PHILEX MINING CORPORATION
PHILEX Building, 27 Brixton St., Pasig City, Philippines 1600
P.O. Box MCPO 2398, Makati City 1200
Tel. Nos. 631-1381 to 88 • Fax Nos. (632) 634-4441 (Exec.), 631-9501 (Purch.)
Email: philex@philexmining.com.ph • Corporate Website: http://www.philexmining.com.ph

RNM-080-11

October 27, 2011

PHILIPPINE STOCK EXCHANGE, INC.
3/F Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: MS. JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

We submit to you herewith a copy of the Company's SEC Form 17-Q (Quarterly Report) for the nine (9) months ended September 30, 2011.

Very truly yours,

JOSE ERNESTO C. VILLALUNA, JR.
President and COO

Encls.: a/s
/RSL/

COVER SHEET

10044

SEC Registration Number

PHILEX MINING CORPORATION

(Company's Full Name)

27 Brixton cor FairLane Streets

Pasig City

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

Renato N. Migriño

(Contact Person)

747-87-55

(Company Telephone Number)

12 31

Month *Day*

(Calendar Year)

17-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

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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** September 30, 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 – 4,928,837,493
    (As of September 30, 2011)

    Amount of Debt Outstanding – 2,754,600,000

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 September 30, 2011 are hereto attached.

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

For the nine months ended September 30, 2011, the Company's consolidated reported net income amounted to P4.351 billion while core net income amounted P3.976 billion, the highest income levels thus far for the first nine months of operations. This year's reported net income is 106% higher than the P2.116 billion net income for the same period last year, while core net income is 72% higher than the core net income of P2.308 billion last year.

The record earnings for the nine months period was from operating revenue similarly posting record level of P11.833 billion, 37% higher than the P8.630 billion operating revenue last year. Gold and copper revenue, comprising more than 95% of total revenue, increased to P6.887 billion and P4.413 billion, respectively, this year, from P4.571 billion and P3.762 billion, respectively, last year. These increases were the results of higher metal prices and production output.

Average realized metal prices for gold and copper were at $1,500 per ounce and $3.62 per pound, respectively, on 106,331 ounces of gold and 28,135,061 pounds of copper produced. Last year, average realized metal prices were at $1,130 per ounce gold and $3.26 per pound copper on 90,734 ounces of gold and 25,794,917 pounds of copper produced. The remaining 5% of total revenue provided by silver, petroleum and coal, were likewise higher at P532.6 million this year from P296.8 million, last year.

Despite the 12% increase in costs and expenses to P5.277 billion from P4.691 billion and the 23% increase in marketing charges to P612.9 million from P496.3 million, net income from operations for the nine months period still registered a 73% increase to P5.943 billion this year

from P3.443 billion last year. In the previous quarter, the Company booked an extraordinary gain of P523.7 million from the restatement of the Company's investment in Pitkin Petroleum Plc. to fair value after the accounting treatment of the investment was changed to that of Available-for-Sale (AFS) Financial Asset from that of Investment in an Associate when the Company's holdings in Pitkin was diluted from 21% to 18.46%. The income from operations and this extraordinary gain, together with the net interest income of P27.4 million, minus a loss on foreign exchange of P67.1 million, the provision for write-down of deferred exploration costs on the Lascogon Project and input tax amounting to P160.8 million and P10.0 million, respectively, the equity in net losses of associate of P39.5 million, the share-based compensation expense of P40.9 million, and the reserve provision of P85.0 million, all contributed to the net income before income tax this year of P6.097 billion. In 2010, the income from operations, the net interest income of P12.1 million and the marked-to-market gain on currency hedging transactions of P5.7 million, minus the loss on foreign exchange of P93.7 million, the extraordinary loss of P119.8 million from the restatement of the Company's investment in PetroEnergy Resources Corporation (PERC) to fair value after its reclassification to AFS Financial Asset from that of Investment in an Associate following the dilution of the Company's interest from 20.62% to 10.31%, and other charges consisting of the equity in net losses of associates of P49.4 million, the share-based compensation expense of P12.7 million, and the reserve provision of P47.0 million, all contributed to the net income before tax of P3.084 billion. Accordingly, the provision for income tax amounting to P1.746 billion this year is higher than the P968.7 million provision in 2010. The EBITDA of P6.649 billion this year is likewise higher than the EBITDA of P3.706 billion in 2010.

