



August 4, 2016

PHILIPPINE STOCK EXCHANGE, INC.

Tower One & Exchange Plaza
Ayala Avenue, Makati City
Makati City

Attention: **MR. JOSE VALERIANO B. ZUNO III**
OIC Head, Disclosure Department

Gentlemen:

We write with respect to the attached news article entitled "Production at Silangan mine delayed anew" posted in BusinessWorld Online on August 4, 2016. The article reported in part that:

"THE start of production at the Silangan copper-gold mine in Surigao del Norte has been delayed anew, Philex Mining Corp. Chairman Manuel V. Pangilinan said on Tuesday.

Mr. Pangilinan said the company now aims to start by 2020 the commercial activities of the mine, which is being developed by subsidiary Silangan Mindanao Mining Company, Inc. (SMMCI). This is a year later than the earlier schedule due to the extension of the mine life of the Philex Mining's Padcal copper-gold mine in Benguet.

'We are currently completing requirements for the feasibility study on Silangan,' Mr. Pangilinan told reporters at the sidelines of Philippine Long Distance Telephone Co. (PLDT) financial results briefing on Tuesday.

SMMCI's Silangan project was initially targeted to be operational by 2016, but the timeline has been repeatedly pushed back due to various delays.

The Silangan project, which involves the development of Boyongan and Bayugo mineral deposits comprised of gold, copper, and silver, has estimated reserves of five billion pounds of copper and nine million ounces of gold in its 25-year mine life.

Mr. Pangilinan, however, said that the estimated cost of developing the Silangan mine has been reduced to \$900 million.

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The project is expected to replace Padcal, whose mine life is expected to end by 2020.

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The Company confirms the statements, in general, with some clarifications.

The Silangan Project involves the development of the **Boyongan mineral deposit only** and has estimated **resources** of five billion pounds of copper and nine million ounces of gold in its 25-year mine life. In addition, the estimated cost of developing the Project into a mine of US\$900 million is an initial estimate from project consultants, pending the completion of the feasibility study.

Also, the project is envisioned to complement Padcal, which has a declared life of up to **2022**. Exploration activities within and around the vicinity of the current ore body are currently ongoing, aimed at further extending Padcal's declared life of mine.

For your information.

Very truly yours,

Original Signed
DANNY Y. YU
SVP – Finance