



FIRST PACIFIC COMPANY LIMITED
第一太平有限公司

Press Release

Wednesday, 26 February 2014

**Philex Full Year 2013 Operation and Financial Results
With Comparatives For 2012**

The attached press release was released today in Manila by Philex Mining Corporation (“Philex”), in which First Pacific Group holds an economic interest of approximately 31.2%*.

Philex is a Philippine-listed company engaged in exploration and mining of mineral resources and, through a listed subsidiary Philex Petroleum Corporation, 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 interest in Philex.*

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PHILEX MINING CORPORATION

PRESS RELEASE

Full Year 2013 OPERATING AND FINANCIAL RESULTS WITH COMPARATIVES FOR 2012

HIGHLIGHTS

- CORE NET INCOME FOR 2013 AT P1.508 BILLION VS P1.689 BILLION FOR 2012
- REPORTED NET INCOME AT P312.4 MILLION, A TURN-AROUND FROM FY2012 LOSS
- GOLD PRODUCTION INCREASED 40%, COPPER UP 46%
- OPERATING REVENUES UP 15% TO P10.462 BILLION
- EARNINGS PER SHARE GREW 64% TO 6.9 CENTAVOS
- CASH DIVIDENDS OF 5.0 CENTAVOS PER SHARE

Manila, Philippines – The Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “PX”) today announced that its audited financial statements for the year ended 31st December 2013, showed Core Net Income of P1.508 billion compared with P1.689 billion in 2012 – reflecting higher metal production offset by lower metal prices. Reported Net Income for the year stood at P312.4 million, reversing the P310.8 million loss in 2012. The return to profitability came after the resumption of operations at the Padcal Mine in Benguet Province.

Padcal operated for almost ten (10) months in 2013 compared with seven (7) months of operation in 2012. As a result, higher operating days at the mine enabled the Company to produce bigger volumes of metal. However, this was partially offset by lower realized prices of metal in the world market. For reference, gold spot prices shed 32% in 2013 after a 12-year bull run. Nonetheless, consolidated revenues improved 15 percent to P10.462 billion from P9.137 billion in 2012 because of improved metals production.

Metal Production

Gold produced in 2013 increased 40 percent to 99,802 ounces, which delivered 13 percent higher revenues to P5.582 billion despite the 21 percent drop in realized gold price to USD1,297 per ounce. Similarly, copper production rose 46 percent last year to 32,495,443 pounds and contributed P4.580 billion in revenues amid lower realized prices for copper at USD3.27 per pound. On the other hand, revenues from silver, coal, petroleum and others, which comprised the remaining 3 percent of total revenues, were slightly lower at P300.4 million from P325.6 million in 2012.

Operating Costs and Other Charges

However, consolidated operating costs and expenses jumped 42 percent in 2013 to P7.480 billion, associated primarily with higher operating days and amortization for remediation and rehabilitation costs.

Other charges, on the other hand, declined to P1.247 billion in 2013 from P3.192 billion the previous year as a result of lower provisions. Major provisions in 2013 were made for the impairment loss on available for sale (AFS) financial assets related to the Company’s investments in listed mining shares.



PHILEX MINING CORPORATION

Net Income and Dividends

Net income attributable to the equity holders of the Company in 2013 amounted to P341.9 million, 64 percent higher versus P208.7 million the previous year. Similarly, Earnings Per Share amounted to 6.9 centavos from 4.2 centavos in 2012.

With the Company's return to profitability, the Board of Directors also approved the declaration of cash dividends amounting to 5.0 centavos per share to shareholders of record as of March 12, 2014, payable on March 26, 2014.

Silangan Project: Progressing

Meanwhile, mine development for the Silangan Project in Surigao del Norte made some progress, after endorsements from its host local government units were procured, and environmental compliance certificates (ECC) secured last year. Metallurgical studies are advancing to determine the optimal processes for higher metal recovery. Further and more detailed hydrogeological studies have also been undertaken alongside the continuing progress in driving the mine decline.

Located in Northern Mindanao in the Philippines, the Silangan Project combines the development of the Boyongan and Bayugo deposits, through Silangan Mindanao Mining Co Inc ("SMMCI"), a wholly owned subsidiary of Philex Mining.

SMMCI President and Chief Operating Officer Yulo E Perez disclosed that the SMMCI is currently prioritizing the completion of its Pre-Feasibility Study (PFS) by mid-2014.

