



FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

GROUP CORPORATE COMMUNICATIONS

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PHILEX FIRST HALF CORE NET INCOME RISES 4% TO P984 MILLION

Tonnes of Ore Milled, Metal Prices, Oil Production Show Increases

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 31.4%*.

Philex is a Philippine listed company engaged in exploration, development and utilization of mineral resources in the Philippines. Further information on Philex can be found at www.philexmining.com.ph.

** In addition, Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific holds a 15.0% interest in Philex.*

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Highlights

- Core Net Income up 3.8% to P983.9 million for the first half of 2010 versus P948.3 million for the first half of 2009
- Revenues up 10.1% to P4.860 billion versus P4.414 billion on greater oil revenues, tonnage of ore milled and metal prices
- Petroleum revenues of P116.1 million, up nearly 12 times from P9.7 million a year earlier
- EBITDA before extraordinary and non-recurring items up 13% to P1.831 billion versus P1.621 billion
- Tonnes milled up 7.7% to 4.36 million dry metric tonnes from 4.05 million DMT
- Reported net income down 14.3% to P965 million from P1.126 billion, owing to P330 million exceptional gain in 2009
- Realized blended price on gold at US\$1,054 per troy ounce versus US\$881 per ounce, and at US\$3.04 per pound versus US\$2.18 per pound for copper
- Core earnings per share at 20.04 centavos for the period versus 19.48 centavos a year earlier. Reported earnings per share at 19.84 centavos versus 24.03 centavos
- Interim dividend at 5.0 centavos per share, representing a payout ratio of about 25% of core earnings

MANILA, Philippines, August 5, 2010 – Philex Mining Corporation (PSE: PX) core net income rose 3.8% to P983.9 million for the six months ended June 30, 2010 compared with P948.3 million in the same period last year, as income from oil production and higher metal prices offset lower ore grades at its Padcal gold and copper mine.

Consolidated reported net income slipped to P965 million for the first half of the year from P1.126 billion in the same period last year. Earnings in the earlier period benefitted from a non-recurring gain of P330 million from currency hedging transactions.

Consolidated revenues increased 10.1% to P4.860 billion in the first half of the year from P4.414 billion a year earlier as copper revenues rose 27.7% to P2.231 billion from P1.747 billion. Gold revenues fell 6% to P2.457 billion from P2.617 billion owing largely to lower ore quality offsetting a rise in gold prices.

Consolidated revenues this year also included petroleum revenues of P116.1 million, up nearly 12 times from P9.7 million a year earlier, contributed by Forum Energy PLC (FEP), a 51.95% owned subsidiary, and coal revenues of P14.1 million from wholly-owned subsidiary Brixton Energy & Mining Corp. (BEMC) which is projected to commence commercial operations in the fourth quarter of this year.

Forum Energy's revenues came primarily from its share of production from the Galoc oil field offshore from northwest Palawan Island. Brixton Energy's revenues were derived from the sale of its coal purchases.

"While ore grades were disappointing in the first half of the year, we are confident that the second half of the year will be boosted by higher metal prices and better-quality ore which we are already mining now, as well as by the continuing greater contribution from our energy operations," said Manuel V. Pangilinan, Chairman of the Board and Chief Executive Officer of Philex. "The Board shares my confidence: today we have approved an interim dividend of 5 centavos per share, representing about a quarter of our recurrent earnings."

The average copper price is currently above \$3.30 per pound, while the price of gold is currently above \$1,180 per troy ounce.

Core earnings per share rose to 20.04 centavos in the first half of the year from 19.48 centavos a year earlier. Reported EPS fell 17.4% to 19.84 centavos versus 24.03 centavos a year earlier.

Earnings before interest, tax, depreciation and amortization before extraordinary and non-recurring items rose 13% to P1.831 billion versus P1.621 billion.

"With respect to production from the Padcal Mine for the remaining six months of 2010, we expect to have both greater volume and greater quality of ore than in the first half of the year," said Jose Ernesto C. Villaluna, Jr., President and Chief Operating Officer of Philex. "We are opening up new draw points which promise to deliver higher-quality ore in greater volumes."

Ore milled in the first six months of the year had an average grade of 0.208% copper and 0.476 grams of gold per tonne compared with 0.239% copper and 0.624 grams of gold per tonne a year earlier. As a result of the lower grade, the amount of concentrate produced by Philex fell 10.1% in the first half to 29,376 dry metric tonnes from 32,662 DMT even as the amount of ore milled rose 7.7% to 4.36 million DMT from 4.05 million DMT.

