122 ounces and 16.1 million pounds produced in the first half of 2010. Gold grade was at 0.591 grams per tonne while copper stood at 0.221%, from the 4.7 million tonnes of ore milled this year. A year ago, ore grade averaged 0.476 grams per tonne gold and 0.208% copper from the ore milled of 4.4 million tonnes.

“We are gratified by the very favourable metal prices and the good production performance of our Padcal mine,” said Jose Ernesto C. Villaluna, Jr., President and Chief Operating Officer of Philex. “These factors helped generate record levels of earnings and cash flows thus far this year.”

Total costs and expenses rose by 11% to P3.45 billion in the first half, from P3.11 billion last year, mainly as a result of the higher production volume from the Padcal mine. In terms of operating cost per tonne of ore milled, however, the increase was only

at 6% to P724 per tonne this year from P685 per tonne last year. The higher volume milled this period effectively lowered unit production cost. Expressed in per ounce of gold produced and after deducting revenues from copper and silver as by-product credits, operating cost was a negative \$13 per ounce in 2011, compared with \$299 per ounce in 2010. Income from operations of P4.29 billion this year is the highest thus far for the first six months period, and is more than twice that of last year's P1.44 billion.

An extraordinary gain of P523.7 million was recorded this year from the restatement of the Company's investment in Pitkin Petroleum Plc to fair value after the accounting treatment was changed to that of an Available-for-Sale Financial Asset from Investment in an Associate when the Company's holdings in Pitkin was diluted from 21% to 18.46%.

Revenue from petroleum, principally from Forum Energy Plc., a 64.45%-controlled subsidiary through wholly-owned Philex Petroleum Corporation, amounted to P328.9 million, higher by 183% from the revenue of P116.1 million a year ago. Petroleum contributed net earnings of P98.8 million to the Company's consolidated profit this year, compared to a loss of P54.6 million in 2010.

## **Outlook**

“Aside from its record first half operating performance, the Company has also accomplished other significant milestones during this period,” said Mr. Manuel V Pangilinan, Chairman and Chief Executive Officer of the Company.

The acquisition of a five per cent (5%) equity in Lepanto Consolidated Mining Company would provide Philex with an avenue to participate in the Far Southeast Gold Project of Lepanto as an investment opportunity for growth and enhancement of shareholder value for Philex.

The agreement with Manila Mining Corporation where Philex acquired an initial five per cent (5%) for an eventual sixty per cent (60%) equity in Kalayaan Copper Gold Resources Inc, in joint venture with Manila Mining over the Kalayaan Project, could bring additional resource to the 393 million tonnes resource of the Silangan Project, which by itself already contains metals in the ground having a theoretical value of more than \$33.5 billion at today's prices.

The recent approval by the SEC of the property component of the dividend declared by the Board of Directors in May 2011 should lead to the eventual listing of

Philex Petroleum Corporation after the dividend comprising its shares as well as cash are eventually approved for registration and listing by the SEC and the PSE. With this listing, the value of Philex Petroleum's oil and coal assets should be more visible to the investors' view.

“With the expectation that metal prices will remain strong and the Padcal mine achieving its production goals in the second half, we are anticipating that the Company's whole year results could again be setting new record levels. In the medium term, we will continue to advance the Silangan Project and, in due course, the Kalayaan Project, to put them into commercial operation at the earliest possible time,” Mr. Pangilinan concluded.

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Philex's first half financial statements are unaudited.

