



FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Press Release

Friday, 26 February 2021

Philex Mining core net income jumped to Php1.162 billion in 2020

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.pxpenery.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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24 February 2021

PRESS RELEASE

PHILEX MINING CORE NET INCOME JUMPED TO PHP1.162 BILLION IN 2020

HIGHLIGHTS

- **Reported net income reached Php1.228 billion for full year 2020**
- **Core EBITDA for 2020 increased from Php1.664 billion to Php2.703 billion**
- **4Q2020 added Php297 million to the YTD 3Q2020 Core Net Income , resulting to a full year Core Net Income of Php1.162 billion, 645% higher than core net income of Php156 million in 2019**
- **Favorable metal prices and production sustained the increasing momentum of both revenue and core net income since 1Q2020**
- **2020 operating revenues increased by 15% to Php7.834 billion from Php6.790 billion of 2019**
- **Declaration of 5.9 centavos cash dividend, aggregating to Php291 million, equivalent to 25% of Core Net Income**
- **Repayment of USD15 million Parent Company debt; reduced total short-term bank loans to USD31 million**
- **Timely Covid-19 response and consistent implementation of IATF-DOH health protocols contained the local transmission at Padcal Mine**

(MANILA, PHILIPPINES) – Philex Mining Corporation (the “Company”), one of the oldest and largest gold and copper producers in Southeast Asia, and a leader in right and principled mining, increased its Core Net Income from Php865 million for the nine months ended September 30, 2020, to Php1.162 billion for the full year 2020, which is 645% higher than the core net income of Php156 million in 2019.

Sustained increasing trend of prices of Gold and Copper continue to drive the revenues of the Company. Realized Gold prices was at its highest level in 3Q2020 reaching \$1,915 per ounce, while Copper reached \$3.43 per pound in December 2020. With favorable metal prices coupled with higher metal output, total operating revenues, net of smelting charges, reached Php7.834 billion, a 15% jump from 2019 operating revenues of Php6.790 billion.

PRODUCTION

Tonnage milled from 1Q2020 to 3Q2020 averaged at 1.985 million tonnes per quarter while 4Q2020 tonnage slightly declined to 1.881 million tonnes, or a 5% decline from

3Q2020 tonnage of 1.985 million tonnes attributable to the 3-day temporary suspension of underground operations. The shutdown was necessary to undertake Covid mass testing of miners and contain the local transmission of the virus. Gold and copper production was on an upward trend from 1Q2020 to 3Q2020, but also slightly declined in 4Q2020 as a result of lower tonnage milled. Despite the Covid19 related temporary shutdown, the Company produced a total of 56,000 ounces of Gold and 26.379 million pounds of Copper, higher than full year 2019 production of 53,064 ounces of Gold and 25.737 million pounds of Copper.

OPERATING COSTS AND EXPENSES

The continued implementation of efficient operating practices and prudent cost management contributed to the overall positive results for 2020. The Company's full year operating cost and expenses declined by 9% from Php6.917 billion in 2019 to Php6.298 billion in 2020.

The Company continues to generate positive cash flow from its operations and implemented debt reduction program to lower its short term debts to \$31 million as of December 31, 2020, from \$46 million as of December 31, 2019.

With a very good performance in 2020, the Board also declared a cash dividend of 5.9 centavos per share to shareholders on record as of February 24, 2021, which will be paid on March 26, 2021, representing 25% of 2020 core net income.

OUTLOOK

The Company finished strong in 2020 despite the challenges brought about by the Covid-19 pandemic. As an export oriented business, the Company was one of the several export oriented companies that was given full support by both the local and national government agencies that allowed its operations to continue.

The favorable and continuing positive trend of the prices of Gold and Copper provide the backdrop for the Company to take advantage of this favorable business environment, operate profitably and pursue its mission for the benefit of its stakeholders.

The Philex Management will continue to focus on its strategy of optimizing the Padcal Mine while aggressively pursuing and working with its financial advisor to identify and sign up a strategic business partner to put its Silangan project into stream.

According to Eulalio B. Austin Jr., Philex President and CEO, "The Pandemic has slowed down the global business climate and M&A transactions. The various interested investors to our Silangan project is no exception. However, the recent positive trend in prices, and long term outlook for gold and copper have significantly increased the interest of the global investors in our Silangan project amid pandemic. We are closely working with our financial advisor to bring Silangan into operation in the soonest possible time and at the same time optimizing the Padcal Mine."