For the third quarter of 2011, the Company's operating revenue slightly decreased to P3.683 billion from P3.770 billion revenue a year ago, mainly on account of the 29% decline in copper revenue to P1.095 billion for the quarter from P1.532 billion last year due to lower realized price from the metal at $2.99 per pound from $3.65 per pound and lower production at 9,473,658 pounds from 9,648,538 pounds last year. On the other hand, revenue from gold increased by 18% to P2.486 billion this quarter from P2.114 billion last year because of higher realized price of $1,667 per ounce from $1,234 per ounce, despite lower metal production at 33,546 ounces from 39,612 ounces last year.

This quarter, the increases in marketing charges to P203.2 million from P186.4 million, and in operating cost and expenses to P1.822 billion from P1.585 billion, further contributed to the lower income from operations of P1.657 billion from P1.998 billion last year. Net interest income this quarter is higher at P18.7 million from P3.3 million last year, while foreign exchange loss is lower at P13.1 million from P79.9 million last year. Last year, the P119.8 million loss on dilution of investment in PERC discussed above, and the provision for write-down of assets amounting to P41.6 million, were reflected in the accounts. This quarter, a lower income tax of P506.2 million was provided compared to the P562.6 million income tax provided last year because of the lower income before income tax of P1.638 billion from P1.713 billion.

The consolidated operating revenue for the nine months period of 2011 and 2010 were reduced by the Parent Company's losses on gold and copper hedging transactions, partly offset by gains on its currency hedging transactions. Gains or losses from metal and currency hedging transactions are reflected in revenue in deriving the average realized prices for metal and currency exchange for the Company's production. This year, gold revenue is net of P106.7 million amortization for the unwinding cost of the gold collars pre-terminated in 2009, and P72.9 million amortization of the premiums for put options. Copper revenue is net of P122.6 million amortization of the premiums for put options, but inclusive of P11.6 million gain on forward contracts. Gain amounting to P15.8 million was reflected this period from currency put options

exercised. In 2010, the Parent Company's net losses from metal hedging transactions consisted of P266.7 million amortization of the unwinding cost of the gold collars pre-terminated in 2009, and P219.9 million amortization of the premiums for gold and copper put options, partly offset by a P6.9 million gain realized on copper put options. There was also a gain of P5.4 million from currency forward and put option contracts.

The Company's outstanding financial instruments as of September 30, 2011 are presented in the following tables:

On Gold

Deal Dates	Contract	Total Quantity (in ozs)	Monthly Maturity (in ozs)	Strike price in US$ per oz	Period Covered From	To
Jan 5, 2011	Put	27,000	9,000	1,200.00	Oct 2011	Dec 2011
July 27, 2011	Put	48,000	8,000	1,400.00	Jan 2012	June 2012
Total		75,000	17,000	1,328.00		

On Copper

Deal Dates	Contract	Total Quantity (in DMT)	Monthly Maturity (in DMT)	Strike Price in US$ per lb			Period Covered	
				Collar				
				Put	Call	Forward	From	To
Jan 5, 2011	Put	2,250	750	3.75			Oct 2011	Dec 2011
Jan 5, 2011	Forward	1,125	375			4.24	Oct 2011	Dec 2011
July 27, 2011	Collar	3,900	650	4.00	4.81		Jan 2012	June 2012
July 27, 2011	Forward	3,900	650			4.43	Jan 2012	June 2012
Total		11,175	2,425	3.91	4.81	4.39		

On Dollar

Deal Dates	Contract	Total Dollar (in million $)	Monthly Maturity (in million $)	Strike Price in Peso per $1			Period Covered	
				Collar		Forward		
				Put	Call		From	To
Feb 28, 2011	Collar	6	2	43.00	45.00		Oct 2011	Dec 2011
Mar 11, 2011	Collar	27	9	43.00	45.00		Oct 2011	Dec 2011
Mar 11, 2011	Forward	6	2			44.10	Oct 2011	Dec 2011
Aug 5, 2011	Collar	48	8	42.00	45.00		Jan 2012	June 2012
Aug 8, 2011	Collar	48	8	42.50	44.20		Jan 2012	June 2012
Total		135	29	42.44	44.70	44.10		

As of September 30, 2011, Total Current Assets amounted to P9.968 billion, 29% higher than the P7.751 billion balance at the beginning of the year mainly because of the increases in Cash and Cash Equivalents by P1.230 billion from higher net earnings, in Mine Products and Material and Supplies Inventory by P1.490 billion, in Derivative Assets by P1.068 million from the net marked-to-market gains on outstanding hedging contracts, and in Other Current Assets by P73.4 million particularly on the input value-added-tax receivable on importation of materials and supplies. These increases were partly offset by the P1.645 billion decrease in Accounts Receivable as the higher balance of outstanding trade receivables at the beginning of the year were collected this period.

