



FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Press Release

Friday, 29 October 2021

Philex increased core net income by 116% to Php1.865 billion for 9M2021 vs Php866 million last year

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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PRESS RELEASE

**PHILEX INCREASED CORE NET INCOME BY 116% TO Php1.865 BILLION
FOR 9M2021 VS Php865 MILLION LAST YEAR**

HIGHLIGHTS

- 3Q2021 Core Net Income reached Php716 million, higher by 55% than 3Q2020 on the back of higher copper prices and favorable forex.
- 9M2021 Core Net Income of Php1.865 billion higher by 116% than 9M2020 on account of sustained higher copper prices and efficient operating cost.
- 3Q2021 EBITDA increased by 28% to Php1.168 billion from Php910 million in 3Q2020.
- 9M2021 EBITDA rose by 57% to Php3.194 billion from Php2.038 billion in 9M2020.
- Tonnage for 3Q2021 at 2.006 million tonnes, higher compared with 1.985 million tonnes in 3Q2021.

(Manila, Philippines) – Despite the challenges posed by the Covid-19 pandemic, production and favorable metal prices for gold and copper have been sustained since 1Q2021. As a result, the Management and the Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “Philex”) today announced that the Company generated another quarter of positive results. Philex recorded a Core Net Income of Php716 million for the quarter, higher by 55% than the same period in 3Q2020, mainly due to higher copper prices, favorable foreign exchange rates and managed operating expenses. The 3Q2021 Core Net Income of Php716 million rides on the positive and upward profit trend from the Php540 million achieved in 1Q2021 and the Php610 million posted in 2Q2021. This brings the 9M2021 core net income to Php1.865 billion, higher by 116% over the same period of 9M2020, attributable to favorable metal prices, sustained metal output and efficient deployment of operating costs and expenses.

On the other hand, 3Q2021 EBITDA at Php1.168 billion continue to maintain the positive trend during the first two quarters EBITDA of Php2.027 billion, to top up 9M2021 EBITDA to Php3.194 billion, a 57% rise from the same period 9M2020.

Reported net income for 3Q2021 is Php721 million, a 46% increase over the same period 3Q2020, while 9M2021 Reported net income reached Php1.880 billion, a 105% increase from 9M2020.

Production and Revenues

The Company generated higher tonnage in the third quarter of the year. For 3Q2021, total tonnage milled was at 2.006 million tonnes slightly higher compared to 1.985 million tonnes in 3Q2020 and 1.943 million tonnes of 2Q2021.

Philex produced slightly lower gold output at 14,270 ounces in 3Q2021 when compared to 3Q2020 due to lower gold grades while the slightly higher copper grades produced higher copper output at 6.54 million pounds, which mitigated the impact to the total revenues.

The Company was able to maintain a positive trend in metal output since 1Q2021 for both gold and copper mainly due to the resilient execution of the mining plan that resulted to better blended metal grades and sustained level of metal output.

The favorable prices for both gold and copper attributed to the higher revenues for 3Q2021 at Php2.656 billion, a 13% increase over the revenues of the same period of 3Q2020 at Php2.350 billion. The favorable foreign exchange rate contributed to higher revenues in 3Q2021. For the 9M2021 period, revenues at Php7.742 billion was higher by 22% from revenues of 9M2020 at Php6.332 billion. This is attributable to the significant increase in the realized price of copper since 3Q2020 resulting into a higher contribution of revenues from copper at 52% of total revenues for 9M2021 from 40% of total revenues for 9M2020. On the other hand, revenues contribution from gold declined from 59% in 9M2020 to 47% in 9M2021 mainly due to the slightly lower gold output, from 43,136 ounces in 9M2020 to 41,295 ounces in 9M2021.

Operating Costs and Expenses

The Company's operating cost and expenses for 3Q2021 stood at Php1.603 billion, higher than 3Q2020 of Php1.582 billion. The slight increase is consistent with the slightly higher tonnage milled in 3Q2021 versus 3Q2020. Materials and supplies usage at Php454 million accounting for 28% of operating cost remained almost the same level. Power costs, accounting for 18% of operating cost, was higher at Php290 million, an of 7% when compared to 3Q2020. Overall, the Company continue to manage operating cost efficiently.

For the 9M2021, operating cost inched up by 3% to Php4.843 billion from Php4.686 billion in 9M2020 as a result of higher power and labor costs from higher tonnage milled, and higher excise taxes attributed to the higher total revenues. For the nine months period ended September 30,2021, the Company recorded its share in the net losses of its associates amounting to Php510 million, inclusive of the Company's share in the PXP Energy Corporation provision for impairment of assets and goodwill related to Peru block Z-38, net of proceeds from the settlement agreement with third party. As a result of the extension of the Padcal mine life from December 31,2022 to December 31,2024, the Company recognized a net reversal of the previously recorded impairment provision in its mining assets amounting to Php374 million.

Positive outlook and extension of Padcal life of mine

By itself, 3Q2021 ushered in a more stable and continuing positive outlook for the mining industry, brought about by significant developments in the previous quarter. In April 14, President Rodrigo Roa Duterte issued Executive Order No. 130 which amended Section 4 of Executive Order No. 79 and lifted the moratorium on mineral agreements that had been existing for the past 9 years. This will pave the way for the development of stalled mining projects, leading to renewed investor's interest in our Silangan Project.

The Company is currently exploring options on viable financial packages that would bankroll a phased development approach (In Phase Development) of Silangan.

