



**FULL YEAR 2015
OPERATING AND
FINANCIAL RESULTS**

24 February 2016

FY2015 Highlights

- **Net income 10% higher year-on-year despite lower metal prices**
- **Operating cost per tonne down to P785 in 4Q2105 from P859 average in FY2014**
- **US\$25.8M debt retired in 2015**
- **Additional 20M reserves within 800-700ML extend Padcal mine life from 2020-2022**
- **Within Padcal vicinity, Bumolo exploration results may extend mine life beyond 2022**
- **Silangan DFS targeted for completion within 2016**



Metals

FY2015 Operating Statistics

	FY2015	FY2014	Inc (Dec)
Tonnes Milled ('000)	9,199	9,506	-3%
Operating Days	357	359	-
Production			
Gold – ozs	107,887	105,008	3%
Copper - lbs ('000)	34,104	35,391	-4%
Metal Recovery (%)			
Gold	83	78	6%
Copper	82	80	3%
Ore Grade			
Gold - gms/DMT	0.438	0.438	0%
Copper - %	0.205	0.212	-3%
Prices			
Gold (US\$/ounce)	1,147	1,270	-10%
Copper (US\$/pound)	2.29	2.98	-23%

➤ Ore milled lower due to less days and scheduled maintenance and equipment upgrades

➤ Higher gold output driven by improved recovery rate

➤ Copper production affected by lower grade

➤ Improved metal recovery due to new draw points and innovation

FY2015 Financial Highlights

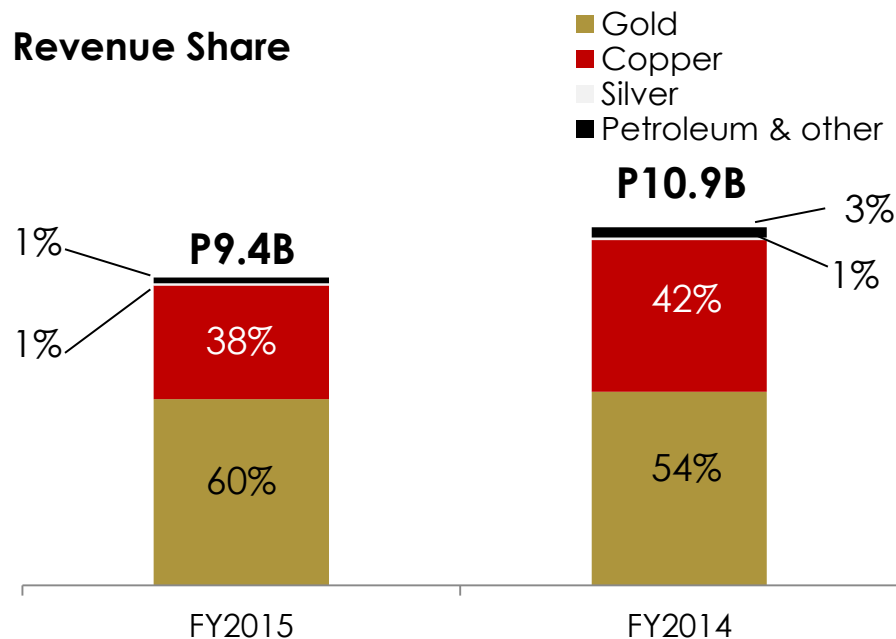
<i>(in PHP million, unless indicated)</i>	FY2015	FY2014	Inc/(dec)
Gross Revenue	9,362	10,898	-14%
Smelting Charges	837	850	-2%
Cost & Expenses	7,326	8,415	-13%
Income from Operations	1,199	1,633	-27%
Other Inc / (charges)	-57	-579	-90%
Provision for Tax	-366	-351	4%
Net Income	776	703	10%
Equity Holders of Parent	896	1,006	-11%
Core Net Income	905	1,122	-19%
EBITDA	2,791	3,320	-17%
Operating margin	14%	16%	-2%
EBITDA Margin	33%	33%	-1%

➤ **Lower metal prices result in lower revenues**

➤ **Cost and expenses contained through judicious cost management**

➤ **Net income boosted by decline in other charges**

FY2015 Revenue Breakdown



REVENUE PER PRODUCT (PhP million)			
	FY2015	FY2014	Inc (Dec)
Gold	5,670	5,889	-4%
Copper	3,450	4,615	-25%
Silver	70	78	-10%
Petroleum & others	172	316	-46%
TOTAL	9,362	10,898	-14%

