



FIRST PACIFIC COMPANY LIMITED

Press Release

Wednesday, 27 October 2010

PHILEX NINE MONTH CORE NET INCOME RISES 46% TO P2.308 BILLION

Third Quarter Revenue Is Highest Quarterly Figure Ever

The attached press release was released in Manila by Philex Mining Corporation ("Philex"), in which First Pacific Group holds an economic interest of approximately 31.4%*.

Philex is a Manila-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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NINE MONTH CORE NET INCOME RISES 46% TO P2.308 BILLION

Third Quarter Revenue Is Highest Quarterly Figure Ever

Highlights

- Core Net Income up 46% to P2.308 billion for the first nine months of 2010 versus P1.581 billion for the same period of 2009.
- Revenue up 27.3% to P8.630 billion versus P6.779 billion on higher metal prices, tonnes of ore milled and oil revenues. Third quarter posted the highest quarterly revenue in the past five years.
- Petroleum revenue of P198.7 million, up 8 times from P24.2 million a year earlier
- EBITDA before extraordinary and non-recurring items up 50% to P3.914 billion versus P2.612 billion
- Tonnes milled up 12.5% to 6.87 million dry metric tonnes from 6.10 million DMT. Third quarter tonnes milled of 2.5 million tonnes the highest quarterly level in the past five years.
- Reported net income up 21.4% to P2.115 billion from P1.743 billion. Third quarter net income of P1.2 billion the fourth highest quarterly operating result in the past five years.
- Realized blended price of gold at US\$1,130 per troy ounce versus US\$921 per ounce, and at US\$3.26 per pound versus US\$2.19 per pound for copper
- Core earnings per share at 46.98 centavos for the period versus 32.48 centavos a year earlier. Reported earnings per share at 43.29 centavos versus 37.94 centavos
- Interim dividends at 5.0 centavos per share representing 25% of the first half core income paid in September in addition to the 9.0 centavos per share paid in May from 2009 core income.

MANILA, Philippines, October 27, 2010 – Philex Mining Corporation (PSE: PX) core net income rose 46% to P2.308 billion for the nine months ended September 30, 2010 compared with P1.581 billion in the same period last year, as greater tonnage of ore milled, higher metal prices and increased revenue from petroleum offset lower ore grades at its Padcal gold and copper mine.

Consolidated reported net income was 21% higher at P2.1 billion for the first nine months of the year from P1.7 billion in the same period last year. The third quarter net income of P1.1 billion, which is the fourth highest quarterly income level in the past five years, has even surpassed first half earnings.

Consolidated revenues increased 27.3% to P8.630 billion in the first nine months of the year from P6.779 billion a year earlier as copper revenues rose 33.3% to P3.762 billion from P2.822 billion. Gold revenues increased by 18.04% to P4.571 billion from P3.872 billion due to the significant rise in gold prices.

Consolidated revenues this year also included petroleum revenues of P198.7 million, up by 8 times from P24.2 million a year earlier, contributed by Forum Energy PLC (FEP), a 51.95% owned subsidiary, and coal revenues of P18.9 million from wholly-owned subsidiary Brixton Energy & Mining Corp. (BEMC), which is projected to commence commercial operations before the year ends.

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

"We are gratified that we have now been able to overcome the difficulties encountered in the previous quarters on production so much so that the third quarter revenue has posted the highest quarterly level so far in the past five years of the Company's operations which were actually record years to date in its more than 50 years of operating history," said Manuel V. Pangilinan, Chairman of the Board and Chief Executive Officer of Philex.

In recent weeks, spot prices for both gold and copper have broken their previous record levels, reaching record high of \$1,381 per ounce and \$3.82 per pound, before settling to \$1,344 per ounce and \$3.74 per pound more recently.

Core earnings per share rose to 46.98 centavos in the first nine months of the year from 32.48 centavos a year earlier. Reported EPS also increased by 14.1% to 43.29 centavos from 37.94 centavos a year earlier.

Earnings before interest, tax, deductions and amortization before extraordinary and non-recurring items rose 50% to P3.913 billion in the first nine months of 2010 versus P2.612 billion in the same period a year earlier.

