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**PRESS RELEASE**

**9M2016 CORE NET INCOME UP 64%;  
REPORTED NET INCOME UP 76% FOR THE PERIOD**

**HIGHLIGHTS**

- 9M2016 CORE NET INCOME UP 64% TO P1.332 BILLION (9M2015: P811 MILLION)
- REPORTED NET INCOME 76% HIGHER AT P1.333 BILLION (9M2015: P756 MILLION)
- CONSOLIDATED REVENUES IMPROVED 7% TO P7.704 BILLION (9M2015: P7.173 BILLION)
- CONSOLIDATED COSTS AND EXPENSES LOWER BY 5% TO P5.048 BILLION (9M2015: P5.339 BILLION) DESPITE THE 5% INCREASE IN TONNAGE
- PARENT COMPANY DEBT REPAYMENT TOTALLED US\$7.5 MILLION; TOTAL BANK DEBTS DOWN TO US\$63 MILLION

Manila, Philippines – The Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “PX”) today announced that operations in the first nine (9) months of 2016 yielded a Core Net Income of P1.332 billion, 64 percent higher than the previous year’s P811 million. Similarly, Reported Net Income increased 76 percent to P1.333 billion (9M2015: P756 million) with Net Income Attributable to Equity Holders of the Parent Company rising 59 percent to P1.355 billion (9M2015: P851 million).

**Production**

The 9M2016 performance was attributed to improved tonnage, complemented by higher copper output and favorable average gold prices.

Padcal mine operated for 271 days in the period (9M2015: 269 days) and milled 7.2 million tonnes of ore (9M2015: 6.9 million tonnes). The tonnage translated to 27.1 million pounds of copper produced, which was 6 percent more than the previous year’s 25.7 million pounds as copper grades improved to 0.209% (9M2015: 0.205%) and offset the slight drop in recovery at 81.7 percent (9M2015: 82.5 percent).

Meanwhile, gold production reached 79,845 ounces (9M2015: 81,599 ounces) due to lower gold grades of 0.419 grams/tonne (g/t) (9M2015: 0.440 g/t) and metal recovery of 82.1 percent (9M2015: 83.6 percent).

The July 2016 tonnage of 861,000 was the highest year-to-date production and a record over the last five (5) years. In addition, gold production for July of 11,332 ounces was the highest since January 2011 while copper output of 3.53 million pounds was the most since May 2013. The strong performance was generally attributed to operational enhancements, higher equipment efficiency, and fully depreciated draw points still yielding good grades of copper and gold.

**Revenues**

Revenues for the first nine (9) months of 2016 increased 7 percent to P7.705 billion (9M2015: P7.173 billion), with gold contributing P4.797 billion (9M2015: 4.366 billion) and copper accounting for P2.841 billion (9M2015: P2.752 billion) - both higher than the previous year’s levels by 10

percent and 3 percent, respectively. Revenues from silver amounted to P66.4 million (9M2015: P55.4 million).

The higher average realized prices for gold at US\$1,273 per ounce (9M2015: US\$1,171 per ounce) more than offset the lower gold output while the increase in copper output more than compensated for the 11 percent drop in average copper prices to US\$2.19 per pound (9M2015: US\$2.45 per pound).

### **Costs and Expenses**

Despite the 5 percent increase in tonnage, the Company continued to proactively manage its costs and expenses, resulting in a 5 percent reduction in consolidated costs and expenses to P5.048 billion (9M2015: P5.339 billion), with general and administrative expenses (GAE) declining 17 percent to P282.3 million (9M2015: P341.3 million). From 2013-2015, GAE declined by an average of 26 percent annually as a result of the Company's relentless efforts to continuously enhance efficiencies and improve productivity through cost rationalization and spend management.

Meanwhile, the Company repaid a total of US\$7.5 million in debt during the period, which brought total short-term debt to US\$63.0 million (P3.055 billion) as of end-September 2016, from US\$70.5 million (P3.317 billion) as of end-December 2015.

### **Outlook**

Over and above its financial performance, the Company takes pride that its efforts over the last three (3) years to manage its costs and expenses by improving business processes through periodic operational reviews, policy changes and organizational streamlining have enhanced its Core Profitability and strengthened its Balance Sheet. The foregoing has allowed the Company to sustain its corporate social responsibility and environmental protection programs as well, even under difficult circumstances.

"Our corporate initiatives have provided us with an optimal organizational structure and operational framework that will allow us to sustain the long-term viability of operations and continuously and consistently perform our mandate as a responsible and conscientious mineral resource development company," said Eulalio B. Austin, Jr. President and CEO of Philex Mining Corporation.

"We are glad that the Government, through the Department of Environment and Natural Resources and other bodies, has taken note of our efforts to practice and continuously undertake responsible mining during the recent audit conducted at our Padcal Mine. In addition, we also appreciate the business community's recognition of our strong governance practices by being chosen as one of the recipients of the first-ever Institutional Investors' Governance Award during the recently held Investor Forum sponsored by the Institute of Corporate Directors, the Fund Managers Association of the Philippines and the Trust Officers Association of the Philippines. We take all these as a source of encouragement and inspiration as we continue to move forward to promoting inclusive business," Austin added.

"On the Silangan Project, the completion of the Definitive Feasibility Study's (DFS) third party review is on track and expected to be completed by early next year. An extensive review is being conducted to generate the best return from the project," Austin further said.

