FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED

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(Incorporated with limited liability under the laws of Bermuda)
Website: http://www.firstpacific.com

(Stock Code: 00142)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached disclosures filed by Philex Mining Corporation ("Philex") with the Philippine Stock Exchange, in relation to (i) SEC Form 17-C covering Philex's press release regarding its unaudited financial results for the three months ended 31 March 2011; and (ii) SEC Form 17-Q relating to its unaudited consolidated financial statements for the three months ended 31 March 2011.

Dated this the 27th day of April, 2011

As at the date of this announcement, the Board of Directors of First Pacific Company Limited ("First Pacific") comprises the following Directors:

Anthoni Salim, *Chairman*
Manuel V. Pangilinan, *Managing Director and CEO*
Edward A. Tortorici
Robert C. Nicholson
Napoleon L. Nazareno
Professor Edward K.Y. Chen*, *GBS, CBE, JP*
Tedy Djuhar
Ibrahim Risjad
Benny S. Santoso
Graham L. Pickles*
Sir David W.C. Tang*, *KBE*
Jun Tang*

** Independent Non-executive Directors*

COVER SHEET

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SEC Registration Number

P H I L E X M I N I N G C O R P O R A T I O N

(Company's Full Name)

27 Brixton cor Fair Lane Streets

Pasig City

(Business Address: No. Street City/Town/Province)

Renato N. Migriño

(Contact Person)

(632) 631-1381

(Company Telephone Number)

1 2	3 1	17-C		
Month	*Day*	(Form Type)	*Month*	*Day*
(Calendar Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. **Date of Report (date of earliest event reported)** April 27, 2011

2. **SEC Identification Number** 10044

3. **BIR Tax Identification No**. 000-283-731-000

4. **Exact name of issuer as specified in its charter**

   PHILEX MINING CORPORATION

5. **Province, country or other jurisdiction of incorporation or organization**

   Manila, Philippines

6. **Industry Classification Code:** **(SEC Use Only)**

7. **Address of issuer's principal office** **Postal Code**

   Philex Building, No. 27 Brixton Street, Pasig City, Philippines 1600

8. **Issuer's telephone number, including area code**

   (632) 631-1381 to 88

9. **Former name, former address and former fiscal year, if changed since last report**

   Philex Mining Corporation has not changed its name since its incorporation

10. **Securities registered pursuant to Sections 8 and 12 of the Code, or sections 4 and 8 of the RSA**

Number of Shares Registered	- 8,000,000,000 (Common)
Number of Shares Outstanding	- 4,924,024,959 (Common)
Amount of Debt Outstanding	- P250,000,000.00

11. **Item number reported** – Item 9 (Other Events)

Copy of Philex Mining Corporation's press release regarding the unaudited financial results for the three months ended March 31, 2011.

Pursuant to the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

PHILEX MINING CORPORATION
Issuer

RENATO N. MIGRIÑO
Treasurer & Chief Financial Officer
SVP for Finance

Encls: a/s

PHILEX
MINING CORPORATION

FIRST QUARTER CORE NET INCOME UP 156%
TO P1.330 BILLION

Higher Output and Metal Prices, Better Grades, Boost Earnings

Highlights

- Core Net Income increased by 156% to P1.330 billion from P520.1 million in the same period of 2010.
- Reported Net Income at P1.310 billion, similarly rising by 151% from P521.3 million a year ago.
- Revenues up 59% to P3.864 billion versus P2.434 billion, the second highest quarterly revenues ever, due to higher metal prices, metal output and oil revenues.
- Petroleum revenues of P64.5 million up 84% from P35.0 million in 2010.
- EBITDA at P2.092 billion versus P959.8 million in 2010, reflecting 118% improvement.
- Tonnage milled was 2.27 million tonnes, up 8% over last year.
- Realized gold price at US$1,315 per ounce versus US$1,003 per ounce in previous year, and at US$4.13 per pound versus US$3.37 per pound for copper.
- Core earnings per share at 27.02 centavos for the period versus 10.60 centavos a year earlier. Reported earnings per share at 26.64 centavos versus 10.76 centavos.

MANILA, Philippines, 27th April, 2011 – Philex Mining Corporation (PSE: PX) today announced first quarter Core Net Income of P1.330 billion, up 156% from P520.1 million in the same period last year. Higher price levels and metal output as well as improved grades realized in the quarter from the Padcal mine generated revenues 59% higher at P3.798 billion versus P2.391 billion last year.

Reported Net Income for the quarter amounted to P1.310 billion, more than twice the Reported Net Income of P521.3 million recorded in the same quarter a year ago. This year's first quarter net income is the fourth highest quarterly income level in the history of Philex.

In per share terms, Core Net Income was 27.02 centavos this quarter compared with 10.60 centavos a year ago while Reported Net Income was 26.64 centavos versus 10.76 centavos in the same period of 2010.

Revenues at P3.864 billion is the second highest level thus far in the Company's history and 59% higher than the P2.434 billion of revenues reported a year ago. Gold revenues rose 88% to P2.099 billion from P1.114 billion. Copper revenues improved by 31% to P1.651 billion from P1.257 billion. Gold contributed 54% of total revenue, with copper accounting for 43% and the balance of 3% from silver, petroleum and coal.

"With this quarter's results, the Company is on its way potentially to generating record earnings for the year. We are benefitting from the continuing improvement in the price of gold, which has now breached the $1,500 per ounce mark," said Manuel V. Pangilinan, Chairman of the Board and Chief Executive Officer of Philex.

Realized prices for the Company's metal production output this quarter averaged $1,315 per ounce gold and $4.13 per pound copper, as compared with $1,003 per ounce and $3.37 per pound a year ago (net of amortization of hedging costs, which amounted to $67 per ounce of gold and $0.14 per pound of copper in the quarter. The year-earlier amortization figures were $92 per ounce and $0.11 per pound. Hedging costs are deducted from the prices applicable for the respective periods.

Earnings before interest, income tax, deductions and amortization rose 118% to P2.092 billion in the quarter versus P959.8 million in the same period of 2010.

Ore milled of 2.3 million tonnes from the Padcal mine in the first three months of 2011 had average grades of 0.221% copper and 0.613 grams of gold per tonne. In the comparable period in 2010, ore milled of 2.1 million tonnes had average grades of 0.216% copper and 0.477 grams of gold per tonne. The higher tonnage and better grades resulted in higher production of copper concentrates to 16,792 dry metric tons this quarter compared with 14,893 dry metric tons a year earlier. Accordingly, production in metals rose by 51% for gold to 37,003 ounces in the first quarter of 2011 from 24,555 ounces in 2010, and by 12% for copper to 9.1 million pounds in 2011 from 8.1 million pounds in 2010.

With this quarter's higher production volume from Padcal, total costs and expenses rose by 10% to P1.645 billion from P1.498 billion in 2010. The Padcal mine's operating cost per tonne milled amounted to P726 per tonne this quarter versus P694 per tonne a year ago. Expressed in per ounce of gold produced and after deducting revenues from copper as a by-product credit however, operating cost was a negative $27 per ounce in 2011, compared with $182 per ounce in 2010.