FY2015 Cost and Expenses

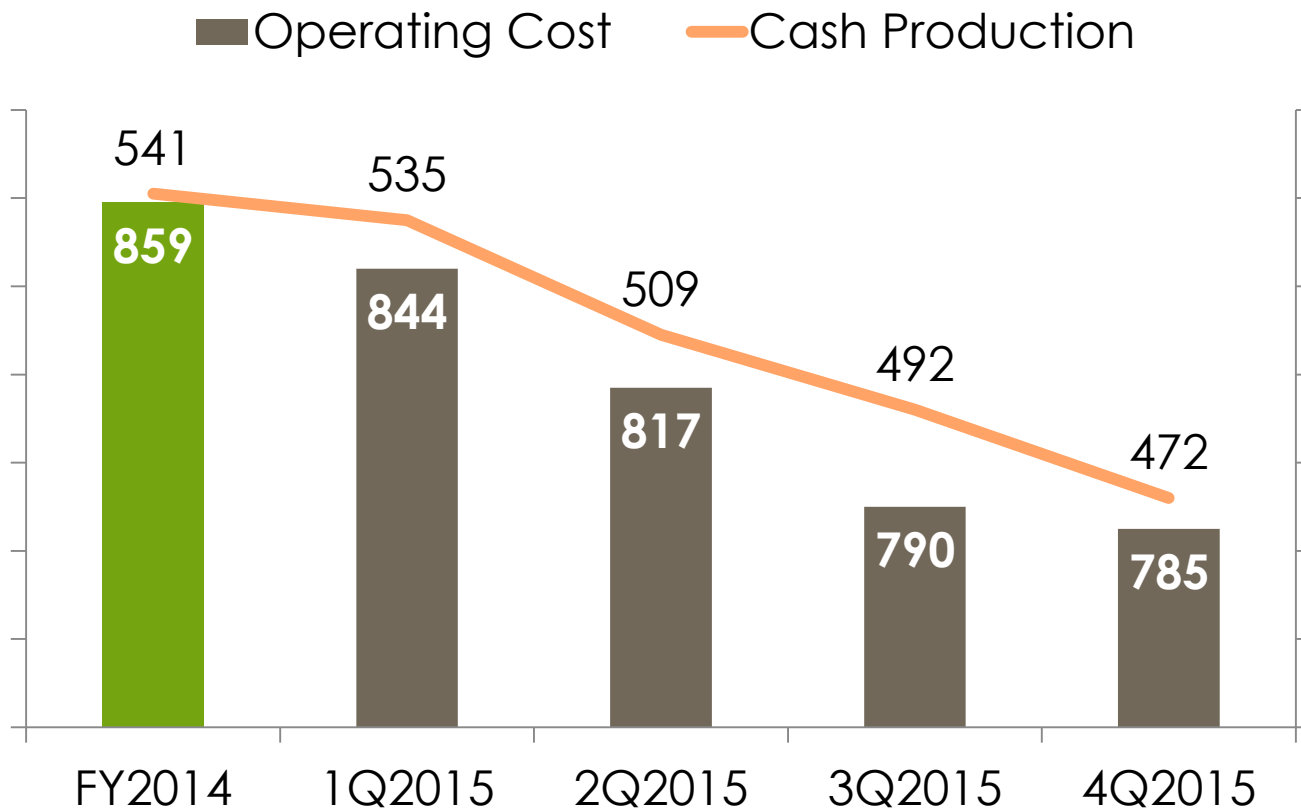
(in PHP million)	FY2015	FY2014	Inc (Dec)
Production cost			
Materials & Supplies	1,605	1,847	-13%
Power	1,665	1,710	-3%
Labor	839	1,098	-24%
Contracts	293	277	6%
Others	212	212	-
Cash Production cost	4,615	5,143	-10%
Depreciation & Amortization	1,546	1,666	-7%
Total Production Cost	6,160	6,808	-10%
Excise Tax & Royalties	436	507	-14%
Operating Cost (Mining)	6,597	7,315	-10%
G&A (Mining)	401	646	-38%
All-in Operating Cost (Mining)	6,998	7,961	-12%
PPC & Silangan expenses	327	454	-28%
TOTAL COST AND EXPENSES	7,326	8,415	-13%

- **Lower production cost attributed to:**
 - ✓ Reduction in manpower cost
 - ✓ More efficient use of raw materials
 - ✓ Drop in fuel costs

- **38% drop in Parent G&A due to manpower rightsizing and effective cost containment**