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**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**

(Amounts in Peso Thousands, except Earnings Per Share)

	<u>2016</u>	<u>2015</u>
<b>REVENUE</b>		
Gold	4,797,124	4,366,199
Copper	2,841,185	2,751,563
Silver	66,390	55,422
	<u>7,704,699</u>	<u>7,173,184</u>
Less: Smelting charges	677,874	626,760
	<u>7,026,825</u>	<u>6,546,424</u>
<b>COSTS AND EXPENSES</b>		
Mining and milling costs ( including depletion and depreciation)	4,370,502	4,598,200
General and administrative expenses	282,266	341,292
Excise taxes & royalties	348,435	344,532
Handling, hauling and storage	46,442	54,494
	<u>5,047,645</u>	<u>5,338,518</u>
<b>INCOME FROM OPERATIONS</b>	<b><u>1,979,180</u></b>	<b><u>1,207,906</u></b>
<b>OTHER INCOME(CHARGES)</b>		
Interest income	1,425	2,800
Foreign exchange losses - net	(60,830)	(123,431)
Gain on disposal of AFS financial assets	-	107,088
Others - net	(37,019)	29,911
	<u>(96,424)</u>	<u>16,368</u>
<b>INCOME BEFORE PROVISIONS FOR IMPAIRMENT</b>	<b><u>1,882,756</u></b>	<b><u>1,224,274</u></b>
Provisions for impairment on investment in an associate and deferred exploration costs	(920,577)	-
<b>INCOME BEFORE PROVISION FOR INCOME TAX</b>	<b><u>962,179</u></b>	<b><u>1,224,274</u></b>
Provision for Income Tax	(570,694)	(350,197)
	<u>391,485</u>	<u>874,077</u>
Gain (Loss) of a deconsolidated subsidiary group - net	941,975	(118,047)
<b>NET INCOME</b>	<b><u>1,333,460</u></b>	<b><u>756,030</u></b>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO:</b>		
Equity Holders of the Parent Company	1,355,119	851,324
Non-controlling interests	(21,659)	(95,294)
	<u>1,333,460</u>	<u>756,030</u>
<b>CORE NET INCOME</b>	<b><u>1,331,765</u></b>	<b><u>811,470</u></b>
<b>BASIC EARNINGS PER SHARE</b>	<b><u>0.2743</u></b>	<b><u>0.1723</u></b>
<b>DILUTED EARNINGS PER SHARE</b>	<b><u>0.2743</u></b>	<b><u>0.1723</u></b>
<b>CORE NET INCOME PER SHARE</b>	<b><u>0.2696</u></b>	<b><u>0.1643</u></b>

**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Amounts in Peso Thousands, except Par Value Per Share)

	<b>September 30</b>	<b>December 31</b>
	<b>2016</b>	<b>2015</b>
	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	582,936	1,008,686
Accounts receivable	523,274	897,479
Inventories	2,128,674	1,886,544
Advances to an associate	2,150,754	-
Derivative assets	1,690	-
Other current assets	1,454,350	1,478,748
	<u>6,841,678</u>	<u>5,271,457</u>
<b>Noncurrent Assets</b>		
Property, Plant and Equipment - net	6,879,004	6,828,052
Available-for-sale (AFS) financial assets	106,687	106,687
Investment in associates	1,003,528	659,408
Goodwill	-	1,238,583
Deferred income tax assets - net	239	5,992
Deferred exploration costs and other noncurrent assets	24,458,500	29,438,845
<b>Total Noncurrent Assets</b>	<u>32,447,958</u>	<u>38,277,567</u>
<b>TOTAL ASSETS</b>	<u><b>39,289,636</b></u>	<u><b>43,549,024</b></u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Loans payable	3,055,500	3,317,730
Accounts payable and accrued liabilities	1,279,412	1,448,445
Income Tax Payable	192,115	13,014
Dividends payable	543,558	479,652
Provisions and subscriptions payables	421,186	456,043
	<u>5,491,771</u>	<u>5,714,884</u>
<b>Noncurrent Liabilities</b>		
Bonds payable	6,495,706	6,259,063
Deferred income tax liabilities - net	2,972,965	3,939,160
Pension obligation	21,968	21,968
Provision for losses and mine rehabilitation costs	128,357	330,047
<b>Total Noncurrent Liabilities</b>	<u>9,618,996</u>	<u>10,550,238</u>
<b>Total Liabilities</b>	<u><b>15,110,767</b></u>	<u><b>16,265,122</b></u>
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital Stock - P1 par value	4,940,399	4,940,399
Additional paid-in capital	1,143,981	1,142,722
Retained Earnings		
Unappropriated	5,233,986	5,496,271
Appropriated	10,000,000	10,000,000
Net unrealized loss on AFS financial assets	(1,022)	(1,022)
Equity conversion option	1,225,518	1,225,518
Cumulative translation adjustments	1,690	124,334
Net revaluation surplus	1,611,397	1,611,397
Effect of transactions with non-controlling interests	23,163	23,164
	<u>24,179,112</u>	<u>24,562,783</u>
Non-controlling Interests	(243)	2,721,119
<b>Total equity</b>	<u><b>24,178,869</b></u>	<u><b>27,283,902</b></u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>39,289,636</b></u>	<u><b>43,549,024</b></u>