"Barring unforeseen circumstances, we are confident that we will be able to keep the production level that we have achieved in this quarter up to the end of the year," said Jose Ernesto C. Villaluna, Jr., President and Chief Operating Officer of Philex. "We may continue to see good if not better ore grades as well."

Ore milled in the first nine months of 2010 had an average grade of 0.208% copper and 0.520 grams of gold per tonne compared with 0.234% copper and 0.598 grams of gold per tonne in 2009. As a result of the lower copper grade, the amount of concentrate produced fell 2.86% to 46,920 dry metric tonnes from 48,299 DMT a year earlier as the amount of ore milled correspondingly rose 12.5% to 6.87 million DMT from 6.10 million DMT.

Philex benefitted from a stronger realized copper price per pound of \$3.26 in the first nine months of 2010 compared with \$2.19 in the first nine months of 2009 (net of the amortization of hedging costs per pound of \$0.14 in 2010 and \$0.19 in 2009). Copper production was almost the same at 25.8 million pounds in the first nine months of the year from 26.0 million in the same period last year.

Despite lower gold production volume of 90,734 ounces from 93,963 ounces in 2009, revenues from gold rose by 18% this year due to a stronger realized gold price of \$1,130 per ounce, compared with \$921 per ounce a year earlier (net of amortization of hedging costs of \$75 per ounce in 2010 and \$38 per ounce in 2009).

Marketing charges were slightly lower at P496.2 million from P497.7 million while operating costs and expenses rose to P4.692 billion from P4.202 billion on account of the higher tonnage although in terms of per tonne of ore milled, cost was lower at P665 this year from P699 last year. Higher costs from petroleum and coal sales also contributed to the increase in total operating costs and expenses. Higher revenues offset those increases, driving a 65.5% rise in income from operations to P3.442 billion in the first nine months of this year compared with P2.079 billion last year.

“We have been diligent but very rigorous in looking for new properties and other investment opportunities. In the meantime, we are quite focused on getting the Silangan Project closer to completion of its pre-feasibility study by the first quarter of next year,” Pangilinan said.

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

Philex’s financial statement for the first nine months of 2010 is unaudited.

PHILEX MINING CORPORATION AND SUBSIDIARIES				
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES				
(Amounts in Thousands, except Per Share Data)				
	Nine months Ended September 30			
	2010	2009	% Variance	
OPERATING REVENUE				
Gold	P 4,570,885	P 3,872,088	18	
Copper	3,762,408	2,821,563	33	
Silver	79,201	61,067	30	
Petroleum	198,718	24,207	721	
Coal	18,881	-	-	
	8,630,093	6,778,924	27	
Less: Marketing charges	496,273	497,698	(0)	
	8,133,820	6,281,226	29	
OPERATING COSTS AND EXPENSES				
Mining and milling (including depletion and depreciation)	3,572,048	3,337,801	7	
Mine product tax & royalties	461,756	403,325	14	
General and administrative	481,070	400,510	20	
Handling, hauling and storage	39,509	24,761	60	
Petroleum production costs	128,069	35,760	258	
Cost of sales-Coal	8,561	-	-	
	4,691,012	4,202,157	12	
INCOME FROM OPERATIONS	3,442,808	2,079,069	66	
OTHER INCOME(CHARGES) - Net				
Interest - net	12,115	55,908	(78)	
Foreign exchange losses	(93,661)	(12,773)	633	
Marked-to-market gains	5,706	470,102	(99)	
Others - net	(282,741)	(78,138)	262	
	(358,581)	435,099	(182)	
INCOME BEFORE INCOME TAX	3,084,227	2,514,167	23	
PROVISION FOR INCOME TAX	(968,725)	(771,160)	26	
NET INCOME	P 2,115,502	P 1,743,009	21	
CORE NET INCOME	P 2,307,941	P 1,580,691	46	
EBITDA (BEFORE EXTRAORDINARY AND NON-RECURRING ITEMS)	P 3,913,793	P 2,611,707	50	
EARNINGS PER SHARE	P 0.4329	P 0.3794	14	
EBITDA PER SHARE (BEFORE EXTRAORDINARY AND NON-RECURRING ITEMS)	P 0.7967	P 0.5366	48	

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