Outlook

"This year's achievements are quite remarkable, especially when taken in the context of the current very challenging business environment—particularly the general attitude towards mining," Philex Mining President and Chief Executive Officer (CEO) Eulalio B Austin, Jr said. "We are pleased to fulfill our commitment to the rehabilitation of TSF3 and are grateful for the confidence of our shareholders, employees and other stakeholders who have stayed with us on our path to recovery. The Company continues to eye strategic growth and expansion in the medium term by optimizing production from existing assets, exploring possible partnerships on exploration projects and pursuing value-adding acquisitions to boost aggregate output as well as financial and operating performance," Engineer Austin concluded. (ENDS)

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (AUDITED)

(Amounts in Peso Thousands, except Par Value Per Share)

	December 31 2013	December 31 2012 (As Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	4,080,512	1,669,542
Accounts receivable	295,451	207,749
Inventories	2,668,274	1,314,851
Prepaid income tax	-	166,467
Other current assets	1,343,245	997,340
Total Current Assets	8,387,482	4,355,949
Noncurrent Assets		
Property, plant and equipment - net	6,880,096	6,035,174
Available-for-sale (AFS) financial assets	975,380	3,990,761
Goodwill	1,208,020	258,593
Deferred income tax assets - net	11,818	-
Deferred exploration costs and other noncurrent assets	22,427,186	14,631,528
Total Noncurrent Assets	31,502,500	24,916,056
TOTAL ASSETS	39,889,982	29,272,005
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loans payable - current	6,176,369	1,450,000
Accounts payable and accrued liabilities	2,321,301	1,095,550
Income tax payable	11,519	-
Dividends payable	460,650	483,257
Provisions and subscriptions payable	805,108	1,589,578
Total Current Liabilities	9,774,947	4,618,385
Noncurrent Liabilities		
Deferred income tax liabilities - net	3,916,378	2,327,129
Loans payable - net of current portion	55,014	-
Pension obligation	21,598	44,966
Provision for losses	183,973	171,631
Provision for mine rehabilitation costs	20,818	18,892
Total Noncurrent Liabilities	4,197,781	2,562,618
Total Liabilities	13,972,728	7,181,003
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock - P1 par value	4,936,996	4,933,027
Additional paid-in capital	1,058,497	963,867
Retained Earnings	14,128,826	13,578,086
Net unrealized gain on AFS financial assets	4,689	601,055
Cumulative translation adjustments	25,116	(41,785)
Net revaluation surplus	1,611,397	1,611,397
Effect of transactions with non-controlling interests	45,099	45,099
	21,810,620	21,690,746
Non-controlling Interests	4,106,634	400,256
Total Equity	25,917,254	22,091,002
TOTAL LIABILITIES & EQUITY	39,889,982	29,272,005

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (AUDITED)
FOR THE YEAR ENDED DECEMBER 31

(Amounts in Peso Thousands, except Earnings Per Share)

	2013	2012 (As restated)
REVENUE		
Gold	5,581,587	4,946,041
Copper	4,579,757	3,865,704
Silver	82,063	79,571
	<u>10,243,407</u>	<u>8,891,316</u>
Less: Marketing charges	659,536	439,771
	<u>9,583,871</u>	<u>8,451,545</u>
Petroleum	191,243	191,003
Coal	17,530	48,030
Others	9,612	7,011
	<u>9,802,256</u>	<u>8,697,589</u>
COSTS AND EXPENSES		
Mining and milling costs (including depletion and depreciation)	5,457,881	3,473,183
General and administrative expenses	1,311,059	1,148,291
Mine products taxes and royalties	536,522	454,858
Petroleum production costs	87,895	98,245
Handling, hauling and storage	69,003	59,339
Cost of coal sales	17,770	35,238
	<u>7,480,130</u>	<u>5,269,154</u>
INCOME FROM OPERATIONS	<u>2,322,126</u>	<u>3,428,435</u>
OTHER INCOME(CHARGES)		
Insurance proceeds	1,017,125	-
Gain on sale of subsidiaries	246,597	-
Reversal of impairment of inventories	62,682	-
Gain on sale of PERC shares	26,867	-
Interest income	26,060	58,201
Marked to market gains	-	307,928
Provision for rehabilitation and other costs	(161,400)	(1,446,859)
Foreign exchange losses	(173,972)	(164,716)
Impairment loss on deferred exploration costs and others	(297,585)	(1,023,376)
Interest expense	(416,360)	(44,355)
Padcal maintenance costs during suspension of operations	(439,590)	(912,107)
Impairment on AFS financial assets	(1,006,508)	-
Others - net	(130,990)	33,599
	<u>(1,247,074)</u>	<u>(3,191,685)</u>
INCOME BEFORE INCOME TAX	<u>1,075,052</u>	<u>236,750</u>
PROVISION FOR INCOME TAX	(762,657)	(547,589)
NET INCOME (LOSS)	<u>312,395</u>	<u>(310,839)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Equity Holders of the Parent Company	341,932	208,733
Non-controlling interests	(29,537)	(519,572)
	<u>312,395</u>	<u>(310,839)</u>
BASIC EARNINGS PER SHARE	<u>0.069</u>	<u>0.042</u>
DILUTED EARNINGS PER SHARE	<u>0.069</u>	<u>0.042</u>