The revenue contribution from petroleum (principally from Forum Energy Plc, a 64.5%-controlled subsidiary through wholly-owned Philex Petroleum Corporation) also improved to P64.5 million this quarter from P35.0 million a year ago.

Pitkin Petroelum Plc, an 18.46%-owned affiliate of Philex Petroelum, recently announced encouraging results from its on-going drilling activities in the Ca Rong Do (Red Emperor) appraisal well in Block 07/03 in offshore Vietnam.

OUTLOOK

"The Company is close to finalizing an agreement with Manila Mining Corporation for a joint venture on the Kalayaan property of Manila Mining in northern Mindanao. This will enhance the attractiveness of the Company's Silangan Project, particularly that of its Bayugo orebody which has a common boundary with Kalayaan. Further, advanced exploration activities are being done in the nearby Boyongan orebody which will be developed separately by Philex Mining. An exploration ramp is now being driven in Boyongan as part of its exploration activities and prefeasibility study work. The completion in March 2011 of the seismic exploration activity with respect to a potential gas field in the SC 72 Contract Area located in Northwest Palawan is a significant step towards enhancing the status of the petroleum/energy assets of the Philex Group," said Mr. Pangilinan.

Philex's First Quarter 2011 financial statement is unaudited.

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PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 AND 2010
(Amounts in Thousands, except Earnings Per Share)

	2011	2010	% Variance
REVENUE			
Gold	P2,098,861	P1,114,412	88
Copper	1,651,045	1,257,377	31
Silver	47,804	19,586	144
	3,797,710	2,391,375	59
Less: Marketing charges	206,502	155,135	33
	3,591,208	2,236,240	61
Petroleum	64,521	35,043	84
Coal	1,288	7,374	(83)
	3,657,017	**2,278,657**	60
COSTS AND EXPENSES			
Mining and milling costs (including depletion and depreciation)	1,203,732	1,167,185	3
Mine products taxes and royalties	220,600	128,580	72
General and administrative expenses	171,245	157,281	9
Petroleum production costs	33,896	29,859	14
Handling, hauling and storage	14,696	11,471	28
Cost of coal sales	1,261	3,203	(61)
	1,645,430	1,497,579	10
INCOME FROM OPERATIONS	**2,011,587**	**781,078**	158
OTHER INCOME(CHARGES)			
Interest - net	7,873	3,278	140
Foreign exchange gains (losses)	(26,881)	1,694	(1,687)
Others - net	(83,428)	(46,235)	80
	(102,436)	**(41,263)**	148
INCOME BEFORE INCOME TAX	**1,909,151**	**739,815**	158
PROVISION FOR INCOME TAX	(599,118)	(218,563)	174
NET INCOME	**P1,310,033**	**P 521,252**	151
CORE NET INCOME	**P1,330,412**	**P 520,066**	156
EBITDA	**P2,092,038**	**P 959,803**	118
EARNINGS PER SHARE	**P 0.2664**	**P 0.1076**	148
CORE EARNINGS PER SHARE	**P 0.2702**	**P 0.1060**	155
EBITDA PER SHARE	**P 0.4250**	**P 0.1956**	117

For further information, please contact:

Renato N Migriño
Chief Financial Officer

Telephone	:	746-8755
Fax	:	631-9498
Email	:	rnm@philexmining.com.ph

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SEC Registration Number

PHILEX MINING CORPORATION

(Company's Full Name)

27 Brixton cor Fair Lane Streets
Pasig City

(Business Address: No. Street City/Town/Province)

Renato N. Migriño

(Contact Person)

747-87-55

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Calendar Year)

1 7 - Q

(Form Type)

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. **For the quarterly period ended** March 31, 2011

2. **Commission identification number** 10044

3. **BIR Tax Identification No**. 000-283-731-000

4. **Exact name of issuer as specified in its charter**

   PHILEX MINING CORPORATION

5. **Province, country or other jurisdiction of incorporation or organization**

   Manila, Philippines

6. **Industry Classification Code:** **(SEC Use Only)**

7. **Address of issuer's principal office** **Postal Code**

   Philex Building, No. 27 Brixton Street, Pasig City, Philippines 1600

8. **Issuer's telephone number, including area code**

   (632) 631-1381 to 88

9. **Former name, former address and former fiscal year, if changed since last report**

   Philex Mining Corporation has not changed its name since its incorporation

10. **Securities registered pursuant to Sections 8 and 12 of the Code, or sections 4 and 8 of the RSA**

    Number of Shares of Stock Outstanding – 4,924,024,959
    (As of March 31, 2011)

    Amount of Debt Outstanding – 250,000,000

11. **Are any or all the securities listed on a Stock Exchange?**

    Yes [X] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve(12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The Unaudited Consolidated Financial Statements for the period ending March 31, 2011 are hereto attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company's consolidated net income for the first quarter of 2011 amounted to P1.310 billion, the fourth highest in quarterly net operating results in the past five years of the Company's history and more than twice the P521.3 million net income for the same quarter last year. Core net income and EBITDA amounted P1.330 billion and P2.092 billion, respectively, this quarter compared to P520.1 million and P959.8 million, respectively, in 2010.

Revenue generated during the first quarter of 2011, which is the second highest quarterly revenue in the past five years, amounted to P3.864 billion, a 59% increase from the P2.434 billion revenue last year. Revenue from gold, comprising 54% of the total revenue, significantly increased by almost two times to P2.099 billion this quarter from P1.114 billion last year. Revenue from copper, comprising 43% of the total revenue, likewise increased to P1.651 billion this year from P1.257 billion last year. The remaining 3% of total revenue were from silver, petroleum and coal amounting to P47.8 million, P64.5 million and P1.3 million, respectively, compared to P19.6 million from silver, P35.0 million from petroleum and P7.4 million from coal, last year. The increases in revenue from metals were the results of improved prices and production output this year compared to last year. In the first quarter of 2011, average realized metal prices were at $1,315 per ounce gold and $4.13 per pound copper on 37,003 ounces of gold and 9,110,472 pounds of copper produced. Last year, average realized metal prices were at $1,003 per ounce gold and $3.37 per pound copper on 24,555 ounces of gold and 8,099,450 pounds of copper produced.

Costs and expenses increased to P1.645 billion this quarter from P1.498 billion last year. Marketing charges also increased to P206.5 million from P155.1 million. Nevertheless, the net income from operations of P2.012 billion this year is more than double the income of P781.1 million last year. Net income before tax amounted to P1.909 billion after foreign exchange loss of P26.9 million from the Company's dollar-denominated deposits due to a lower peso closing rate of P43.432 per $1 as of March 31, 2011, and the other charges of P83.4 million comprised partly of share-based compensation expense of P16.9 million, equity in net losses of associates of P39.5 million and provision for losses of P29.0 million, partially offset by net interest income of P7.9 million. In the same period last year, net income before tax amounted to P739.8 million after the other charges of P41.3 million, which consisted of equity in net losses of associates of P21.5 million, share-based compensation expense of P13.9 million and provision for losses of P12.0 million, partially offset by interest income of P3.3 million and a foreign exchange gain of P1.7 million due to a higher peso rate which closed at P45.22 per $1. The higher income before tax this year resulted to higher provision for income tax at P599.1 million compared to P218.6 million last year.

