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FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

OVERSEAS REGULATORY ANNOUNCEMENT

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 audited financial statements for the year ended 31 December 2017.

Dated this the 27th day of February, 2018

As at the date of this announcement, the board of directors of First Pacific Company Limited comprises the following directors:

Executive Directors:

Manuel V. Pangilinan, *Managing Director and CEO*

Robert C. Nicholson

Christopher H. Young

Non-executive Directors:

Anthoni Salim, *Chairman*

Benny S. Santoso

Tedy Djuhar

Ambassador Albert F. del Rosario

Independent Non-executive Directors:

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

Margaret Leung Ko May Yee, *SBS, JP*

Philip Fan Yan Hok

Madeleine Lee Suh Shin



PRESS RELEASE

FY2017 NET INCOME 6% HIGHER AT P1.658 B

HIGHLIGHTS

- FY2017 CORE NET INCOME AT P1.686 BILLION (FY2016: P1.657 BILLION)
- REPORTED NET INCOME AT P1.658 BILLION (FY2016: P1.567 BILLION)
- CONSOLIDATED REVENUES AT P9.985 BILLION (FY2016: P10.272 BILLION)
- TONNAGE IN LAST FOUR MONTHS 15 PERCENT HIGHER THAN FIRST EIGHT MONTHS' AVERAGE
- CONSOLIDATED COSTS AND EXPENSES AT P6.778 BILLION (FY2016: P6.900 BILLION)
- DECLARATION OF P0.04/SHARE CASH DIVIDEND, 2017 DIVIDEND AT P0.08/SHARE (FY2016: P0.07/SHARE)
- PARENT COMPANY DEBT REPAYMENT TOTALLED US\$13 MILLION; TOTAL SHORT-TERM BANK LOANS DOWN TO US\$49 MILLION
- CONTRIBUTED P1.561 BILLION IN TAXES, ROYALTIES, SOCIAL DEVELOPMENT MANAGEMENT PROGRAM, AND OTHER FEES

Manila, Philippines – The Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “PX”) today announced that the Company generated a Core Net Income of P1.686 billion and a Reported Net Income of P1.658 billion in 2017, both exceeding previous year’s levels.

Production and revenues

2017 metal output was affected by bouldery ore, lower ore grades and other production-related issues as tonnage reached 8.673 million tonnes (2016: 9.359 million tonnes). The ore grades were at 0.377 g/t (2016: 0.417 g/t) for gold and 0.192% (2016: 0.206%) for copper.

Gold output for 2017 reached 84,638 ounces (2016: 103,304 ounces) while 2017 copper output totaled 30.1 million pounds (2016: 35.0 million pounds).

While overall output was lower for the year, the last four months of 2017 showed a 15% improvement in tonnage compared with the average in the first eight months due to engineering interventions and additional manpower. These measures partially addressed the issues that affected production from January-August 2017.

Despite lower metal output, 2017 gold revenue amounted to P5.432 billion (2016: P6.209 billion) as prices improved to US\$1,273 per ounce (2016: US\$1,254 per ounce). 2017 copper revenue reached P4.475 billion (2016: P3.976 billion) as average copper prices increased to US\$2.96 (2016: US\$2.35). Revenue from silver totaled P77.2 million (2016: P86.5 million). In all, total operating revenues amounted to P9.985 billion (2016: P10.272 billion).

Costs and Expenses, Core and Net Income

Consolidated costs and expenses for the year were lower to P6.778 billion (2016: P6.900 billion). In particular, cash production costs were P4.412 billion (2016: P4.614 billion) as the cost of power, contracts and other expenses showed a combined 16% reduction to P1.708 billion (2016: P2.041 billion).

Meanwhile, general and administrative expenses decreased for the fourth straight year to P363 million (2016: P373 million) due to sustained spend management and cost rationalization programs. Foreign exchange losses due to the depreciation of the Philippine Peso against the US dollar also narrowed to P39.5 million (2016: P145.2 million).

As a result, reported net income improved by 6% to P1.658 billion (2016: P1.567 billion), while core net income rose by 2% to P1.686 billion (2016: P1.657 billion), due mainly to lower cash costs and other charges.

The Board also declared a cash dividend of four (4) centavos per share (P0.04/share) to shareholders on record as of March 13, 2018, which will be paid on March 26, 2018, representing income for 4Q2017. This brings total cash dividend in 2017 to eight (8) centavos (P0.08/share) or about 24% of 2017's Core Net Income.

With 2017's financial performance, the Company sustained the increase in net income for the fifth consecutive year since 2012, amid volatile metal prices and a challenging regulatory environment.

The Parent Company likewise repaid P705.2 million (US\$13 million) in bank loans to bring total short-term debt to P2.447 billion (US\$49 million) as of end-December 31, 2017.

