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PRESS RELEASE

PHILEX 2015 NET INCOME 10 PERCENT HIGHER DESPITE LOWER METAL PRICES

HIGHLIGHTS

- 2015 NET INCOME 10 PERCENT HIGHER AT P776 MILLION (2014: P703 MILLION)
- AVERAGE GOLD AND COPPER PRICES DECREASED BY 10 PERCENT AND 23 PERCENT, ON AVERAGE, RESPECTIVELY, FROM 2014
- CONSOLIDATED COSTS AND EXPENSES DECREASED BY 13 PERCENT TO P7.324 BILLION (2014: P8.415 BILLION)
- PARENT COMPANY RETIRED US\$25.8 MILLION OF DEBT IN 2015, WITH ADDITIONAL US\$3.0 MILLION PAID DOWN IN FEBRUARY 2016
- INITIAL RESULTS OF PADCAL VICINITY EXPLORATION DRILLING INCREASES LIKELIHOOD OF EXTENDING PADCAL'S MINE LIFE BEYOND 2022
- SILANGAN'S DFS PROGRESSING, EXPECTED TO BE COMPLETED WITHIN 2016

Manila, Philippines – The Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “PX”) today announced that operations for the full year of 2015 delivered a Net Income of P776 million, 10 percent better than 2014’s P703 million. Strict implementation of cost reduction programs and tight expense management enabled the Company to mitigate the impact of low metal prices. Core Net Income for the year reached P905 million (2014: P1.122 billion) while Net Income Attributable to Equity Holders of the Parent Company amounted to P896 million (2014: P1.006 billion).

Production

In 2015, the Padcal mine operated for 357 days (2014: 359 days) and milled 9.2 million tonnes of ore (2014: 9.5 million tonnes). This translated to 107,887 ounces of gold produced (2014: 105,008 ounces) as recovery improved to 83.2 percent (2014: 78.4 percent) amid steady ore grades at 0.438 grams/tonne (g/t). Copper output, on the other hand, reached 34.1 million pounds (2014: 35.4 million pounds) as the higher recovery rate of 82.1 percent (2014: 79.8 percent) failed to offset the impact of lower ore grades at 0.205% (2014: 0.211%).

We continue to improve on our metal recovery rates as we implement a more strategic approach in sourcing ore from newly developed draw points, coupled with operational enhancements, judicious maintenance and equipment upgrades.

Revenues

Total consolidated revenues for 2015 amounted to P9.362 billion (2014: P10.898 billion).

The metals business accounted for P8.353 billion (2014: 9.733 billion). Revenues from gold totaled P5.670 billion (2014: P5.889 billion) as average realized prices went down by 10 percent to US\$1,147 per ounce (2014: US\$1,270 per ounce). Copper revenues reached P3.450 billion (2014: P4.615 billion) as average copper prices fell by 23 percent to US\$2.29 per pound (2014:

US\$2.98 per pound). These levels remain as the lowest points over the last five years. Meanwhile, revenues from silver amounted to P69.7 million (2014: P78.1 million).

The energy and hydrocarbon business, meanwhile, suffered from lower output from Galoc Phase II project and the continued weakness in average crude oil prices. These factors resulted in revenues of P172.3 million from P315.7 million the previous year.

Costs and Expenses

With the persistent pressure on metal prices, the Company continues to manage costs and reduce expenses. As a result, consolidated operating cost and expenses in 2015 came in substantially lower at P7.324 billion (2014: P8.415 billion). Specifically, cash production costs declined by 10 percent to P4.615 billion (2014: P5.143 billion) while general and administrative expenses decreased by 33 percent to P628.6 million (2014: P943.0 million). On a per tonne basis, the Company's operating cost has dramatically declined from an average of P859/tonne in 2014 to P844/tonne in 1Q2015 to P785/tonne by 4Q2015.

Meanwhile, the Parent company retired US\$25.8 million of its outstanding debt in 2015, which brought total debt to US\$70.5 million as of end-December 2015. An additional US\$3.0 million was paid out in February this year, further bringing down total debt to US\$67.5 million as of end-February 2016.

Outlook

"The recent modest improvement in gold prices is a welcome development but the overall global economic environment remains volatile and will continue to put pressure on metal prices and the Company's revenue generation. As such, we shall continue to explore ways to contain our costs and expenses without sacrificing output and efficiency. Innovation on how we do things will always be our topmost priority. We shall also look for other means to augment the Company's revenue, such as disposal of non-core assets," Philex President and CEO Eulalio B. Austin, Jr. said.

"Despite the challenging times, we will never lose sight of our goals of upholding and endorsing responsible mining in the country, leveraging on our strengths in the field of corporate governance and corporate social responsibility. This includes improving operational efficiency, extending further Padcal's life of mine and bringing the Silangan project into commercial operation. In this regard, the Company is pleased to announce the maiden Inferred Resource Estimate of 21.7 million metric tonnes for its Bumolo Project, confirming the potential we have been prospecting the past years. The preliminary Inferred Resource Estimate already exceeds our initial expectations and, as a result, we can look forward to additional years of exploration around the Padcal mine. The official report will be released in due time," Engr. Austin, Jr. added.