- **PXP and Silangan expenses lower due to operational rationalization**

Quarterly Cost per Tonne



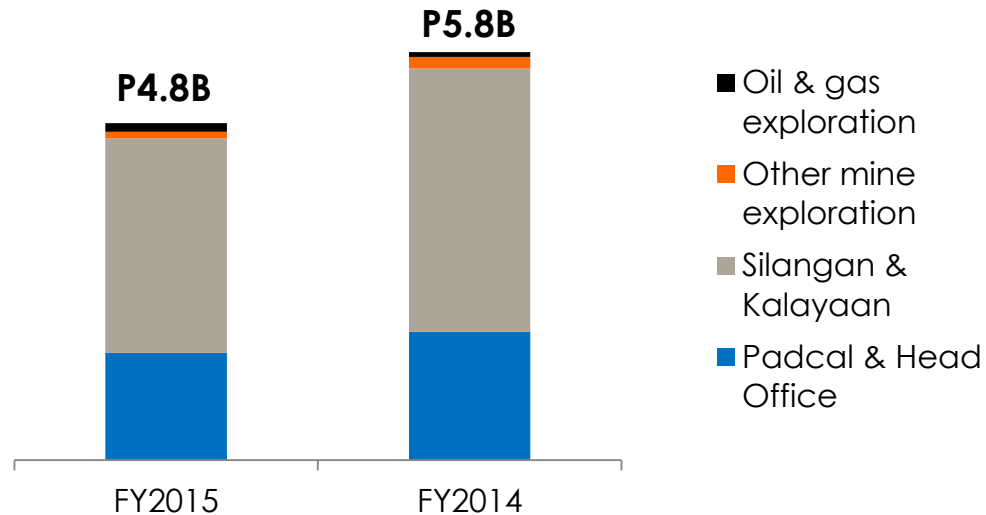
FY2015 Breakeven Analysis

COST STRUCTURE (excluding G&A)			
	FY2015	FY2014	Variance
Cost per Tonne			
Cash Production Cost	502	541	-7%
Depreciation	168	175	-4%
Total	670	716	-6%
Operating cost*	808	859	-6%
Operating Cost per Metal			
Co-production method			
Gold (\$/oz)	933	977	-4%
Copper (\$/lb)	1.86	2.29	-19%
By-product credits method			
Gold (\$/oz)			
Before by-product credits	1,521	1,747	-13%
After by-product credits	783	729	7%
Copper (\$/lb)			
Before by-product credits	4.81	5.19	-7%
After by-product credits	1.14	1.37	-17%

*Includes production cost plus excise tax, royalties and marketing expenses, but excludes Head Office overhead

FY2015 Capital Expenditures

CAPITAL EXPENDITURE PERFORMANCE



CAPITAL EXPENDITURE BREAKDOWN (PhP million)			
	FY2015	FY2014	change
Padcal & Head Office	1,534	1,835	-16%
Silangan & Kalayaan	3,068	3,765	-19%
Other mine exploration	101	164	-38%
Oil & gas exploration	117	67	74%
TOTAL	4,819	5,831	-17%

End-Dec 2015 Financial Position

ASSETS (in PHP million)

	As of Dec 31, 2015	As of Dec 31, 2014	Inc (Dec)
Cash & cash equivalents	1,009	5,232	-81%
Receivables & others	4,263	4,299	-1%
Current assets	5,271	9,530	-45%
Property, plant & equipment	6,828	7,139	-4%
Deferred exploration costs/others	31,450	27,971	12%
Total assets	43,549	44,640	-2%

- Sustained investments in Silangan and Padcal increase deferred exploration costs

LIABILITIES AND STOCKHOLDERS' EQUITY

(in PHP million)

	As of Dec 31, 2015	As of Dec 31, 2014	Inc (Dec)
Short-term debt	3,318	4,308	-23%
Others	2,397	3,215	-25%
Current liabilities	5,715	7,523	-24%
Bonds Payable	6,259	5,947	5%
Deferred income tax liability/others	4,291	4,128	4%
Total liabilities	16,265	17,599	-8%
Capital stock, RE & others	24,563	23,599	4%
Non-controlling interest	2,721	3,442	-21%
Total equity	27,284	27,042	1%
Total Liabilities and SHE	43,549	44,640	-2%

- Repayment of US\$25.8 million in local bank loans reduced Parent Company debt to US\$70.5 million

SELECTED FINANCIAL RATIOS

Current Ratio	0.9:1	1.3:1
Debt-to-equity Ratio	37:63	39:61
Net debt/(cash)-to-equity Ratio	56:44	46:54

