



**FIRST PACIFIC COMPANY LIMITED**

**第一太平有限公司**

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

## Press Release

**Wednesday, 8 May 2019**

### **Philex Mining reports P206 million net income for 1Q 2019**

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

Philex is a Philippine-listed company engaged in the exploration and mining of mineral resources and, through investment in Philippine-listed PXP Energy Corporation (PSE: PXP), in energy and hydrocarbon exploration and production.

Further information on Philex can be found at [www.philexmining.com.ph](http://www.philexmining.com.ph) and on PXP at [www.pxpenergy.com.ph](http://www.pxpenergy.com.ph).

*\* Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% economic interest in Philex.*

\* \* \*

**For further information, please contact:**

John Ryan  
Associate Director

Tel: +852 2842 4355  
Mobile: +852 6336 1411

Sara Cheung  
Vice President  
Group Corporate Communications

Tel: +852 2842 4336



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## **PHILEX MINING REPORTS P206 MILLION NET INCOME FOR 1Q 2019**

### **HIGHLIGHTS**

- **Concentrated efforts to maximize cash generation capabilities of Padcal towards the end of mine life**
- **Reported net income of P206 Million; Core net loss of P112 Million**
- **Controlled expenses resulting from cost containment initiatives implemented across the business**
- **Silangan actively working to complete required underground mining permits**
- **Ongoing definitive feasibility studies expected to conclude by early third quarter 2019**

Manila, Philippines – The Board of Directors of Philex Mining Corporation, today announced a reported net income of P206 million for the first quarter of 2019. Excluding non-recurring gains, core net loss stood at P112 million substantially weighed down by weaker metal production arising from declining ore grades.

“As it nears the end of mine life, we have centered efforts on maximizing the remaining cash generation capacity of Padcal,” said Mr. Eulalio B. Austin Jr., President and Chief Executive Officer of Philex Mining Corporation.

Total tonnes milled was at 1.832 million from 2.197 million in the first quarter of 2018. Diminishing mineral grades are typically encountered when drawing ore outside of the core of the deposit. Moreover, metal output was affected by unscheduled maintenance of some mining equipment and forest fire incidents around the mine camp that caused power outages and the immediate deployment of operations personnel to aid in fire suppression. As a result, gold and copper production were at 10,493 ounces and 5.727 million pounds versus previous year’s levels of 17,947 ounces and 7.073 million pounds, respectively.

Gross revenues posted at P1.613 billion from P2.373 billion while smelting charges decreased to P137 million from P207 million in the first quarter of 2018. Net revenues came in at P1.476 billion from P2.165 billion in the first quarter of 2018.

Average realized prices for gold and copper were at \$1,304 per ounce and \$2.96 per pound as compared to \$1,338 per ounce and \$3.10 per pound year-on-year.

### Cost and Expenses

Production costs increased by 1% to P1.074 billion from P1.064 billion in the first quarter of 2018 mainly due to the periodic maintenance of critical mining equipment.

Depletion, depreciation and amortization decreased by 20% to P327 million from P409 million in the first quarter of 2018 was directly attributable to lower tonnage.

Excise taxes and royalties decreased by 34% to P94 million from P143 million in the first quarter of 2018 owing to lower revenues.

General and administrative expenses decreased by 13% to P71 million from P81 million in the first quarter of 2018 due to the continuous implementation of cost rationalization programs across the business.

Looking ahead, the Company will continue to implement operational enhancements to improve its financial performance in the subsequent quarters. Still, its efforts will primarily be focused on the development of its Silangan project.

Meanwhile, the Company is closely coordinating with various regulatory bodies to facilitate compliance with all pertinent submissions and other permitting requirements. It is also in the process of appointing financial equity and project financing advisors for Silangan.

Likewise, the Company expects lead technical consultant Australian-based engineering firm Ausenco to conclude ongoing definitive feasibility studies by early third quarter of this year.