"COVID-19 has painfully reminded us that businesses operate in a Darwinian landscape," according to Manuel V. Pangilinan, Philex Chairman. "It will not be the biggest or smartest who will survive – but those who best adapt to change. Thankfully enough, Philex as an export-oriented company was permitted to operate by government despite the community quarantine, providing revenues to allow us to concentrate on our three most important

constituents: the health and financial well-being of our employees; maintaining service excellence to our customers; and assistance to the government in caring for those most affected.”

Pangilinan emphasized that in spite of the challenges brought by the pandemic, Philex shall continue to provide value to its shareholders. “Mining shall and always will be a key economic driver towards inclusive national growth. Mining has the potential to provide much-needed revenue for the government’s response against the pandemic, particularly in the purchase of vaccines, if it be allowed to flourish.”

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

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	P 1,191,479	P 795,709
Accounts receivable - net	369,898	416,154
Inventories - net	1,343,366	1,043,748
Other current assets - net	539,950	665,768
Total Current Assets	3,444,693	2,921,379
Noncurrent Assets		
Property, plant and equipment - net	3,042,982	3,185,283
Financial assets measured at fair value through other comprehensive income (FVOCI)	113,973	120,898
Investment in associates - net	4,161,328	4,208,339
Deferred exploration costs	27,365,125	26,616,343
Pension asset - net	310,332	223,775
Other noncurrent assets	500,882	622,710
Total Noncurrent Assets	35,494,622	34,977,348
TOTAL ASSETS	P 38,939,315	P 37,898,727
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	P 1,776,851	P 2,531,750
Accounts payable and accrued liabilities	1,692,763	1,608,003
Subscription payable	123,345	186,531
Income tax payable	74,300	53,284
Dividends payable	553,610	549,632
Total Current Liabilities	4,220,869	4,929,200
Noncurrent Liabilities		
Loans and bonds payable	8,182,002	7,743,020
Deferred tax liabilities - net	2,293,314	2,218,550
Provision for losses and mine rehabilitation costs	16,911	39,029
Total Noncurrent Liabilities	10,492,226	10,000,599
Total Liabilities	14,713,096	14,929,799
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	4,734,469	3,471,281
Appropriated	10,500,000	10,500,000
Net unrealized gain on financial assets measured at FVOCI	31,859	37,745
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
	24,226,503	22,969,201
Non-controlling Interests	(284)	(273)
Total Equity	24,226,219	22,968,928
TOTAL LIABILITIES & EQUITY	P 38,939,315	P 37,898,727

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (AUDITED)
(Amounts in Peso Thousands, Except Earnings (Loss) Per Share)

	Years Ended December 31	
	2020	2019
REVENUES	P 7,833,713	P 6,789,566
COSTS AND EXPENSES		
Production costs	4,215,573	4,387,787
Depletion, amortization and depreciation	1,252,204	1,814,331
Excise taxes and royalties	543,238	427,211
General and administrative expenses	287,133	287,334
	<u>6,298,148</u>	<u>6,916,663</u>
OTHER (CHARGES) INCOME		
Foreign exchange gain - net	99,115	93,072
Share in net losses of associates	(47,011)	(118,335)
Interest income	981	1,571
Provisions for impairment losses - net of reversal	(1,900)	(848,560)
Others - net	(56,426)	(4,266)
	<u>(5,241)</u>	<u>(876,518)</u>
INCOME (LOSS) BEFORE INCOME TAX	1,530,324	(1,003,615)
PROVISION (BENEFIT FROM) FOR INCOME TAX		
Current	234,407	143,019
Deferred	67,620	(498,841)
	<u>302,027</u>	<u>(355,822)</u>
NET INCOME (LOSS)	<u>P 1,228,297</u>	<u>(P 647,793)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Equity holders of the Parent Company	1,228,308	(647,778)
Non-controlling interests	(11)	(15)
	<u>P 1,228,297</u>	<u>(P 647,793)</u>
CORE NET INCOME	<u>P 1,162,152</u>	<u>P 155,625</u>
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	<u>P 0.249</u>	<u>(P 0.131)</u>
CORE NET INCOME PER SHARE	<u>P 0.235</u>	<u>P 0.032</u>