Inferred Resource Estimate at Bumolo

MINERAL RESOURCE ESTIMATE

	CuEq* Cutoff %	Classification	Tonnes (000)	Copper	Gold	Contained Copper	Contained Gold
				%	Grams/Tonne	(000 lbs.)	(ounces)
Bumolo	0.410	Inferred	21,700	0.20	0.30	95,700	210,300

The Mineral Resource has been estimated in accordance with the Philippine Mineral Reporting Code "PMRC". The Competent Person is Mr. Noel C. Oliveros. The Inferred resources are reported at a cut-off of 0.274% CuEq. The copper equivalent calculations derived by Padcal Mine for the Bumolo MRE are $CuEq = Cu\% + 0.693 \times \text{Aug/t}$ based on Padcal Mine's estimated copper prices of US\$2.35/lb and gold price of US\$1,145/oz and metal recoveries of 82% for copper and 80% for gold based on the average result from Padcal mine operations as of October 2015.



Silangan Mindanao Mining Company Inc.

Silangan Project Update

Silangan Project Update

- **Definitive Feasibility Study**
 - ✓ Bulk of requirements completed
 - ✓ Other components being validated by study partners
 - ✓ DFS completion targeted within 2016

- **Permitting and documentation**
 - ✓ Most permits and licenses issued
 - ✓ Remainder has been covered by completed applications
 - ✓ Submitted to the relevant government agencies

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Energy and Hydrocarbon

Financial Highlights

<i>(in PhP millions)</i>	FY2015	FY2014	% Inc (Dec)
Gross revenue	172	308	(44%)
Cost and expenses	327	436	(25%)
Income (loss) from operations	(155)	(128)	(21%)
Other income (charges)	11	-312	103%
Reported net income (loss)	(144)	(449)	68

- **44.1% decline in petroleum revenues due to:**
 - ✓ *Global setting of low crude oil prices*
 - ✓ *Normal decline in Galoc Phase II production*

- **25% decline in cost and expenses due to:**
 - ✓ *Lower output*
 - ✓ *Containment of overhead*

Financial Position

ASSETS (in PHP millions)

	As of Dec 31, 2015	As of Dec 31, 2014	% Inc (Dec)
Cash & cash equivalents	526	1,908	(72%)
Others	143	153	(7%)
<i>Current assets</i>	669	2,061	(68%)
Deferred exploration costs & other NCA	6,559	6,436	(2%)
Total assets	7,228	8,497	(15%)

LIABILITIES AND STOCKHOLDERS' EQUITY

(in PHP millions)

	As of Dec 31, 2015	As of Dec 31, 2014	% Inc (Dec)
Due to Parent	2,932	3,422	(14%)
Accounts payable & others	15	65	(77%)
<i>Current liabilities</i>	2,947	3,487	(15%)
Deferred income tax liability	1,112	1,112	-
Others	202	226	(11%)
<i>Non-current liabilities</i>	1,314	1,338	(2%)
Total liabilities	4,261	4,824	(12%)
Capital stock	1,700	1,700	-
Deficit	(1,233)	(1,146)	8%
Others	116	(8)	1,544%
Non-controlling interest	2,384	3,126	(742%)
Total equity	2,967	3,673	(19%)
Total Liabilities and SHE	7,228	8,497	(15%)

Operations Update

SC 72 Recto Bank (Forum 70%)

- Under Force Majeure (FM) since 15 December 2014
- Forum will have 20 months upon lifting of the FM to drill the two commitment wells

SC 75 NW Palawan (PXP 50%)

- Under Force Majeure since 27 December 2015
- Sub-Phase 2 will have a term of 18 months upon lifting of FM with the acquisition of 1,000 sq km of 3D seismic data as the minimum work commitment

SC 74 Linapacan Block (PXP 70%)

- Transferred from Pitkin to PXP in 2016
- Sub-Phase 2 started this February 2016
- To conduct a 1,500 line-km 2D survey 2Q 2016

Operations Update

SC 14C1 Galoc (Forum 2.27%)

- Galoc consortium re-assessing plans to drill an appraisal well this year in view of depressed oil prices
- Full field development (Phase 3) will be contingent on the outcome of appraisal well
- Expected to add 12 mmbo of proven reserves and increase production to 9-10,000 bopd, if successful

Peru Block Z-38 (Pitkin 25%)

- Work program in 2016 includes well preparation for possible drilling in 2017, subject to rig availability

Other PXP blocks in Northwest Palawan

- Activities in 2016 include technical studies and reprocessing of seismic data



Thank you

End of Presentation