To protect part of its future revenues from unfavorable metal price fluctuations, the Parent Company enters into metal hedging contracts, the gains or losses from which are reflected in revenue as addition or deduction in deriving the realized prices for the Company's metal production during the respective reporting periods. In the first quarter of 2011 and 2010, operating revenue was reduced by losses from hedging transactions reflected by the Company. In 2011, revenue from gold were reduced by P113.2 million, consisting of P88.9 million amortization of the unwinding cost of the gold collars pre-terminated in 2009, and P24.3 million amortization of the premiums for put options bought this year. In copper, revenue was reduced by P56.0 million consisting of P15.1 million losses from forward contracts, and P40.9 million from the amortization of the premiums for put options bought, both entered into in 2011. In the first quarter of 2010, total hedging loss amounted to P146.6 million, consisting of P88.9 million from the amortization of the unwinding cost of the gold collars pre-terminated in 2009, and P14.8 million and P42.9 million, respectively, from the amortization of the gold and copper premiums for put options bought in 2010 and 2009. The amortization of the unwinding cost of the gold collars pre-terminated in 2009 will end by April 2011.

The Company's outstanding financial instruments as of March 31, 2011 are presented in the following tables:

On Gold

Deal Dates		Total Quantity (in oz)	Monthly Maturity (in oz)	Strike price (US$ per oz)	Period Covered From	To
Jan 5, 2011	Put	81,000	9,000	1,200.00	Apr 2011	Dec 2011
Total		81,000	9,000	1,200.00		

On Copper

Deal Dates		Total Quantity (in DMT)	Monthly Maturity (in DMT)	Price in US$			Period Covered	
				Per DMT	Per lb			
				Strike/Forward	Put	Forward	From	To
Jan 5, 2011	Put	6,750	750	8,268.00	3.75		Apr 2011	Dec 2011
Jan 5, 2011	Forward	3,375	375	9,342.93		4.24	Apr 2011	Dec 2011
Total		10,125	1,125		3.75	4.24		

On Dollar

Deal Dates		Total Dollar (in million $)	Monthly Maturity (in million $)	Price in Peso per $1			Period Covered	
				Strike Price		Forward		
				Put	Call		From	To
Feb 28, 2011	Put/Call	18	2	43.00	45.00		Apr 2011	Dec 2011
Mar 10, 2011	Put/Call	18	2	43.00	45.00		Apr 2011	Dec 2011
Mar 11, 2011	Put/Call	63	7	43.00	45.00		Apr 2011	Dec 2011
Mar 15, 2011	Put/Call	12	2	43.00	45.00		Apr 2011	Sept 2011
Mar 11, 2011	Forward	6	2			44.10	Oct 2011	Dec 2011
Total		117	13	43.00	45.00	44.10		

As of March 31, 2011, Total Assets of the Company increased by 9% to P27.850 billion from P25.653 billion at year- end 2010. Total Current Assets increased by 22% to P9.489 billion from P7.751 billion primarily due to the increases in Cash and Cash Equivalents by P1.682 billion generated by higher net earnings, Mine Products and Material and Supplies Inventory by P1.562 billion, Derivative Assets by P85.9 million from the premiums paid on bought gold and copper put options, and Other Current Assets by P44.9 million particularly on the input value added tax receivable on importation of materials and supplies. These were partially offset by the decrease in Accounts Receivable by P1.637 billion as a higher balance of trade receivables outstanding at the beginning of the year were collected in the first quarter.

Non-current Assets slightly increased to P18.361 billion from P17.902 billion as of the beginning of the year principally from the increases in Property, Plant and Equipment and Deferred Exploration Costs and Other Noncurrent Assets to P5.214 billion and P11.184 billion, respectively from P5.095 billion and P10.828 billion, respectively, at the beginning of the year.

Total Liabilities of the Company at the end of the first quarter of 2011 increased by 18% to P5.787 billion from P4.895 billion at the end of 2010. Current Liabilities increased by 32% to P3.048 billion from P2.312 billion, mostly due to the increases in Short-term Bank Loans by P100.0 million, Accounts Payable and Accrued Expenses by P167.7 million, and Income Tax Payable by P437.2 million on account of the higher net income for the quarter period. Non-current Liabilities was slightly higher at P2.740 billion from P2.583 billion due to the increase in Deferred Income Tax Liabilities to P2.175 billion from P2.013 billion.

Stockholders' Equity at the end of the first quarter amounted to P22.062 billion, which is higher than the P20.758 billion balance at the beginning of the year, principally from the first quarter's net income, partly offset by the negative balance of Cumulative Adjustments on Hedging Instruments of P95.4 million from the marked-to-market losses on the outstanding hedging contracts as of end of the quarter and the negative balance of the Cumulative Translation Adjustments on Foreign Subsidiary of P21.4 million.

Net Cash period provided by operating activities amounted to P2.273 billion mainly from the net income generated this quarter and by the decrease in Accounts Receivable of P1.645 billion partly offset by the increase in Inventories by P1.562 billion. In 2010, net cash was used in operating activities amounting to P394.2 million mainly on account of the increases in Inventories and Other Current Assets of P967.8 million and P161.3 million, respectively, and the decrease in Accounts Payable and Accrued Expenses of P200.2 million. Net cash used in investing activities amounted to P665.7 million in 2011, mostly for acquisitions of Property, Plant and Equipment of P310.2 million, and expenses for ongoing exploration projects of P127.0 million. In 2010, net cash used amounted to P496.1 million comprising of P191.2 million for capital equipment, and P218.0 million for exploration. Net Cash provided by financing activities for the first quarter of 2011 amounted to P74.5 million from the availment of short-term loan of P100.0 million by a subsidiary versus the net cash used last year of P70.7 million on account of the decrease in Cumulative Translation Adjustment on Foreign Subsidiary of P92.7 million. As of March 31, Cash and Cash Equivalents amounted to P5.464 billion in 2011 compared to P1.920 billion in 2010.

Top Five (5) Key Performance Indicators

Average Metal Price

The average realized prices for the Company's products are key indicators in determining the Company's revenue level. While the world spot market prices quoted in the London Metal Exchange for gold, copper, and silver are applied on the Company's shipments as well as on mine products inventory, and provisional prices are adjusted to forward prices at the end of each reporting period, a portion of the Company's production is also hedged from time to time to protect revenue from any wild fluctuations in prices and where reasonable floor levels could be provided. The spot price, forward price and the hedge price comprise the Company's average realized prices, which in the first quarter of 2011 amounted to $1,315 per ounce gold (net of amortization of hedging costs of $67 per ounce) and $4.13 per pound copper (net of amortization of hedging costs of $0.14 per pound). In the same quarter in 2010, the realized price amounted to $1,003 per ounce gold (net of amortization of hedging costs of $92 per ounce) and $3.37 per pound copper (net of amortization of hedging costs of $0.11 per pound).