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

	<b>March 31 2019 (Unaudited)</b>	<b>December 31 2018 (Audited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	262,398	870,967
Accounts receivable - net	248,093	300,016
Inventories - net	1,445,348	1,137,581
Advances to a related party	739,484	1,387,370
Derivative assets	899	-
Other current assets -net	744,185	757,292
<b>Total Current Assets</b>	<b>3,440,407</b>	<b>4,453,226</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment - net	4,987,243	5,404,049
Financial assets measured at fair value through other comprehensive income (FVOCI)	118,033	118,033
Investment in associates - net	4,444,951	4,455,668
Deferred exploration costs	25,771,392	25,447,772
Pension asset - net	355,695	359,888
Other noncurrent assets	482,344	472,898
<b>Total Noncurrent Assets</b>	<b>36,159,658</b>	<b>36,258,308</b>
<b>TOTAL ASSETS</b>	<b>39,600,065</b>	<b>40,711,534</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Loans payable	2,152,500	2,155,780
Accounts payable and accrued liabilities	1,782,658	1,790,957
Subscription payable	926,531	2,312,981
<b>Total Current Liabilities</b>	<b>4,861,689</b>	<b>6,259,718</b>
<b>Noncurrent Liabilities</b>		
Deferred tax liabilities - net	2,782,050	2,789,813
Loans and bonds payable	7,419,259	7,333,096
Provision for losses and mine rehabilitation costs	79,584	78,707
Other payables	550,881	550,995
<b>Total Noncurrent Liabilities</b>	<b>10,831,774</b>	<b>10,752,611</b>
<b>Total Liabilities</b>	<b>15,693,463</b>	<b>17,012,329</b>
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital Stock - P1 par value	4,940,399	4,940,399
Additional paid-in capital	1,143,981	1,143,981
Retained Earnings		
Unappropriated	4,410,445	4,203,947
Appropriated	10,500,000	10,500,000
Net unrealized gain on financial assets measured at FVOCI	35,341	35,341
Equity conversion option	1,225,518	1,225,518
Cumulative gain on hedging instruments	899	-
Net revaluation surplus	1,572,385	1,572,385
Effect of transactions with non-controlling interests	77,892	77,892
	23,906,860	23,699,463
Non-controlling Interests	(258)	(258)
<b>Total equity</b>	<b>23,906,602</b>	<b>23,699,205</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>39,600,065</b>	<b>40,711,534</b>

**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**  
(Amounts in Peso Thousands, except Earnings Per Share)

	<b>THREE MONTHS ENDED</b>	
	<b>MARCH 31</b>	
	<b>2019</b>	<b>2018</b>
<b>REVENUES - NET</b>	<u>1,475,697</u>	<u>2,165,298</u>
<b>COSTS AND EXPENSES</b>		
Production costs	1,074,224	1,063,565
Depletion, depreciation and amortization	326,983	408,780
General and administrative expenses	70,888	81,484
Excise taxes and royalties	93,874	143,079
	<u>1,565,969</u>	<u>1,696,908</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u><b>(90,272)</b></u>	<u><b>468,390</b></u>
<b>OTHER INCOME(CHARGES)</b>		
Foreign exchange gains (losses) - net	941	(61,726)
Interest income - net	231	317
Share in net losses of associates	(10,717)	(6,463)
Others - net	303,509	32,806
	<u>293,964</u>	<u>(35,066)</u>
<b>INCOME BEFORE INCOME TAX</b>	<u><b>203,692</b></u>	<u><b>433,324</b></u>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		
Current	-	61,657
Deferred	(2,806)	68,900
	<u>(2,806)</u>	<u>130,557</u>
<b>NET INCOME</b>	<u><b>206,498</b></u>	<u><b>302,767</b></u>
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Equity holders of the Parent Company	206,498	302,767
Non-controlling interests	-	-
	<u><b>206,498</b></u>	<u><b>302,767</b></u>
<b>CORE NET INCOME (LOSS)</b>	<u><b>(111,589)</b></u>	<u><b>345,976</b></u>
<b>BASIC EARNINGS PER SHARE</b>	<u><b>0.0418</b></u>	<u><b>0.0613</b></u>
<b>DILUTED EARNINGS PER SHARE</b>	<u><b>0.0418</b></u>	<u><b>0.0613</b></u>
<b>CORE NET INCOME (LOSS) PER SHARE</b>	<u><b>(0.0226)</b></u>	<u><b>0.0700</b></u>