Meanwhile, the development of the Silangan project is progressing broadly as expected. "Most permits and licenses have been issued and the remainder has been covered by completed applications submitted to the relevant government agencies. While there has been some delay in the issuance of certain permits and licenses and approval of some components of the Definitive Feasibility Study (DFS), we are still targeting the DFS report to be completed within this year," said Yulo E. Perez, President of Silangan Mindanao and Mining Co., Inc. (SMMCI).

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PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014

(Amounts in Thousands, except Earnings Per Share)

	<u>2015</u>	<u>2014</u>
REVENUE		
Gold	5,669,860	5,889,107
Copper	3,449,799	4,615,092
Silver	69,723	78,161
Petroleum & others	172,250	315,717
	<u>9,361,632</u>	<u>10,898,077</u>
Less: Smelting charges	836,597	849,837
	<u>8,525,035</u>	<u>10,048,240</u>
COSTS AND EXPENSES		
Mining and milling costs (including depletion and depreciation)	6,088,040	6,719,928
General and administrative expenses	628,588	943,001
Excise taxes and royalties	436,856	507,188
Petroleum and other production costs	97,981	156,264
Handling, hauling and storage	72,312	88,417
	<u>7,323,777</u>	<u>8,414,798</u>
OTHER INCOME (CHARGES)		
Gain on disposal of available for sale (AFS) financial assets	107,088	-
Interest income	11,529	16,952
Share in net loss of an associate	(13,200)	-
Impairment loss on deferred exploration costs - net	(41,218)	(569,926)
Foreign exchange losses - net	(132,391)	(56,374)
Gain on sale of property, plant and equipment	-	764,685
Interest expense	-	(354,461)
Reorganization costs	-	(394,154)
Others - net	9,165	14,118
	<u>(59,027)</u>	<u>(579,160)</u>
INCOME BEFORE INCOME TAX	<u>1,142,231</u>	<u>1,054,282</u>
PROVISION FOR INCOME TAX	(366,596)	(351,437)
NET INCOME	<u>775,635</u>	<u>702,845</u>
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	896,181	1,005,552
Non-controlling interests	(120,546)	(302,707)
	<u>775,635</u>	<u>702,845</u>
CORE NET INCOME	<u>905,242</u>	<u>1,121,793</u>
BASIC EARNINGS PER SHARE	<u>0.1814</u>	<u>0.2036</u>
DILUTED EARNINGS PER SHARE	<u>0.1814</u>	<u>0.2036</u>

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, except Par Value per Share)

	December 31 2015	December 31 2014
ASSETS		
Current Assets		
Cash and cash equivalents	1,008,686	5,231,892
Accounts receivable	897,479	1,055,864
Inventories	1,886,544	1,858,220
Other current assets	1,478,748	1,384,507
Total Current Assets	5,271,457	9,530,483
Noncurrent Assets		
Property, plant and equipment	6,828,052	7,138,912
AFS financial assets	106,687	906,681
Investment in an associate	659,408	-
Goodwill	1,238,583	1,238,583
Deferred income tax assets - net	5,992	8,224
Deferred exploration costs and other noncurrent assets	29,438,845	25,817,465
Total Noncurrent Assets	38,277,567	35,109,865
TOTAL ASSETS	P 43,549,024	P 44,640,348
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	3,317,730	4,307,720
Accounts payable and accrued liabilities	1,448,445	1,795,755
Income tax payable	13,014	47,423
Dividends payable	479,652	488,818
Provisions and subscriptions payable	456,043	883,102
Total Current Liabilities	5,714,884	7,522,818
Noncurrent Liabilities		
Loans and bonds payable	6,259,063	5,947,366
Deferred income tax liabilities - net	3,939,160	3,859,141
Pension obligation	21,968	43,585
Provision for losses and mine rehabilitation costs	330,047	225,618
Total Noncurrent Liabilities	10,550,238	10,075,710
Total Liabilities	16,265,122	17,598,528
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock - Peso 1 par value	4,940,399	4,940,399
Additional paid-in capital	1,142,722	1,117,627
Retained earnings		
Unappropriated	5,496,271	4,712,032
Appropriated	10,000,000	10,000,000
Net unrealized loss on AFS financial assets	(1,022)	(64,010)
Equity conversion option	1,225,518	1,225,518
Cumulative translation adjustments	124,334	37,370
Net revaluation surplus	1,611,397	1,611,397
Effect of transactions with non-controlling interests	23,164	19,084
	24,562,783	23,599,417
Non-controlling Interests	2,721,119	3,442,403
Total Equity	27,283,902	27,041,820
TOTAL LIABILITIES & EQUITY	P 43,549,024	P 44,640,348