Non-current Assets as of September 30 amounted to P22.664 billion, 27% higher than the P17.902 billion total as of the beginning of the year. The higher amount is mainly due to the increase in AFS Financial Assets by P4.720 billion on account of the Company's acquisition cost of P1.072 billion in shares of stock in Kalayaan Copper Gold Resources, Inc. in joint venture with Manila Mining Corporation over the Kalayaan Project, in Lepanto Mining Company of P1.433 billion, in Indophil of P254.0 million, and in Pitkin Petroleum Plc. of P829.5 million (subsequently revalued to P1.314 billion) which was reclassified as AFS. Property, Plant and Equipment increased by P211.8 million, while Deferred Exploration Costs and Other Noncurrent Assets by P660.9 million, mostly due to the expenditures for the ongoing exploration activities in the Silangan Project. The reclassification of the investment in Pitkin Petroleum to AFS reduced the balance of the Investment in Shares of Stock account to P3.1 million from P833.4 million.

Total Assets of the Company as of September 30, 2011 amounted to P32.632 billion, an increase of 27% from the P25.653 billion balance at the beginning of the year.

Current Liabilities at the end of the third quarter of 2011 amounted to P4.850 billion, more than twice the amount of P2.312 billion as of the beginning of the year mainly from the increases in Loans Payable with the availment of short-terms bank loans of US$55.0 million, and in Dividends Payable by P509.3 million. These were partly offset by the decreases in Accounts Payable and Accrued Liabilities by P136.6 million, and in Income Tax Payable by P449.9 million. Non-current Liabilities slightly increased to P2.733 billion this year from P2.583 billion in 2010 due to the increase in Deferred Income Tax Liabilities to P2.289 billion from P2.013 billion.

Total Liabilities of the Company as of September 30, 2011 amounted to P7.583 billion, 55% higher than the P4.895 billion at the beginning of the year.

Stockholders' Equity at the end of the quarter period at P25.049 billion is 21% higher than the P20.758 billion balance at the beginning of the year. The increase is from the nine month's net income, minus the cash dividend declared during the period and the higher balances of the Net Unrealized Gain on AFS Financial Assets of P1.033 billion, and of the Cumulative Adjustments on Hedging Instruments of P952.0 million from the net marked-to-market gain on outstanding hedging contracts, minus the negative balance of the Cumulative Translation Adjustments on Foreign Subsidiary of P1.5 million.

Net Cash Provided By Operating activities for the nine months period of 2011 amounted to P4.815 billion, compared to P1.754 million in 2010, with the higher net income generated this year. Moreover, Accounts Receivable decreased by P1.655 billion this year, compared to the increase last year of P1.301 billion. These were partly offset by the increases in Inventories by P1.490 billion compared to P386.6 million last year, in Other Current Assets by P1.152 billion compared to P188.5 million last year, and by the decrease in Accounts Payable and Accrued Expenses by P1.897 billion this year compared to P49.7 million last year. This year, Cash Used in Investing Activities is higher at P5.065 billion mainly due to the increase in AFS Investments by P2.791 billion, the acquisition of Property, Plant and Equipment by P791.4 million, the expenses for ongoing exploration projects by P696.8 million, and the effect of transaction with minority interest in Philex Petroleum Corporation by P650.9 million. In 2010, a total of P2.079 billion was used mainly for the acquisitions of Property, Plant and Equipment of P804.4 million, the purchase of the outstanding Philex Gold Inc. minority shares for US$5.8 million, and the expenses for ongoing exploration projects aggregating to P1.052 billion. The Company's availment of short-term bank loans of P2.571 billion this year, versus last year of P459.0 million, partly reduced by the payment of cash dividend of P1.750 billion this year compared to P554.3

million last year, resulted in Cash Provided By Financing Activities of P1.480 billion in 2011, compared to the Cash Used In Financing Activities of P132.8 million 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 copper and the London Bullion Market Association for gold and silver are applied on the Company's shipments as well as on mine products inventory, and provisional prices initially used are adjusted to forward prices at the end of each reporting period, the effect of hedging prices are also taken into consideration on hedging transactions entered into from time to time to protect revenue from any wild fluctuations in prices and where reasonable floor levels could be provided on the Company's production. At certain points, the spot price or forward price, and the hedge price would comprise the Company's average realized prices, which in the nine months period of 2011 amounted to $1,500 per ounce gold (net of amortization of hedging costs of $37 per ounce) and $3.62 per pound copper (net of amortization of hedging costs of $0.09 per pound). In the same period in 2010, the realized price amounted to $1,130 per ounce gold (net of amortization of hedging costs of $75 per ounce) and $3.26 per pound copper (net of amortization of hedging costs of $0.14 per pound).