At the budgeted price levels of $1,350 per ounce for gold and $3.30 per pound for copper, the budgeted operating revenue for the remaining nine months of 2011 is at P9.687 billion. Spot prices both for gold and copper, however, reached record highs of $1,518 per ounce in April 2011 and $4.60 per pound in February 2011, respectively.

Tonnes Milled and Ore Grade

Tonnes milled and ore grade determine concentrates production and sales volume. The higher the tonnage and the grade of ore, the more metals are produced and sold. Ore milled in the first quarter of 2011 averaged 0.613 grams gold per tonne production, higher than the 0.477 grams gold per tonne average ore grade in 2010. Copper grade of 0.221% in 2011 was likewise higher than the 0.216% average grade in 2010. The better ore grades combined with the higher milling tonnage of 2.3 million tonnes in 2011 from 2.1 million tonnes in 2010, produced more concentrates at 16,792 dry metric tons this quarter compared to 14,893 dry metric tons last year. The equivalent metal outputs were 37 thousands ounces gold and 9.1 million pounds copper this year, compared to 25 thousand ounces gold and 8.1 million pounds copper in 2010.

For the remaining nine months of 2011, the budgeted milling tonnage is at 6.9 million tonnes at the average grade of 0.517 grams per tonne gold and 0.219% copper. In terms of metal production, gold is budgeted at 90 thousand ounces while copper at 27 million pounds.

Foreign Exchange Rate

As the Company's sales proceeds (and in the past, also bank loans) are in U.S. dollars, a higher Philippine peso to U.S. dollar exchange rate means higher peso sales revenue but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings about foreign exchange income on the loans. As a significant portion of the Company's cash and cash equivalents are also in U.S. dollar, higher exchange rates would reflect foreign exchange gain, and at lower exchange rate, a loss. The Company's average realized exchange rate in the first quarter of 2011 was P43.59 compared to P45.77 in 2010. As of March 31, 2011, the peso to dollar closing rate was P43.432 compared at P45.22 in 2010.

Total Production Cost Per Tonne and Operating Cost Per Tonne of Ore Milled, and Per Ounce Gold and Per Pound Copper Produced

The Company's average cost per tonne is a key measure of the operating performance of the Company. At the same cost level, the higher the production volume the lower the cost per tonne, as would also be the result at the same production volume but lower operating cost. Thus, a lower cost per tonne would generally reflect an improvement in operating efficiency. The same essentially applies to cost per ounce gold as well, but with the gold grade, as it affects metal production, and the exchange rate, as it affects the conversion from peso to dollars, getting into consideration.

In the first quarter of 2011, the total production cost (minesite cost and expenses excluding marketing charges, excise tax and royalties) per tonne of ore milled was P537 from the total production cost of P1.218 billion over ore milled of 2.3 million tonnes, 4% lower compared to the cost per tonne of P560 from the total production cost of P1.179 billion over ore milled of 2.1 million tonnes in the same period last year.

The operating costs and expenses (all cost and expenses excluding corporate overhead) per tonne of ore milled in the first quarter of 2011 was P726 from the operating costs and expenses of P1.646 billion, 5% higher than the operating cost per tonne of P694 from the operating costs and expenses of P1.462 billion in the same period of 2010. Expressed in operating cost per ounce gold produced, operating cost before copper revenue credits was $1,020 per ounce this quarter compared to $1,312 per ounce in 2010. After copper revenue credit, however, the corresponding cost per ounce was a negative $27 in 2011 compared to $182 in 2010. On the other hand, expressed in operating cost per pound of copper produced before gold revenue credit was $4.14 per pound in 2011 compared to $3.98 per pound in 2010. After gold revenue credit, cost per pound was negative $1.32 in 2011 versus $0.88 in 2010.

For the remaining nine months of 2011, the budgeted total production cost per tonne is P553 from the total production cost of P3.786 billion, while the budgeted operating cost per tonne is P701 from the total operating cost of P4.804 billion. The budgeted operating cost per ounce of gold produced is $981 per ounce before copper revenue credits, but after copper revenue credits is negative $47 per ounce. In per pound copper terms, the budgeted operating cost is

$3.21 per pound before gold revenue credits, but after gold revenue credits is negative $1.25 per pound.

Basic /Diluted Earnings Per Share

The basic earnings per share reflect the Net income attributable to equity holders of the Parent Company expressed in amount per share of the Company's average outstanding capital stock. Assuming a constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

The basic earnings per share for the first quarter in 2011 was P0.2664 per share based on the 4,922,922,793 weighted average shares outstanding for the period. The basic earnings per share for first the three months period in 2010 was P0.1076 per share based on the 4,905,923,749 weighted average shares outstanding for the period.

Considering the effect of the Parent Company's potentially dilutive stock options outstanding for the period, an assumed exercise of these stock options would have resulted in additional 6,012,312 and 13,132,458 common shares in 2011 and 2010, respectively. The diluted earnings per share in 2011 would be P0.2661 per share based on the 4,928,935,105 weighted average shares adjusted for the effect of such assumed exercises of stock options. In 2010, diluted earnings per share would be P0.1073 per share based on the 4,919,056,207 weighted average shares adjusted for the effect of exercise of stock options for the period.

Known Trends, Events or Uncertainties

The Company is currently in the process of negotiating for a joint venture agreement with Manila Mining Corporation over the Kalayaan property. While there has been a top level consensus, the more specific terms of the agreement are still subject to discussion and legal documentation cannot as yet be disclosed.

In March 2011, Forum Energy Plc, a 64.5% controlled subsidiary through wholly-owned Philex Petroleum Corporation (PPC), conducted seismic acquisition in SC72 contract area. Pitkin Petroelum Plc, an 18.46%-owned associate of PPC, recently announced the encouraging results of its on-going drilling activities in the Ca Rong Do (Red Emperor) appraisal well in Block 07/03 in offshore Vietnam.

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

Other than what have been discussed above, there are no known significant trends, demands, commitments or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way. There are no material commitments for capital expenditures not reflected in the Company's financial statements. There are likewise no significant seasonality or cyclicality in its business operation that would have material effect on the Company's financial condition or results of operation. There were no other significant elements of income or loss that did not arise from the Company's continuing operations. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period. There are no line items in the

Company's financial statements not already explained for causes either above or in the Notes to the Consolidated Financial Statements other than due to the usual period-to-period fluctuations in amounts natural in every business operations.