Commitment to social development and environmental stewardship

As a principled mining advocate, the Company spent P135 million for its Social Development Management Program (SDMP) in 2017. For the year, the total contribution for SDMP, taxes, royalties and other fees amounted to P1.561 billion, 94% of its Net Income, to uphold the Company's commitment to countryside development and inclusive growth to all stakeholders, within its areas of operation and across the entire country.

The Company has taken on the government's challenge to the mining industry to follow strict global standards, particularly those of Australia and Canada. "In fact, the Chamber of Mines of the Philippines, through the initial steps taken by Philex, officially adopted the Mining Association of Canada's Towards Sustainable Mining (TSM) initiative last December," said Eulalio B. Austin, Jr. "We believe this is a step in the right direction to achieve the government's and the Company's shared objective of promoting principled and equitable mining in the country," Austin added.

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

	December 31	December 31
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	583,538	457,937
Accounts receivable - net	990,604	486,497
Inventories - net	1,517,097	2,318,850
Advances to a related party	2,168,632	2,193,829
Other current assets -net	1,007,000	1,035,718
Total Current Assets	6,266,871	6,492,831
Noncurrent Assets		
Property, plant and equipment - net	6,721,022	6,735,578
Available-for-sale (AFS) financial assets	76,036	104,615
Investment in associates - net	1,415,604	1,455,876
Deferred exploration costs	24,360,954	23,072,040
Pension asset - net	373,849	312,570
Other noncurrent assets	464,458	488,319
Total Noncurrent Assets	33,411,923	32,168,998
TOTAL ASSETS	39,678,794	38,661,829
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	2,446,570	3,082,640
Accounts payable and accrued liabilities	1,651,710	1,832,661
Income tax payable	229,679	164,265
Dividends payable	528,836	498,129
Total Current Liabilities	4,856,795	5,577,695
Noncurrent Liabilities		
Deferred tax liabilities - net	3,004,830	2,957,896
Loans and bonds payable	6,950,306	6,592,854
Provision for losses and mine rehabilitation costs	135,086	134,124
Total Noncurrent Liabilities	10,090,222	9,684,874
Total Liabilities	14,947,017	15,262,569
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock - P1 par value	4,940,399	4,940,399
Additional paid-in capital	1,143,981	1,143,981
Retained Earnings		
Unappropriated	5,271,302	4,442,436
Appropriated	10,500,000	10,000,000
Net unrealized gain (loss) on AFS financial assets	558	(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
	24,732,035	23,399,517
Non-controlling Interests	(258)	(257)
Total equity	24,731,777	23,399,260
TOTAL LIABILITIES & EQUITY	39,678,794	38,661,829

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016
(Amounts in Peso Thousands, except Earnings Per Share)

	2017	2016
REVENUE		
Gold	5,432,429	6,209,006
Copper	4,475,177	3,976,184
Silver	77,187	86,475
	<u>9,984,793</u>	<u>10,271,665</u>
Less: Smelting charges	842,333	893,278
	<u>9,142,460</u>	<u>9,378,387</u>
COSTS AND EXPENSES		
Production costs (including depletion and depreciation)	5,962,224	6,074,862
General and administrative expenses	363,071	373,123
Excise taxes and royalties	452,407	452,415
	<u>6,777,702</u>	<u>6,900,400</u>
INCOME FROM OPERATIONS	<u>2,364,758</u>	<u>2,477,987</u>
OTHER INCOME(CHARGES)		
Share in net losses of associates	(40,272)	(44,572)
Foreign exchange losses - net	(39,451)	(145,213)
Gain on disposal of AFS financial assets	21,773	-
Interest income	1,861	2,081
Others - net	58,117	(14,439)
	<u>2,028</u>	<u>(202,143)</u>
INCOME BEFORE PROVISIONS FOR IMPAIRMENT LOSSES	<u>2,366,786</u>	<u>2,275,844</u>
Provisions for impairment losses - net	-	(2,504,850)
INCOME (LOSS) BEFORE INCOME TAX	2,366,786	(229,006)
PROVISION FOR INCOME TAX		
Current	664,806	586,483
Deferred	43,894	110,742
	<u>708,700</u>	<u>697,225</u>
	<u>1,658,086</u>	<u>(926,231)</u>
INCOME (LOSS) ON DECONSOLIDATED SUBSIDIARY GROUP, NET OF TAX		
Loss from deconsolidated subsidiary group	-	(29,102)
Gain from loss of control over a subsidiary group	-	2,522,704
	<u>-</u>	<u>2,493,602</u>
NET INCOME	<u>1,658,086</u>	<u>1,567,371</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Equity holders of the Parent Company	1,658,087	1,589,045
Non-controlling interests	(1)	(21,674)
	<u>1,658,086</u>	<u>1,567,371</u>
CORE NET INCOME	<u>1,685,703</u>	<u>1,657,404</u>
BASIC EARNINGS PER SHARE	<u>0.336</u>	<u>0.322</u>
DILUTED EARNINGS PER SHARE	<u>0.336</u>	<u>0.322</u>
CORE NET INCOME PER SHARE	<u>0.341</u>	<u>0.335</u>