Philex benefitted from a stronger realized price per pound of \$3.04 in the first half of 2010 compared with \$2.18 in the first half of 2009 (net of the amortization of hedging costs per pound of \$0.14 in 2010 and \$0.08 in 2009). However, the lower ore quality pushed copper production down 8.4% to 16.15 million pounds in the first six months of the year from 17.62 million pounds in the same period last year.

The increase in copper revenues was slightly offset by the lower revenues from gold as production volume fell 21.7% to 51,122 ounces from 65,269 ounces in 2009 despite the stronger realized gold price of \$1,054 per ounce, compared with \$881 per ounce a year earlier (net of amortization of hedging costs applied against revenues of \$88 per ounce in 2010 and \$27 per ounce in 2009).

Marketing charges rose to P309.9 million from P301.1 million and operating costs and expenses rose to P3.105 billion from P2.820 billion. Higher revenues offset those increases, driving an 11.8% rise in income from operations to P1.445 billion this year compared with P1.292 billion last year.

“Looking forward, The Silangan Project is driving full steam ahead and we aim to start the development phase of this mine by next year,” Pangilinan said. “Silangan will play a key role in building a bright future for Philex.”

The Silangan copper-gold mine in Surigao del Sur Province is estimated to hold much higher resources than Philex’s Padcal Mine, which has been in operation for half a century.

The first half of 2010 also saw great strides made in Philex’s oil and gas business. In February, Forum Energy was awarded Service Contract 72 (SC72) over the GSEC 101 license area in offshore West Palawan. The company is actively considering a number of ways of progressing the contract work program for further exploration and appraisal of the 8,800 square kilometer license area.

Looking ahead in Philex’s other oil and gas exploration interests, six exploration and appraisal wells are currently expected to be drilled across Pitkin Petroleum’s (Philex 21%) existing interests by the end of 2011. This includes the appraisal of the Ca Rong Do (Red Emperor) discovery made in Vietnam in June 2009, and the redevelopment of a previously producing offshore oil field in the Philippines with the potential for first oil in 2013.

Philex’s first half financial statement is unaudited.

PHILEX MINING CORPORATION AND SUBSIDIARIES				
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES				
(Amounts in Thousands, except Per Share Data)				
	Six months Ended June 30			
	2010	2009	%Variance	
OPERATING REVENUE				
Gold	P 2,456,849	P 2,617,262	(6)	
Copper	2,230,652	1,747,068	28	
Silver	42,457	39,769	7	
Petroleum	116,102	9,709	1,096	
Coal	14,071	-	-	
	4,860,131	4,413,808	10	
Less: Marketing charges	309,856	301,134	(3)	
	4,550,275	4,112,674	11	
OPERATING COSTS AND EXPENSES				
Mining and milling (including depletion and depreciation)	2,404,664	2,221,464	(8)	
Mine product tax & royalties	247,893	263,059	6	
General and administrative	347,609	293,202	(16)	
Handling, hauling and storage	23,428	24,761	6	
Petroleum production costs	75,483	17,989	(76)	
Cost of sales-Coal	6,215	-	-	
	3,105,292	2,820,474	(9)	
INCOME FROM OPERATIONS	1,444,983	1,292,200	12	
OTHER INCOME(CHARGES) - Net				
Interest - net	8,860	43,761	(80)	
Foreign exchange gains (losses)	(13,801)	(13,855)	(0)	
Marked-to-market gains (losses)	-	330,008	-	
Others - net	(68,925)	(34,526)	(100)	
	(73,865)	325,388	(123)	
INCOME BEFORE INCOME TAX	1,371,118	1,617,589	(15)	
PROVISION FOR INCOME TAX	(406,093)	(492,075)	17	
NET INCOME	P 965,025	P 1,125,514	(14)	
CORE NET INCOME	P 983,858	P 948,298	4	
EBITDA (BEFORE EXTRAORDINARY AND NON-RECURRING ITEMS)	P 1,830,765	P 1,620,757	13	
EARNINGS PER SHARE	P 0.1984	P 0.2403	(17)	
EBITDA PER SHARE (BEFORE EXTRAORDINARY AND NON-RECURRING ITEMS)	P 0.3728	P 0.3330	12	

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