

FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Press Release

Friday, 30 October 2020

Philex sustains positive results: Php462 million in 3Q2020 core net income realized, bringing 9M2020 core net income to Php865 million

The attached press release was released 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 and on PXP at www.pxpenergy.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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October 29, 2020

PRESS RELEASE

PHILEX SUSTAINS POSITIVE RESULTS: PHP462 MILLION IN 3Q2020 CORE NET INCOME REALIZED, BRINGING 9M2020 CORE NET INCOME TO PHP865 MILLION

HIGHLIGHTS

- 3Q2020 Core Net Income at Php462 million, significantly higher compared with 3Q2019's Php58 million
- 9M2020 Core Net Income at Php865 million, substantially ahead of 9M2019 Core Net Income of Php39 million
- Quarterly revenues accelerate with gold and copper prices trending upward; gold ore grades augmented production output
- 3Q2020 Core EBITDA at Php910 million, 92% higher than 3Q2019; 9M2020 EBITDA at Php2.038 billion versus Php1.135 billion for 9M2019
- Positive outlook boosted by Government pronouncements urging revival of the mining industry as a means to enhance economic recovery amidst the pandemic

Manila, Philippines – The Board of Directors of Philex Mining Corporation (PSE:PX) (the "Company" or "Philex") today announced that the Company registered a new high quarterly Core Net Income, and ended the first nine months of the year on an encouraging note.

The Company posted Core Net Income of Php865 million for 9M2020, after generating Core Net Income of Php462 million for 3Q2020, significantly higher than the Php58 million for the same period last year. The Core Net Income on a year-to-date September basis was significantly above 9M2019's Php39 million. This was due to the increasing operating revenues brought about by favorable gold and copper prices despite the COVID-19 pandemic, and higher gold output mainly from higher ore grades. Core Net Income of Php462 million for 3Q2020 rose ahead of the first quarter's Php103 million and the second quarter's Php300 million.

Third quarter Net Income figures were also significantly higher compared with the first two quarters of the year. The Q32020 Reported Net Income of P495 million was higher than the Php102 million of the first quarter and the Php322 million in the second quarter of 2020. Reported net income for 3Q2020 of Php495 million was also higher than the Php48 million of 3Q2019. This brought 9M2020's Reported Net Income to Php920 million, higher compared with the Php439 million for 9M2019.

Production and Revenues

Gold output for 3Q2020 at 14,804 ounces was slightly higher by 2% than 3Q2019's 14,450 ounces. This was mainly due to higher ore grades despite the lower tonnage, while copper

production for 3Q2020 of 6.699 million pounds was lower than 3Q2019's 6.851 million pounds, also due to lower tonnage.

The actual tonnage for 3Q2020 of 1.985 million tonnes was 7% lower than last year's 2.134 million tonnes for the same quarter. Actual blended metal grades for gold of 0.292 g/t and copper of 0.189% were higher than 0.272 g/t for gold and 0.179% for copper for 3Q2019, respectively. Unrelenting efforts are continuously exerted to sustain higher tonnage on a year-to-date basis, and to execute the mining plan and mill operations to achieve better blended metal grades. The actual tonnes milled for 3Q2020 was at 1.985 million, slightly higher than the first quarter's 1.969 million tonnes but lower than the second quarter's 2.002 million tonnes. This was mainly attributed to power outages due to adverse weather condition.

Production results for 9M2020 of 43,136 ounces for gold and 20.240 million pounds for copper were higher by 13% than 9M2019's gold output of 38,125 ounces and by 7% than copper output of 18.859 million pounds, again mainly due to higher ore grades and higher tonnage. The tonnage for 9M2020 of 5.956 million tonnes was slightly higher than 5.939 million tonnes produced for 9M2019.

The third quarter also saw an increase in operating revenues, net of smelting charges, by 22% at Php2.174 billion compared to last year's Php1.777 billion, mainly due to the 33% and 11% increase in gold and copper prices, respectively, and 2% higher gold output.

The favorable prices of gold and copper significantly accounted for the Company's higher revenues, bringing the year-to-date operating revenues, net of smelting charges, to Php5.854 billion, 20% higher than last year's Php4.866 billion. The increase of 13% and 7% in gold and copper output, respectively, also contributed to higher revenues.

Operating Costs and Expenses

Operating costs and expenses for 3Q2020 stood at Php1.582 billion, 6% lower than the Php1.677 billion of the third quarter of 2019. 9M2020 operating costs and expenses were pegged at Php4.686 billion, down from the previous year's Php4.809 billion. This reduction was due to the continuous effort of the Company to minimize operating costs and rationalize expenses, and manage the global impact of the pandemic on costs of commodities and products.

COVID-19 2020

The Company was allowed to remain operational for the nine months that the country was placed under various levels of Community Quarantine, because Philex is to an export-oriented enterprise. This was done in accordance with the guidelines laid down by the Government Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF-EID), the National Task Force against COVID-19 (NTF COVID-19) and the local government units concerned.