**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, except Per Share Data)

	<b>Six Months Ended June 30,</b>		
	<b>2011</b>	<b>2010</b>	<b>% Variance</b>
<b>REVENUE</b>			
Gold	P 4,400,996	P 2,456,849	79
Copper	3,318,417	2,230,652	49
Silver	100,445	42,457	137
	7,819,858	4,729,958	65
Less: Marketing charges	409,657	309,856	32
	7,410,201	4,420,102	68
Petroleum	328,866	116,102	183
Coal	1,288	14,071	(91)
	<b>7,740,355</b>	<b>4,550,275</b>	<b>70</b>
<b>COSTS AND EXPENSES</b>			
Mining and milling costs ( including depletion and depreciation)	2,504,198	2,404,664	4
Mine products taxes & royalties	425,518	247,893	72
General and administrative expenses	369,968	347,609	6
Petroleum production costs	123,169	75,483	63
Handling, hauling and storage	30,486	23,428	30
Cost of coal sales	1,208	6,215	-
	3,454,547	3,105,292	11
<b>INCOME FROM OPERATIONS</b>	<b>4,285,808</b>	<b>1,444,983</b>	<b>197</b>
<b>OTHER INCOME(CHARGES) - Net</b>			
Interest - net	8,688	8,860	(2)
Foreign exchange gains (losses)	(54,022)	(13,800)	291
Gain on dilution of investment	523,710	-	-
Others - net	(305,728)	(68,925)	344
	<b>172,648</b>	<b>(73,865)</b>	<b>(334)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>4,458,456</b>	<b>1,371,118</b>	<b>225</b>
PROVISION FOR INCOME TAX	(1,239,456)	(406,093)	205
<b>NET INCOME</b>	<b>P 3,219,000</b>	<b>P 965,025</b>	<b>234</b>
<b>CORE NET INCOME</b>	<b>P 2,835,630</b>	<b>P 983,858</b>	<b>188</b>
<b>CORE EBITDA</b>	<b>P 4,537,036</b>	<b>P 1,830,765</b>	<b>148</b>
<b>BASIC EARNINGS PER SHARE</b>	<b>P 0.6466</b>	<b>P 0.1984</b>	<b>226</b>
<b>DILUTED EARNINGS PER SHARE</b>	<b>P 0.6459</b>	<b>P 0.1980</b>	<b>226</b>
<b>CORE EBITDA PER SHARE</b>	<b>P 0.9213</b>	<b>P 0.3728</b>	<b>147</b>

**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Amounts in Thousands, except Par Value Per Share)

	June 30 2011 (UNAUDITED)	December 31 2010 (AUDITED)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5,043,813	3,782,248
Accounts receivable - net	866,002	2,180,432
Inventories - net	2,150,901	1,093,636
Derivative asset	33,889	-
Other current assets -net	748,850	694,625
<b>Total Current Assets</b>	<b>8,843,455</b>	<b>7,750,941</b>
<b>Noncurrent Assets</b>		
Property, Plant and Equipment - net	5,225,616	5,095,029
Available-for-sale (AFS) financial assets	5,142,513	886,737
Investments in shares of stock	3,088	833,355
Goodwill	258,593	258,593
Deferred exploration costs and other noncurrent assets - net	11,248,202	10,828,065
<b>Total Noncurrent Assets</b>	<b>21,878,012</b>	<b>17,901,779</b>
<b>TOTAL ASSETS</b>	<b>P 30,721,467</b>	<b>P 25,652,720</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term bank loans	2,731,005	150,000
Accounts payable and accrued liabilities	919,770	968,506
Income tax payable	657,157	856,954
Dividends payable	526,139	207,875
Provisions and subscriptions payables	112,439	128,335
<b>Total Current Liabilities</b>	<b>4,946,510</b>	<b>2,311,670</b>
<b>Noncurrent Liabilities</b>		
Provision for mine rehabilitation costs	32,998	31,709
Provision for losses	435,276	538,141
Deferred income tax liabilities - net	2,190,289	2,013,230
<b>Total Noncurrent Liabilities</b>	<b>2,658,563</b>	<b>2,583,080</b>
<b>Total Liabilities</b>	<b>7,605,073</b>	<b>4,894,750</b>
<b>Equity</b>		
Capital Stock - P1 par value	4,927,068	4,922,131
Additional paid-in capital	862,100	812,378
Retained Earnings	14,856,827	12,716,722
Net unrealized gain on AFS financial assets	606,780	419,404
Cumulative translation adjustments	(107,356)	(66,174)
Net revaluation surplus	1,611,397	1,611,397
Effect of transaction with non-controlling interests	106,027	106,027
	22,862,843	20,521,885
Non-controlling Interests	253,551	236,085
<b>Total equity</b>	<b>23,116,394</b>	<b>20,757,970</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>P 30,721,467</b>	<b>P 25,652,720</b>