Spot prices for gold and copper, reached record highs of $1,921 per ounce in September 2011 and $4.60 per pound in February 2011, respectively; but are currently at the $1,652 per ounce and $3.16 per pound level. At the budgeted price levels of $1,500 per ounce for gold and $4.00 per pound for copper, the Company's budgeted operating revenue for the remaining three months of 2011 is at P3.625 billion.

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 nine months period of 2011 averaged 0.574 grams of gold per tonne production, higher than the 0.520 of grams of gold per tonne average ore grade in 2010. Copper grade of 0.221% in 2011 was likewise higher than the 0.208% grade in 2010. The better ore grades combined with the higher milling tonnage of 7.0 million tonnes in 2011 from 6.9 million tonnes in 2010, produced more concentrates at 51,821 dry metric tons this period compared to 46,919 dry metric tons last year. The equivalent metal outputs were 106 thousand ounces gold and 28 million pounds copper this year, compared to 91 thousand ounces gold and 26 million pounds copper in 2010.

For the remaining three months of 2011, the budgeted milling tonnage is at 2.3 million tonnes at the average gold grade of 0.508 grams per tonne and copper grade of 0.216%. In terms of metal production for the remaining three months of the year, gold is budgeted at 30 thousand ounces while copper at 9 million pounds.

Foreign Exchange Rate

As the Company's sales proceeds and 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 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 nine months of 2011 was P43.24, the average after the effect of the average currency hedging gain of P0.06 to a dollar, compared to P45.12 in 2010 which was the average after the effect of the average currency hedging gain of P0.03 to a dollar. As of September 30, 2011, the peso-to-dollar closing rate was at P43.72, compared to P43.896 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.

For the three quarters of 2011, the total production cost (minesite cost and expenses excluding marketing charges, excise tax and royalties) per tonne of ore milled was P550 from the total production cost of P3.875 billion over ore milled of 7.0 million tonnes, 5% higher compared to the cost per tonne of P526 from the total production cost of P3.612 billion over ore milled of 6.9 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 three quarters of 2011 was P727 from the operating costs and expenses of P5.512 billion, 9% higher than the operating cost per tonne of P665 from the operating costs and expenses of P4.569 billion in the same period of 2010. Expressed as operating cost per ounce gold produced, operating cost before copper revenue credits was $1,113 per ounce this period, compared to $1,120 per ounce in 2010. After copper and silver by-product revenue credit, however, the corresponding cost per ounce was $122 in 2011, compared to $177 in 2010. On the other hand, expressed as operating cost per pound of copper produced before gold revenue credit, the cost was $4.21 per pound in 2011, compared to $3.94 per pound in 2010. After gold revenue credit, the corresponding cost per pound was negative $1.59 in 2011 from negative $0.12 in 2010.

For the last quarter of 2011, the budgeted total production cost per tonne is P567 from the total production cost of P1.311 billion, while the budgeted operating cost per tonne is P732 from the total operating cost of P1.692 billion. The budgeted operating cost per ounce of gold produced is $1,320 per ounce before copper revenue credits, but $60 per ounce after copper and silver revenue credits. In per pound copper terms, the budgeted operating cost is $4.30 per pound before gold revenue credits, but negative $0.62 per pound after gold and silver revenue credits.

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 nine months ended September 30, 2011 was P0.876 per share based on 4,925,727,336 weighted average shares outstanding for the period. The basic earnings per share for the same period in 2010 was P0.4329 per share based on 4,912,654,513 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 result in additional 5,065,431 and 9,229,066 common shares in 2011 and 2010, respectively. The diluted earnings in 2011 would be P0.8751 per share based on 4,930,792,767 weighted average shares adjusted for the effect of such assumed exercises of stock options. In 2010, the diluted earnings would be P0.4321 per share based on 4,921,883,579 weighted average shares adjusted for the effect of exercise of stock options for the period.

Known Trends, Events or Uncertainties

In May 2011, the Company declared a dividend consisting of a share in previously wholly-owned Philex Petroleum Corporation for every eight shares in the Company, plus cash of P0.052 per share. The registration of the property component of this dividend was approved by the SEC in August 2011, paving the way for the eventual listing of Philex Petroleum Corporation with the Philippine Stock Exchange on September 12, 2011. After the dividend and listing, the Company's ownership in Philex Petroleum Corporation has been reduced to 64.79%, the shares on which, under the terms of Philex Petroleum's listing, are to be held in escrow by an escrow agent for one year as lockout period from listing date.