Even with the recent government-mandated relaxation of quarantine classifications at the provincial, city, and municipal levels, where lockdowns were already more localized, the Company continued to observe and implement the required minimum health standards within the Padcal mine camp and at the Mandaluyong corporate office.

This stringent observance of health and safety protocols did not deter the infection of some of the Company's employees. The Company however acted swiftly and carefully in taking the necessary measures to contain, isolate, and trace the virus as well as to treat and care for those who had been afflicted.

With the proper crisis management team and plan in place, the Company was able to keep the levels of infection and transmission to the barest minimum.

<u>OUTLOOK</u>

The global demand for mineral products in this age of the pandemic will continue to grow, thus creating favorable momentum for metal prices to maintain healthy levels.

This positive outlook is further bolstered by recent Government pronouncements "encouraging the revival of the mining industry" as one means to recover from the economic effect of this pandemic.

"The favorable outlook both at the global and national levels will benefit the continued operations of the Padcal mine and will likely attract interest of investors in the Silangan Project: As for the full year outlook, we expect 2020 to show substantially higher profits versus 2019", according to Mr. Eulalio B Austin, Jr, President and CEO.

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PHILEX MINING CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

ASSETS (Unaudited) (Audited) Carrent Assets Cash and cash equivalents P 988,393 P 795,709 Accounts receivable - net 388,211 416,154 Inventories - net 1,706,959 1,043,788 Other current assets 607,067 665,768 Total Current Assets 3,690,630 2,921,379 Noncurrent Assets 2,938,148 3,185,283 Financial assets measured at fair value through other comprehensive income (FVOCI) 120,898 20,898 Deferred exploration costs 27,144,092 26,616,343 622,710 Other noncurrent assets 500,810 622,770 0 Total Noncurrent Assets 33,058,519 37,598,727 LABILITIES AND EQUITY 2,531,750 16,6331 166,531 Loans payable 1,988,295 2,531,750 3,284 Derivative liabilities 1,726,860 1,608,003 3,284 Derivative liabilities 1,726,860 1,608,003 3,284 Derivative liabilities 1,522,655 4,929,200 Noncurrent		September 30 2020	December 31 2019		
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Total Equity 23,822,870 22,968,928		23,823,143	22,969,201		
	Non-controlling Interests	(273)			
TOTAL LIABILITIES & EQUITY P 38,758,519 P 37,898,727		23,822,870	22,968,928		
	TOTAL LIABILITIES & EQUITY	P 38,758,519	P 37,898,727		

PHILEX MINING CORPORATION AND SUBSIDIARIES COMPARATIVE CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2020

(Amounts in Peso Thousands, except Earnings Per Share)

		UNAUDITED								
		2020				2019				
		1Q		2Q		3Q		9M		9M
REVENUES	<u>P</u> :	1,712,538	Ρ	1,967,411	Ρ	2,174,369	Ρ	5,854,318	Ρ	4,866,176
COSTS AND EXPENSES										
Production costs	:	1,064,747		1,028,492		1,041,553		3,134,793		3,215,518
Depletion, depreciation and amortization		295,231		329,894		315,759		940,884		1,065,089
Excise taxes and royalties		118,570		133,769		157,714		410,053		320,163
General and administrative expenses		73,276		60,158		66,705		200,139		208,243
		1,551,824		1,552,313		1,581,731		4,685,869		4,809,013
INCOME FROM OPERATIONS		160,714		415,098		592,638		1,168,449		57,163
OTHER INCOME(CHARGES)										
Foreign exchange gains (losses) - net		(594)		32,486		55,405		87,297		46,069
Interest income - net		148		218		276		642		913
Share in net losses of associates		(13,609)		(13,609)		(13,093)		(40,311)		(24,510)
Others - net		(27,837)		(27,106)		5,137		(49,806)		413,271
		(41,892)		(8,011)		47,725		(2,178)		435,743
INCOME BEFORE INCOME TAX		118,822		407,087		640,363		1,166,271		492,906
PROVISION FOR (BENEFIT FROM) INCOME TAX										
Current		(5,929)		65,917		58,716		160,076		32,173
Deferred		22,449		18,923		86,605		86,606		21,760
		16,520		84,840		145,321		246,682		53,933
NET INCOME	Р	102,302		322,247	Р	495,042	Р	919,589	Р	438,973
NET INCOME ATTRIBUTABLE TO:										
Equity holders of the Parent Company		102,302		322,247		495,042		919,589		438,973
Non-controlling interests		-		-		-		-		-
	Р	102,302	Р	322,247	Р	495,042	Р	919,589	Р	438,973
CORE NET INCOME	Р	102,718	Р	299,506	Р	462,388	Р	864,612	Ρ	39,198
BASIC/DILUTED EARNINGS PER SHARE	Р	0.0207	Р	0.0652	Р	0.1002	Р	0.1861	Ρ	0.0889
CORE NET INCOME PER SHARE	Р	0.0208	Ρ	0.0606	Ρ	0.0936	Р	0.1750	Ρ	0.0079
EBITDA	Р	418,684	Ρ	708,459	Ρ	910,368	Ρ	2,037,511	Ρ	1,134,684