The extended Life of Mine from December, 2022 to December, 2024 will ensure the continuous employment of 1,831 Padcal employees and support the social development of the Host Local Government Units (LGU)

and neighboring communities especially in this time of COVID- 19 Pandemic. It will also give more time for the Company to bring the Silangan Project to development and commissioning stages.

"In response to this global trend of strong demand and strong metal prices, as well as responding to the Government challenge for the revitalization of the mining industry, Philex will keep improving on how we do things and undertake innovative initiatives related to the promotion of right and principled mining," according to Eulalio B. Austin Jr., President and CEO. "The pursuit for excellence is a continuous journey and we have to keep raising the bar."

"With higher metal prices and a better economic outlook for the mining industry moving forward, we can maintain the momentum of last year's exemplary performance into this year, notwithstanding the pandemic and the challenges we have faced in our operations," concluded M.V. Pangilinan, Chairman. "Time and again, the women and men of Philex have proven their resilience during tough times. With the extension of Padcal mine life for another two years, the prospect of a viable financial package for our Silangan project, and the rollout of our vaccination program for our employees and their dependents, it looks like the full year 2021 will produce excellent results for your Company."

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

	September 30 2021 (Unaudited)	December 31 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P 2,049,354	P 1,191,479
Accounts receivable - net	338,143	369,898
Inventories - net	2,122,856	1,343,366
Other current assets -net	417,267	539,950
Total Current Assets	4,927,620	3,444,693
Noncurrent Assets		
Property, plant and equipment - net	3,560,522	3,042,982
Financial assets measured at fair value through other comprehensive income (FVOCI)	125,212	113,973
Investment in associates - net	3,651,022	4,161,328
Deferred exploration costs	27,885,472	27,365,125
Pension asset - net	291,421	310,332
Other noncurrent assets	501,469	500,882
Total Noncurrent Assets	36,015,118	35,494,622
TOTAL ASSETS	40,942,738	38,939,315
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	1,479,000	1,776,851
Accounts payable and accrued liabilities	2,230,199	1,692,763
Subscription payable	2,231	123,345
Income tax payable	191,607	74,300
Dividends payable	515,862	553,610
Total Current Liabilities	4,418,899	4,220,869
Noncurrent Liabilities		
Deferred tax liabilities - net	1,857,373	2,293,314
Loans and bonds payable	8,530,961	8,182,002
Provision for losses and mine rehabilitation costs	17,496	16,911
Total Noncurrent Liabilities	10,405,830	10,492,227
Total Liabilities	14,824,729	14,713,096
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	6,339,165	4,734,469
Appropriated	10,500,000	10,500,000
Net unrealized gain on financial assets measured at FVOCI	41,367	31,859
Equity conversion option	1,225,518	1,225,518
Net revaluation surplus	1,849,971	1,572,385
Effect of transactions with non-controlling interests	77,892	77,892
	26,118,293	24,226,503
Non-controlling Interests	(284)	(284)
Total equity	26,118,010	24,226,219
TOTAL LIABILITIES & EQUITY	P 40,942,738	P 38,939,315

PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED COMPARATIVE CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2021
(Amounts in Peso Thousands, except Earnings Per Share)

	2021				2020
	1Q	2Q	3Q	9M	9M
REVENUES	P 2,370,063	P 2,377,409	P 2,472,756	P 7,220,228	P 5,854,318
COSTS AND EXPENSES					
Production costs	1,090,526	1,105,788	1,105,076	3,301,390	3,134,794
Depletion, amortization and depreciation	338,818	271,086	279,705	889,609	940,884
Excise taxes and royalties	151,965	156,029	162,307	470,301	410,053
General and administrative expenses	65,983	59,653	56,036	181,672	200,139
	P 1,647,292	P 1,592,556	P 1,603,124	P 4,842,972	P 4,685,870
OTHER (CHARGES) INCOME					
Foreign exchange gain (losses) - net	(5,041)	(13,323)	(35,162)	(53,526)	87,297
Interest income - net	266	702	406	1,374	642
Share in net income (losses) of associates	(10,100)	(5,576)	(494,630)	(510,306)	(40,311)
Reversal (provision for) of impairment - net	(150,000)	-	524,241	374,241	(1,900)
Others - net	(44,330)	(38,064)	17,445	(64,949)	(49,804)
	P (209,205)	P (56,261)	P 12,300	P (253,166)	P (4,076)
	P 513,566	P 728,592	P 881,932	P 2,124,090	P 1,164,372
INCOME BEFORE INCOME TAX					
PROVISION (BENEFIT FROM) FOR INCOME TAX					
Current	105,918	80,730	191,616	378,265	160,076
Deferred	(151,927)	48,335	(31,006)	(134,598)	86,036
	P (46,009)	P 129,065	P 160,610	P 243,667	P 246,112
NET INCOME	P 559,575	P 599,527	P 721,322	P 1,880,423	P 918,260
NET INCOME ATTRIBUTABLE TO:					
Equity holders of the Parent Company	559,575	599,527	721,322	1,880,423	918,260
Non-controlling interests	-	-	-	-	-
	P 559,575	P 599,527	P 721,322	P 1,880,423	P 918,260
CORE NET INCOME	P 539,601	P 609,520	P 715,675	P 1,864,796	P 864,612
BASIC/DILUTED EARNINGS PER SHARE	P 0.114	P 0.121	P 0.146	P 0.381	P 0.186
CORE NET INCOME PER SHARE	P 0.109	P 0.123	P 0.145	P 0.377	P 0.175
EBITDA	P 1,010,764	P 1,015,872	P 1,167,682	P 3,194,318	P 2,037,511