PART II - OTHER INFORMATION

There are no other information for this interim period not previously reported in a report on SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PHILEX MINING CORPORATION
(Issuer)

MANUEL V. PANGILINAN Chairman & Chief Executive Officer	**JOSE ERNESTO C. VILLALUNA JR.** President & Chief Operating Officer
RENATO N. MIGRIÑO Treasurer & Chief Financial Officer Senior Vice President for Finance Compliance Officer	**PARALUMAN M. NAVARRO** Division Manager –Corporate Finance

Date April 27, 2011

PHILEX MINING CORPORATION
AND SUBSIDIARIES

UNAUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
March 31, 2011

Pasig City, Philippines

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, except Par Value Per Share)

ASSETS		March 31 2011 (UNAUDITED)		December 31 2010 (AUDITED)
Current Assets				
Cash and cash equivalents	P	5,464,320	P	3,782,248
Accounts receivable - net		543,455		2,180,432
Inventories - net		2,655,594		1,093,636
Derivative asset		85,892		-
Other current assets -net		739,504		694,625
Total Current Assets		9,488,765		7,750,941
Noncurrent Assets				
Property, Plant and Equipment - net		5,214,492		5,095,029
Available-for-sale (AFS) financial assets		911,036		886,737
Investments in shares of stock		793,079		833,355
Goodwill		258,593		258,593
Deferred exploration costs and other noncurrent assets - net		11,183,730		10,828,065
Total Noncurrent Assets		**18,360,930**		**17,901,779**
TOTAL ASSETS	**P**	**27,849,695**	**P**	**25,652,720**

LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Short-term bank loans	P	250,000	P	150,000
Accounts payable and accrued liabilities		1,136,182		968,506
Income tax payable		1,294,194		856,954
Dividends payable		207,786		207,875
Provisions and subscriptions payables		159,435		128,335
Total Current Liabilities		3,047,597		2,311,670
Noncurrent Liabilities				
Provision for mine rehabilitation costs		32,330		31,709
Provision for losses		532,224		538,141
Deferred income tax liabilities - net		2,175,120		2,013,230
Total Noncurrent Liabilities		2,739,674		2,583,080
Total Liabilities		5,787,271		4,894,750
Equity				
Capital Stock - P1 par value		4,924,025		4,922,131
Additional paid-in capital		831,837		812,378
Retained Earnings		14,028,318		12,716,722
Net unrealized gain on AFS financial assets		443,114		419,404
Cumulative translation adjustments		(116,816)		(66,174)
Net revaluation surplus		1,611,397		1,611,397
Effect of transaction with non-controlling interests		106,027		106,027
		21,827,902		20,521,885
Non-controlling Interests		234,522		236,085
Total equity		**22,062,424**		**20,757,970**
TOTAL LIABILITIES & EQUITY	**P**	**27,849,695**	**P**	**25,652,720**

PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 AND 2010
(Amounts in Thousands, except Earnings Per Share)

		2011		2010
REVENUE				
Gold	P	2,098,861	P	1,114,412
Copper		1,651,045		1,257,377
Silver		47,804		19,586
		3,797,710		2,391,375
Less: Marketing charges		206,502		155,135
		3,591,208		2,236,240
Petroleum		64,521		35,043
Coal		1,288		7,374
		3,657,017		**2,278,657**
COSTS AND EXPENSES				
Mining and milling costs (including depletion and depreciation)		1,203,732		1,167,185
Mine products taxes and royalties		220,600		128,580
General and administrative expenses		171,245		157,281
Petroleum production costs		33,896		29,859
Handling, hauling and storage		14,696		11,471
Cost of coal sales		1,261		3,203
		1,645,430		1,497,579
INCOME FROM OPERATIONS		**2,011,587**		**781,078**
OTHER INCOME (CHARGES)				
Interest - net		7,873		3,278
Foreign exchange gains (losses)		(26,881)		1,694
Others - net		(83,428)		(46,235)
		(102,436)		**(41,263)**
INCOME BEFORE INCOME TAX		**1,909,151**		**739,815**
PROVISION FOR INCOME TAX		(599,118)		(218,563)
NET INCOME	**P**	**1,310,033**	**P**	**521,252**
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		1,311,596		528,056
Non-controlling interests		(1,563)		(6,804)
	P	**1,310,033**	**P**	**521,252**
BASIC EARNINGS PER SHARE	**P**	**0.2664**	**P**	**0.1076**
DILUTED EARNINGS PER SHARE	**P**	**0.2661**	**P**	**0.1073**

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 AND 2010

(Amounts in Thousands)

		2011		2010
NET INCOME	P	1,310,033	P	521,252
OTHER COMPREHENSIVE INCOME				
Unrealized loss on AFS financial assets		23,710		-
Gain (Loss) on translation of hedging instruments		(20,753)		(30,338)
Gain (Loss) on translation of financial statement of foreign subsidiaries		(29,889)		(92,658)
		(26,932)		(122,996)
TOTAL COMPREHENSIVE INCOME	**P**	**1,283,101**	**P**	**398,256**
Total Comprehensive Income Attributable to:				
Equity holders of the Parent Company		1,284,664		405,059
Non-controlling interests		(1,563)		(6,804)
		1,283,101		**398,256**

PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED MARCH 31, 2011 AND 2010

(Amount in Thousands)

	2011	2010
OPERATING ACTIVITIES		
Net Income before income tax	P 1,909,151	P 739,815
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion and depreciation	190,421	241,984
Net increase in derivative liability	(20,753)	(119,232)
Amortization of Prov for Mine Closure Cost	339	340
Interest Expense on Asset Retirement Obligation	621	575
Reserve provision	29,000	12,000
Share-based compensation expense	16,909	13,880
Amortization of DB hedging loss	-	88,894
Equity in net (income) loss of affiliates	39,488	20,963
Changes in non-cash components of working capital		
Decrease (increase) in:		
Accounts receivable	1,645,306	3,900
Inventories	(1,561,959)	(967,766)
Other current assets	(139,098)	(161,321)
Decrease in accounts payable and accrued exp.	167,677	(200,217)
Inrease (Decrease) in other liabilities	(3,805)	(68,038)
Cash provided by (used in) operating activities	**2,273,297**	**(394,223)**
INVESTING ACTIVITIES		
Additions to resource assets	(310,223)	(191,162)
Increase in other assets	(126,963)	(217,978)
Acquisition of minority interest in PGI	(497)	0
Increase in Investments in stocks	696	-
Increase in other noncurrent assets	(228,703)	(86,961)
Cash used in investing activities	**(665,690)**	**(496,101)**
FINANCING ACTIVITIES		
Net availments (payments) of short-term loans	100,000	-
Exercise of stock options	4,444	22,004
Decrease on cumulative translation adjustment on foreign subsidiar	(29,889)	(92,658)
Dividends	(90)	-
Cash provided by (used in) financing activities	**74,465**	**(70,654)**
DECREASE IN CASH AND CASH EQUIVALENTS	**1,682,072**	**(960,978)**
CASH AND CASH EQUIVALENTS - BEGINNING	3,782,248	2,881,115
CASH AND CASH EQUIVALENTS - END	**P 5,464,320**	**P 1,920,137**

PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company									
	Capital Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Net Unrealized Gain (Loss) on AFS Financial Assets	Cumulative Translation Adjustments	Net Revaluation Surplus	Effect of transaction with Non-controlling Interest	Sub-total	Non-controlling Interests	Total
Balances at December 31, 2010	**4,922,131**	**812,378**	**12,716,722**	**419,404**	**(66,174)**	**1,611,397**	**106,027**	**20,521,885**	**236,085**	**20,757,970**
Total Comprehensive income (loss) for the period			1,311,596	23,710	(50,642)			1,284,664	(1,563)	1,283,101
Issuance of additional shares of stock	1,894	19,459						21,353		21,353
BALANCES AT MARCH 31, 2011	**4,924,025**	**831,837**	**14,028,318**	**443,114**	**(116,816)**	**1,611,397**	**106,027**	**21,827,902**	**234,522**	**22,062,424**
Balances at December 31, 2009	**4,900,605**	**774,494**	**9,441,593**	**445,277**	**(231,617)**	**1,611,397**	**41,536**	**16,983,285**	**700,251**	**17,683,536**
Total Comprehensive income (loss) for the period			528,055		(122,996)			405,059	(6,804)	398,256
Issuance of additional shares of stock	9,523	26,360						35,883		35,883
BALANCES AT MARCH 31, 2010	**4,910,128**	**800,854**	**9,969,648**	**445,277**	**(354,613)**	**1,611,397**	**41,536**	**17,424,227**	**693,447**	**18,117,674**

PHILEX MINING COPORATION AND SUBSIDIARIES
#27 Brixton St., Pasig City

SCHEDULE OF ACCOUNTS RECEIVABLE
As of March 31, 2011

Accounts Receivable - Trade	341,824,724
Accounts Receivable - Miscellaneous	201,629,866
	543,454,591

AGING OF ACCOUNTS RECEIVABLE - TRADE
As of March 31, 2011

	0-30 days	31-60 days	61-90 days	over 90 days	Total
Trade					
Pan Pacific Copper Co. Ltd.				130,023,964	130,023,964
Louis Dreyfus Commodities Metals Suisse SA	92,893,660		118,907,101		211,800,761
	92,893,660	**-**	**118,907,101**	**130,023,964**	**341,824,724**

PHILEX MINING CORPORATION AND SUBSIDIARIES

#27 Brixton St., Pasig City

SCHEDULE OF LOANS PAYABLE

As of March 31, 2011

Bank of the Philippine Islands	P 250,000,000
Total	P 250,000,000

PHILEX MINING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2011

1. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

The unaudited consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements of Philex Mining Corporation (the Parent Company) and Subsidiaries (the Group) do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2010.

The consolidated financial statements have been prepared using the historical cost basis, except for mine products inventory and material and supplies that are measured at net realizable value (NRV) and available-for-sale (AFS) financial assets and derivative financial instruments that are measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional currency, rounded to the nearest thousand (₱000) except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the Philippines. The Group prepared its consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS), except for the Parent Company's mine products inventory that have been measured at NRV, which was permitted by the Philippine Securities and Exchange Commission (SEC). The significant accounting policies followed by the Group are disclosed below.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2010, except for the adoption of the following new and amended accounting standards that became effective beginning January 1, 2011.

- PAS 24, *Related Party Disclosures (Amendment)*, clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities.

- PAS 32, *Financial Instruments: Presentation (Amendment) - Classification of Rights Issue*, amends the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

- Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement (Amendment)*, an interpretation of PAS 19, *Employee Benefits*, provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*, clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in the consolidated statement of income.

Improvements to PFRS
In May 2010, the IASB issued omnibus of amendments to the following standards, primarily with a view to removing inconsistencies and clarifying wording.

- PFRS 3, *Business Combinations (Revised)*, clarifies that the amendments to PFRS 7, PAS 32 and PAS 39 that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of PFRS 3.

- PFRS 7, *Financial Instruments: Disclosures (Amendment)*, emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments which should be applied retrospectively.

- PAS 1, *Presentation of Financial Statements (Amendment)*, clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the consolidated statement of changes in equity or in the notes to the consolidated financial statements.

- PAS 27, *Consolidated and Separate Financial Statements (Amendment)*, clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates* and PAS 31, *Interests in Joint Ventures*, apply prospectively for annual periods beginning on or after July 1, 2010 or earlier when PAS 27 is applied earlier.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes (Amendment)*, clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Future Changes in Accounting Policies

The following are the new and revised accounting standards and interpretations that will become effective subsequent to December 31, 2011. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations to have any significant impact on its consolidated financial statements.

Effective in 2012

- PFRS 7, *Financial Instruments: Disclosures (Amendments) - Transfers of Financial Assets*, allows users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

- PAS 12, *Income Taxes (Amendment) - Deferred Tax: Recovery of Underlying Assets*, provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will, normally, be through sale.

- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

Effective in 2013

- PFRS 9, *Financial Instruments: Classification and Measurement*, reflects the first phase of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and de-recognition will be addressed. The completion of this project is expected in the middle of 2011. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2. Significant Judgments and Estimates and Assumptions

Classification of financial instruments
The Group exercises judgment in classifying financial instruments in accordance with PAS 39. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's unaudited consolidated balance sheet.

Financial assets are classified into the following categories:

a. Financial assets at FVPL
b. Loans and receivables

c. HTM investments
d. AFS financial assets

Financial liabilities, on the other hand, are classified into the following categories:
a. Financial liabilities at FVPL
b. Other financial liabilities

The Group determines the classification at initial recognition and re-evaluates this classification, where allowed and appropriate, at every reporting date.

Valuation of financial assets and financial liabilities
The Group carries certain financial assets and financial liabilities (i.e., derivatives and AFS financial assets) at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, quoted security prices), the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities would affect the profit and loss and equity.

3. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise mainly of cash and cash equivalents, receivables, AFS financial assets and accounts payable and accrued liabilities. The main purpose of these financial instruments is to provide financing for the Group's operations and capital intensive projects.

The Board of Directors (BOD) is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial Risks
The main risks arising from the Group's financial instruments are credit and concentration risks, liquidity risk, and market risk. The market risk exposure of the Group can be further classified to foreign currency risk, cash flow interest rate risk, equity price risk, and commodity price risk. The BOD reviews and approves the policies for managing some of these risks and they are summarized as follows:

Credit and concentration risks
Credit risk is such risk where the Group could incur a loss if its counterparties fail to discharge their contractual obligations, although the Group trades only with recognized, creditworthy third parties. At present, 60% of the Parent Company's annual mineral products sales are committed to Pan-Pacific Co. Ltd. (Pan Pacific) with whom the Parent Company has a long-term sales agreement. This agreement is effective until the end of the Padcal mine life currently declared as 2017 but with possibility of future extension. The balance of the Parent Company's annual mineral products sales is with LD Metals which is covered by a long-term agreement up to April 1, 2012.

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents and AFS financial assets, the Group's exposure to credit risk could arise from default of the counterparty, having a maximum exposure equal to the carrying amount of these instruments.

