



# Press Release

**Monday, 7 October 2013**

## **Philex Mining Corporation Statement on the Stock Rights**

The attached press release was released today in Manila by Philex Mining Corporation (“Philex”), 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 a listed subsidiary Philex Petroleum Corporation, in oil and gas exploration.

Further information on Philex can be found at [www.philexmining.com.ph](http://www.philexmining.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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*Manila Philippines* - Philex Mining Corporation (the "Company") announced today that it is cancelling its proposed stock rights of PhP 13.8 Billion on account of unfavourable market conditions. As a result of low commodity prices and the current volatility in the Philippine equities market, the stock rights, if launched, would have been priced at no more than Php5.00 per share with a 1/3 dilutive effect on the current shareholders on account of the 1:2 ratio for the stock rights.

The Board of Directors of the Company believes that the price is substantially lower than the underlying value of the Company, including its Silangan Project and, as such, proceeding with the stock rights would not be in the best interest of the Company and its shareholders.

In order to support the Company and the development of the Silangan Project, the First Pacific Group has agreed to continue to make available to the Company the credit facility of up to US\$150 million (the "Existing Facility"), which was initially made available to the Company in March 2013 and which was proposed to be repaid from the proceeds of the Company's proposed stock rights. To date, approximately US\$130 million have been drawn down by the Company under the Existing Facility. The continuation of the Existing Facility, to March 2014, was approved by the Board of Directors of the Company today. The Existing Facility provides US\$20 million of unutilized funding for the Silangan Project, relieving the Company in the meantime of the pressure of providing such funding out of the Company's cash flows. This will allow the Company to use its existing cash flows to fund all necessary rehabilitation works for the Padcal mine. In addition, the Company would be in a position to declare dividends to its shareholders should the Board of Directors deem it appropriate to do so and at the same time pursue to completion of the feasibility study for the Silangan Project.

The Board of Directors also approved in principle the grant of a subscription right in favour of the First Pacific Group, which will allow the First Pacific Group the right to subscribe up to US\$150 million to acquire a direct equity interest in the Silangan Project. Proceeds of the subscription would be used to fund the repayment of advances under the Existing Facility. The subscription amounts payable under the subscription agreement will be based on an appropriate valuation of the Silangan Project. It is expected that the valuation exercise will be completed within the next 90 days by an independent expert to be appointed by the Company. For this purpose, the Board of Directors of the Company has constituted a Committee to conduct and oversee the valuation process.



The Company will revisit its fund raising exercise at the end of 2014. By that time the feasibility study for the Silangan Project would be close to completion at which point the Company's long term funding requirement would have been defined.

Further announcements will be issued as soon as practicable setting out the valuation of the Silangan Project.

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**About Philex Mining Corporation:**

Philex Mining Corp. was incorporated in the Philippines in 1955 and was listed on the Philippine Stock Exchange on Nov. 23, 1956. Philex Mining, Philex Gold Philippines, Inc. (PGPI), Silangan Mindanao Exploration Co., Inc. (SMECI), and Silangan Mindanao Mining Co., Inc. (SMMCI) are primarily engaged in large-scale exploration, development, and utilization of mineral resources. PGPI is a wholly owned subsidiary of Philex Mining through a holding company and incorporated in the Philippines while SMECI is a wholly owned subsidiary of Philex Mining through a holding company and PGPI, and incorporated in the Philippines. Philex Mining operates the Padcal mine in Benguet while PGPI operated the Bulawan mine in Negros Occidental between 1996 and June 2002. SMECI, through its subsidiary SMMCI, owns the Silangan Project covering the Boyongan and Bayugo deposits, which are currently under prefeasibility stage

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