



FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Press Release

Monday, 7 March 2022

Press release on Philex 2021 results

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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4 March 2022

PRESS RELEASE

HIGHLIGHTS

- **Core Net Income for 2021 increased by 118% to Php2.533 billion**
- **Reported Net income reached Php2.431 billion for full year 2021**
- **EBITDA for 2021 stood at Php4.317 billion, an improvement of 60% over 2020's Php2.703 billion**
- **2021 Operating Revenues increased by 25% to Php9.797 billion from Php7.834 billion in 2020**
- **Favorable metal prices and steady production sustained the increasing momentum of both Revenue and Core Net Income since 2020**
- **Declaration of 5 centavos cash dividend per common share, aggregating Php247 million, as Philex preserves cash surplus for the development of Silangan**
- **Padcal mine life extended by two (2) years to December 2024**

MANILA, PHILIPPINES – Philex Mining Corporation (the “Company” or “Philex”), one of the oldest and largest gold and copper producers in Southeast Asia, and a leader in right and principled mining, added Php668 million of Core Net Income in 4Q2021 to its Php1.865 billion Core Net Income for the first nine months ended September 30, 2021. Thus, full year Core Net Income rose 118% to Php2.533 billion compared with Php1.162 billion for the full year of 2020.

Favorable and sustained higher level of realized prices for Gold and Copper resulted in higher operating revenues in 2021, registering a healthy 25% increase over the year 2020. Operating revenues reached Php9.797 billion in 2021 from Php7.834 billion in 2020. Realized Gold prices was at its highest level in 4Q2021 reaching \$1,783 per ounce, while Copper reached \$4.44 per pound in October 2021. Operating costs were only slightly elevated by 4.8% to Php6.598 billion from Php6.298 billion in 2020 due to the increase in cost of materials and supplies, partly offset by lower power cost and non-cash charges.

PRODUCTION

Tonnage milled for 4Q2021 slowed down slightly to 1.972 million tonnes from 2.006 million tonnes in 3Q2021. Tonnage milled in 2021 reached 7.946 million tonnes, or 1.4% higher than 2020. Ore grades continue to hold at the same level as in 2020, leading to minimal impact on Gold and Copper output in 2021 compared with 2020. Gold output in 4Q2021 reached 13,855 ounces, adding to the 41,295 ounces for the three quarters ending September 2021, resulting in annual production of 55,149 ounces, slightly lower by 1.6% from 2020 Gold output. Copper output for 2021 stood at 26.2 million pounds, 1.4% lower from the 2020 Copper output.

OPERATING EXPENSES, EBITDA, AND CASH DIVIDENDS

Operating costs and expenses rose slightly up by 4.8% from the 2020 levels due to the increase in the cost of materials and supplies, including logistics expenses, higher excise taxes and royalties on account of higher operating revenues, partly offset by lower power costs and lower non-cash charges as a result of the extension of the life of mine.

The healthy EBITDA level for 2021 at Php4.317 billion allowed the Company to continue its debt reduction program during 2021. Total payments made to short term creditors amounted to US\$8 million for the period.

With a very good performance in 2021, the Board declared a cash dividend of 5 centavos (Php0.05) per common share aggregating to Php247 million, to shareholders on record as of March 21, 2022, which will be paid on April 3, 2022, as Philex preserves cash surplus as part of the initial capital for the development of Silangan.

OUTLOOK

The sustained prices of Gold and Copper in the global market are providing Philex a continuing window of opportunity to optimize the mineable reserves and metal output. Profitability and liquidity since 2020 have been on a positive trend and has materially enhanced the Company's profitability and financial condition, allowing the Company to expedite the launching of the development of Silangan project under its In Phase Mine Plan.

At the same time, studies are underway to explore and determine the feasibility of the mineable resources and/or reserves surrounding the Padcal mine, whilst the Gold and Copper prices are at its current high levels.

The Company has been working diligently with all stakeholders on implementing the fund raising plan which pave the way for the timely development and start of commercial operations of the Silangan project by early 2025. The initial capital needed under the In Phase Mine Plan is US\$224 million or about Php11.2 billion, to be funded by a combination of proceeds from a stock rights offer, from the cash reserves of Philex, and possibly some incremental debt at the Silangan level. The Company has appointed BDO Capital and Investment Corporation as its issue manager and lead underwriter for the fund raising.