The table below summarizes the Group's exposure to credit risk for the components of the unaudited consolidated balance sheet as of March 31, 2011:

Cash and cash equivalents, excluding cash on hand:	
Cash in bank	₱308,367
Short-term deposits	5,148,351
Accounts receivable:	
Trade	341,825
Others	201,630
AFS financial assets:	
Quoted equity investments	872,766
Unquoted equity investments	38,270
Derivative assets	85,892
Gross maximum credit risk exposure	₱6,997,101

The table below shows the credit quality of the Group's financial assets by class as of March 31, 2011 based on the Group's credit evaluation process:

	Neither past due nor impaired		Past due or individually impaired	Total
	High Grade	Standard		
Cash and cash equivalents, excluding cash on hand:				
Cash in bank	₱308,367	₱–	₱–	₱308,367
Short-term deposits	5,148,351	–	–	5,148,351
Accounts receivable:				
Trade	341,825	–	–	341,825
Others	–	201,630		201,630
AFS financial assets:				
Quoted equity investments	–	872,766	–	872,766
Unquoted equity investments	–	38,270	–	38,270
Derivative assets	85,892			85,892
Total	₱5,884,435	₱1,112,666	₱	₱6,997,101

Credit quality of cash and cash equivalents and AFS financial assets are based on the nature of the counterparty and the Group's internal rating system.

High-grade credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience and/or counterparty credit standing. Standard-grade credit quality financial asset includes unquoted equity investments that can be readily sold to a third party.

The Group has no past due but not impaired financial assets as of March 31, 2011.

Liquidity risk

Liquidity risk is such risk where the Group becomes unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary.

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities as of March 31, 2011, respectively based on contractual undiscounted repayment obligations (including interest):

	On demand	Within 1 year	More than 1 year	Total
Short-term bank loans	₱–	₱250,000	₱–	₱250,000
Accounts payable and accrued liabilities	–	849,214	–	849,214
Dividends payable	207,786	–	–	207,786
Subscription payable		21,995	–	21,995
Total undiscounted financial liabilities	₱207,786	₱1,121,209	₱–	₱1,328,995

<u>Market risks</u>

Foreign currency risk

Foreign currency risk is such risk where the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from sales in currencies other than its functional currency. All of the Parent Company's sales are denominated in US Dollar. Also, the Parent Company is exposed to foreign exchange risk arising from its US Dollar-denominated cash and cash equivalents, trade receivables, and long-term debt. For the three months ended March 31, 2011, the Parent Company recognized net foreign exchange loss of ₱27.5 million, arising from the translation of these foreign currency-denominated financial instruments.

As the need arises, the Parent Company enters into structured currency derivatives to cushion the effect of foreign currency fluctuations.

The following table summarizes the impact on the unaudited consolidated income before income tax of reasonably possible changes in the exchange rates of US Dollar against the Peso:

USD Appreciate/(Depreciate)	
7%	₱267,558
(7%)	(267,558)

There is no other impact on the Group's equity other than those affecting profit or loss.

Cash flow interest rate risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. As of March 31, 2011, Group's exposure to the risk in changes in market interest rates relates primarily to the Parent Company's short-term bank loans.

The Group relies on budgeting and forecasting techniques to address cash flow concerns. The Group also keeps its cash flow interest rate risk minimum by prepaying, to the extent possible, interest-bearing debt using operating cash flows.

The following table demonstrates the sensitivity to reasonably possible change in interest rates, with all other variables held constant, of the Group's three months period of 2011 income before income tax:

Change in market rate of interest	Effect on income before income tax
(1.0%)	₱2,500
(0.5%)	₱1,250
1.0%	(₱2,500)
0.5%	(₱1,250)

There is no other impact on the Group's equity other than those affecting profit or loss.

Equity price risk
Equity price risk is such risk where the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The management strictly monitors the movement of the share prices pertaining to its investments. The Group is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the unaudited consolidated balance sheets as AFS financial assets.

The effect on equity, as a result of a possible change in the fair value of the Parent Company's equity instruments held as AFS financial assets as at March 31, 2011, that could be brought by changes in equity indices with all other variables held constant, are as follows:

Currency	Change in quoted prices of investments carried at fair value	
AU$	Increase by 20%	₱90,160
	Decrease by 40%	(180,320)
PHP	Increase by 20%	₱45,753
	Increase by 10%	22,877
	Decrease by 20%	(45,753)
	Decrease by 10%	(22,877)

The impact on the Group's equity excludes the impact on transactions affecting profit or loss.

Commodity price risk
The Parent Company's mine products revenues are based on international commodity quotations (i.e., primarily on the LME and London Bullion Metal Association quotes) over which the Parent Company has no significant influence or control. This exposes the Group's results of operations to commodity price volatilities that may significantly impact its cash inflows. The Parent Company enters into derivative transactions as a means to mitigate the risk of fluctuations in the market prices of its mine products.

The table below shows the effect on income before income tax should the change in the prices of copper and gold occur based on the inventory of the Parent Company as of March 31, 2011:

Change in metal prices (Gold)	Effect on income before income tax
Increase by 17%	₱151,215
Decrease by 17%	(151,215)

Change in metal prices (Copper)	Effect on income before income tax
Increase by 28%	₱194,006
Decrease by 28%	(194,006)

4. Segment Information

The Group is organized into business units on their products and activities and has two reportable operating segments: the mining segment and the oil and gas segment. The operating businesses are organized and managed separately through the Parent Company and its subsidiaries according to the nature of the products provided, with each segment representing a strategic business unit that offers different products to different markets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income (loss) for the year, earnings before interest, taxes and depreciation and depletion (EBITDA), and core net income (loss).

Net income (loss) for the year is measured consistent with consolidated net income (loss) in the consolidated statements of income. EBITDA is measured as net income excluding interest expense, interest income, provision for (benefit from) income tax, and depreciation and depletion of property, plant and equipment.

The Group started using core net income (loss) in evaluating total performance in 2009. Core income is the performance of operating segments based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company excluding the effects of non-recurring items, net of their tax effects. Non-recurring items represent gains (losses) that, through occurrence or size, are not considered usual operating items, such as foreign exchange gains (losses), gains (losses) on derivative instruments, gains (losses) on disposal of investments, and other non-recurring gains (losses).

The Group added the disclosure on core net income in 2009 and the disclosure on EBITDA in 2009 and 2008.

The following tables present revenue and profit and certain asset and liability information regarding the Group's operating segments.

March 31, 2011

	Mining	Oil and Gas	Unallocated Corporate Balances	Eliminations	Total
Revenue					
External customers	P 3,797,710	P 65,809	-	-	P 3,863,519
Inter-segment					
Consolidated revenue	P 3,797,710	P 65,809	P -	P -	P 3,863,519
Results					
EBITDA	P 2,132,026	(P501)	-	(P39,487)	P 2,092,038
Interest Income (Expense) - Net	11,357	(3,484)	-	-	7,873
Income Tax Expense	(599,117)	(1)	-	-	(599,118)
Depreciation and depletion	(190,149)	(611)	-	-	(190,760)
Consolidated net income (loss)	P 1,354,117	(P4,597)	-	(P39,487)	P 1,310,033
Core net income (loss)	P 1,373,356	(P3,456)	-	(P39,488)	P 1,330,412
Consolidated total assets	P 28,805,369	P 5,001,194	P 6,035	(P5,962,903)	P 27,849,695
Consolidated total liabilities	(P10,212,627)	(P1,786,542)	(P47)	P 6,211,945	(P5,787,271)
Other Segment Information					
Capital expenditures	P 415,074	P 22,112	-	-	P 437,186
Investments in shares of stocks	4,231,759	1,062,195	-	(4,500,875)	793,079
Equity in net losses of associates	-	(39,488)	-	-	(39,488)

March 31, 2010

	Mining	Oil and Gas	Unallocated Corporate Balances	Eliminations	Total
Revenue					
External customers	P 2,391,375	P 42,417	-	-	P 2,433,792
Inter-segment					
Consolidated revenue	P 2,391,375	P 42,417	P -	P -	P 2,433,792
Results					
EBITDA	P 998,924	(P22,270)		(P16,851)	P 959,803
Interest Income (Expense) - Net	3,095	183	-	-	3,278
Income Tax Expense	(217,864)	(699)	-	-	(218,563)
Depreciation and depletion	(221,331)	(1,935)	-	-	(223,266)
Consolidated net income (loss)	P 562,824	(P24,721)	-	(P16,851)	P 521,252
Core net income (loss)	P 557,895	(P20,979)	-	(P16,851)	P 520,066
Consolidated total assets	P 21,452,191	P 3,547,270	P 5,938	(P3,229,963)	P 21,775,436
Consolidated total liabilities	P 7,165,339	P 155,826	P 77	(P3,663,480)	P 3,657,762
Other Segment Information					
Capital expenditures	P 393,919	P 15,221	-	-	P 409,140
Investments in shares of stocks	3,479,079	1,028,691	-	(3,189,676)	1,318,095
Equity in net losses of associates	-	(21,528)	-	-	(21,528)

5. Related Party Transactions

The following are the significant transactions with related parties:

a. On November 24, 2010, the Parent Company, as lender, entered into a US$10,000 loan facility agreement with Forum Philippines Holdings Ltd. (FPHL), a wholly-owned subsidiary of FEP. The facility agreement will be available for a three-year period and funds can be borrowed at an interest rate of US LIBOR + 4.5%. The facility agreement will enable FPHL to fund its 70% share of a first sub-phase work programme over SC 72. Obligations arising from funds drawn under this facility agreement are not convertible into FEP's or FPHL's ordinary shares but are guaranteed by FEP for repayment to the Parent Company. As of March 31, 2011, FEP or FPHL have not yet made any drawdown on the facility. The first drawdown of the facility is expected to occur in April 2011 in the amount of US$10,000.

b. On September 25, 2008, the BOD approved the Parent Company to pursue the acquisition of the 50% equity interest over the Silangan Project through SMECI and SMMCI from Anglo. The acquisition, which was consummated on February 6, 2009, was executed through a share and asset purchase agreement for a total consideration of US$55,000 (or ₱2,619,375) broken down as follows: US$24,695 (or ₱1,176,114) for the shares, US$43 (or ₱2,020) for the project properties, US$27,053 (or ₱1,288,416) for the receivables and US$3,209 (or ₱152,825) for the payment of loans of Anglo in joint venture companies. This acquisition effectively gave the Parent Company, together with PGPI, which currently owns the other 50% interest, control over the property.

c. In conjunction, Anglo assigned to the Parent Company its receivables from SMMCI for cash advances to finance SMECI's operations and exploration activities. From this point, the Parent Company continued providing the non-interest-bearing, unguaranteed cash advances to SMMCI and SMECI. As of March 31, 2011 & 2010, the outstanding cash advances to SMMCI and SMECI amounted to ₱3,513,389 and P2,307,914, respectively. These advances are payable on demand and will be settled through cash payment by SMMCI and SMECI.

d. The Parent Company advances PGPI's working capital and capital expenditure requirements which amounted to ₱952,143 and ₱870,054 as of March 31, 2011 and 2010, respectively. A portion of these advances are secured by mortgage participation certificates on certain mining assets of PGPI's Bulawan mine which is currently on care and maintenance basis. The mining assets are fully depreciated as of December 31, 2010 and 2009.

e. The Parent Company and PGPI were reimbursed by Anglo's wholly-owned local subsidiary, Anglo American Exploration (Philippines), Inc. for expenses that the Parent Company and PGPI incurred pertaining to the exploration activities of NLEMCI and SMMCI.

   As of March 31, 2011, total reimbursements made by Anglo for the Parent Company's and PGPI's advances amounted to ₱367. These reimbursements, which are non-interest-bearing, unguaranteed and reimbursable on demand, are presented as part of "Others" under "Accounts receivable" account in the consolidated balance sheets.

f. The Parent Company made cash advances to be used as additional working capital of PPC, and for the acquisition of investment in shares of stock. These advances are non-interest-bearing, unguaranteed and payable on demand through cash. As of March 31, 2011 and 2010, cash advances from the Parent Company amounted to ₱ 616,379 and ₱495,650, respectively.

g. In April 2010, the Parent Company sold US$20,000 to First Pacific Company Limited, Inc. (FPC), a stockholder, at the forward rate of ₱45.03 per US dollar in converting part of the Parent Company's dollar fund for routine working capital requirement.

h. The Parent Company provided cash advances to BEMC for the funding of its exploration and development activities. These advances are non-interest-bearing and payable on demand through cash. As of March 31, 2011 and 2010, total advances amounted to ₱143,039 and ₱28,339 respectively.

6. Basic/Diluted Earnings Per Share

Basic earnings per share as of March 31, 2011 and 2010 are computed as follows:

	2011	2010
Net income attributable to equity holders of the Parent Company	₱1,311,596	₱ 528,055
Divided by weighted average number of common shares outstanding during the period	4,922,922,793	4,905,923,749
Basic earnings per share	₱0.2664	₱0.1076

Diluted earnings per share as of March 31, 2011 and 2010 are computed as follows:

	2011	2010
Net income attributable to equity holders of the Parent Company	₱1,311,596	₱ 528,055
Divided by weighted average number of common shares outstanding during the period including vested options	4,928,935,105	4,919,056,207
Diluted earnings per share	₱0.2661	₱0.1073

Weighted average number of common shares outstanding during the period	4,922,922,793	4,905,923,749
Effect of exercise of stock options	6,012,312	13,132,458
Weighted average number of common shares adjusted for the effect of exercise of stock options	4,928,935,105	4,919,056,207

7. **<u>Seasonality and Cyclicality of Interim Operation</u>**

There are no significant seasonality or cyclicality in its business operation that would have material effect on the Company's financial condition or results of operation.

8. **<u>Subsequent Events</u>**

On April 5, 2011, the Parent Company paid cash dividend of P0.16 per share to all stockholders of record as of March 16, 2011.