"No doubt, 2021 was a blessing for us considering the high metal prices for Copper & Gold that even with the marginal grades of ore that we are mining, we continue working on our business continuity plans," according to Philex president and CEO Eulalio B. Austin, Jr. "Furthermore, we were also able to successfully deal with the deadly Covid-19 virus

because of our strict and constant adherence to health protocols and our mass vaccination program. Consequently, we have had no disruption in our operation for the year.”

“The year 2021 also brought hope to the mining industry with significant regulatory changes on the horizon, such as the suspension of the ban on new mining agreements and lifting of the ban on open pit mining method. These developments auger well for the mining industry come 2022—a light at the end of the tunnel, so to speak.”

“We will continue our relentless drive to improve our operations, and are now looking at new investment opportunities,” whilst prolonging the life of our Padcal mine, said Philex Chairman M. V. Pangilinan. The job security and welfare of our employees and their dependents are still our primordial concern.”

“Silangan will be an exciting project for us in 2022— it could ensure that our business continues for a long time to come. We look forward this year with a fair degree optimism, given the buoyant prices of commodities in general, and of metal prices in particular, driven by global geopolitical and supply factors,” concluded Chairman Pangilinan.

Disclaimer on Forward Looking Statements

This press release may contain forward looking statements with respect to the results of operations and business of Philex Mining Corporation ("PX"). Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual performance of PX to be different from any future performance implied.

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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	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	P 2,890,763	P 1,191,479
Accounts receivable - net	466,922	369,898
Inventories - net	1,926,464	1,343,366
Other current assets - net	437,585	539,950
Total Current Assets	5,721,734	3,444,693
Noncurrent Assets		
Deferred exploration costs	28,099,836	27,365,125
Investment in associates - net	3,632,480	4,161,328
Property, plant and equipment - net	3,428,552	3,042,982
Pension asset - net	352,609	310,332
Financial assets measured at fair value through other comprehensive income (FVOCI)	125,212	113,973
Other noncurrent assets	495,424	500,882
Total Noncurrent Assets	36,134,113	35,494,622
TOTAL ASSETS	P 41,855,847	P 38,939,315
LIABILITIES AND EQUITY		
Current Liabilities		
Loans and bonds payable	P 10,131,071	P 1,776,851
Accounts payable and accrued liabilities	2,556,347	1,692,763
Subscription payable	2,767	123,345
Income tax payable	181,243	74,300
Dividends payable	452,413	553,610
Total Current Liabilities	13,323,841	4,220,869
Noncurrent Liabilities		
Loans and bonds payable	-	8,182,002
Deferred tax liabilities - net	1,816,070	2,293,314
Provision for losses and mine rehabilitation costs	17,496	16,911
Total Noncurrent Liabilities	1,833,566	10,492,227
Total Liabilities	15,157,407	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	6,943,648	4,734,469
Appropriated	10,500,000	10,500,000
Net unrealized gain on financial assets measured at FVOCI	17,319	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
	26,698,728	24,226,503
Non-controlling Interests	(288)	(284)
Total Equity	26,698,440	24,226,219
TOTAL LIABILITIES & EQUITY	P 41,855,847	P 38,939,315

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

	Years Ended December 31	
	2021	2020
REVENUES	P 9,796,531	P 7,833,713
COSTS AND EXPENSES		
Production costs	4,488,274	4,215,573
Depletion, amortization and depreciation	1,217,736	1,252,204
Excise taxes and royalties	639,281	543,238
General and administrative expenses	252,932	287,133
	<u>6,598,223</u>	<u>6,298,148</u>
OTHER (CHARGES) INCOME		
Share in net losses of associates	(528,848)	(47,011)
Reversal of (provision for) impairment losses -net of other provisions and reversals	272,241	(1,900)
Foreign exchange (loss) gain - net	(46,485)	99,115
Interest income	2,186	981
Others - net	(97,861)	(56,426)
	<u>(398,767)</u>	<u>(5,241)</u>
INCOME BEFORE INCOME TAX	2,799,541	1,530,324
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	559,498	234,407
Deferred	(191,165)	67,620
	<u>368,333</u>	<u>302,027</u>
NET INCOME	P 2,431,208	1,228,297
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Equity holders of the Parent Company	2,431,212	1,228,308
Non-controlling interests	(4)	(11)
	<u>P 2,431,208</u>	<u>1,228,297</u>
CORE NET INCOME	P 2,532,786	P 1,162,152
BASIC/DILUTED EARNINGS PER SHARE	P 0.492	P 0.249
CORE NET INCOME PER SHARE	P 0.513	P 0.235
EBITDA	P 4,316,836	P 2,702,761