The pre-feasibility study phase of the Company's Silangan Project is on-going with the construction of an exploration ramp already started. It is expected that the ramp will be completed by 2013. Meantime, all the other project planning and engineering works for the project are being conducted. The Board of Investments has recently issued to Silangan Mindanao Mining Co. Inc. the Certificate of Registration of the Silangan Project as new producer of copper concentrates with gold and silver by-products on a non-pioneer status which qualifies it for government fiscal and non-fiscal incentives, such as the enjoyment of income tax holiday and the tax and duty-free importation of consumable spare parts and supplies to be used for the project.

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 in this report: (1) 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; (2) there are no material commitments for capital expenditures not reflected in the Company's financial statements; (3) 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; (4) there were no other significant elements of income or loss that did not arise from the Company's continuing operations; (5) 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; and (6) 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.

Known Trends, Events or Uncertainties

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: July 27, 2011

PHILEX MINING CORPORATION
AND SUBSIDIARIES

UNAUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
September 30, 2011

Pasig City, Philippines

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

ASSETS		September 30 2011 (UNAUDITED)		December 31 2010 (AUDITED)
Current Assets				
Cash and cash equivalents		5,012,436		3,782,248
Accounts receivable - net		535,472		2,180,432
Inventories - net		2,584,090		1,093,636
Derivative asset		1,068,025		-
Other current assets -net		768,014		694,625
Total Current Assets		9,968,037		7,750,941
Noncurrent Assets				
Property, Plant and Equipment - net		5,306,830		5,095,029
Available-for-sale (AFS) financial assets		5,606,259		886,737
Investments in shares of stock		3,088		833,355
Goodwill		258,593		258,593
Deferred exploration costs and other noncurrent assets - net		11,488,977		10,828,065
Total Noncurrent Assets		**22,663,747**		**17,901,779**
TOTAL ASSETS	**P**	**32,631,784**	**P**	**25,652,720**

LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Short-term bank loans		2,754,600		150,000
Accounts payable and accrued liabilities		831,875		968,506
Income tax payable		407,092		856,954
Dividends payable		717,190		207,875
Provisions and subscriptions payables		139,484		128,335
Total Current Liabilities		4,850,241		2,311,670
Noncurrent Liabilities				
Provision for mine rehabilitation costs		33,642		31,709
Provision for losses		409,445		538,141
Deferred income tax liabilities - net		2,289,414		2,013,230
Total Noncurrent Liabilities		2,732,501		2,583,080
Total Liabilities		7,582,742		4,894,750
Equity Attributable to Equity Holders of the Parent Company				
Capital Stock - P1 par value		4,928,837		4,922,131
Additional paid-in capital		874,440		812,378
Retained Earnings		15,281,320		12,716,722
Net unrealized gain on AFS financial assets		1,033,062		419,404
Cumulative translation adjustments		950,560		(66,174)
Net revaluation surplus		1,611,397		1,611,397
Effect of transaction with non-controlling interests		(544,829)		106,027
		24,134,787		20,521,885
Non-controlling Interests		914,255		236,085
Total Equity		**25,049,042**		**20,757,970**
TOTAL LIABILITIES & EQUITY	**P**	**32,631,784**	**P**	**25,652,720**

PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, except Earnings Per share)

	3rd Quarter Ended September 30			
		2011		2010
REVENUE				
Gold	P	2,485,862	P	2,114,036
Copper		1,094,969		1,531,756
Silver		45,049		36,744
		3,625,880		3,682,536
Less: Marketing charges		203,192		186,417
		3,422,688		3,496,119
Petroleum		56,907		82,616
Coal		-		4,810
		3,479,595		**3,583,545**
COSTS AND EXPENSES				
Mining and milling costs (including depletion and depreciation)		1,322,245		1,171,508
Mine products taxes and royalties		204,631		213,863
General and administrative expenses		224,864		133,460
Petroleum production costs		52,674		52,586
Handling, hauling and storage		17,883		11,957
Cost of coal sales		-		2,346
		1,822,297		1,585,720
INCOME FROM OPERATIONS		**1,657,298**		**1,997,825**
OTHER INCOME (CHARGES) - Net				
Interest - net		18,664		3,255
Foreign exchange gains (losses)		(13,111)		(79,860)
Loss on dilution of interest in an associate		-		(119,804)
Mark-to-market gain		-		5,706
Others - net		(24,614)		(94,013)
		(19,061)		**(284,716)**
INCOME BEFORE INCOME TAX		**1,638,237**		**1,713,109**
PROVISION FOR INCOME TAX		(506,217)		(562,633)
NET INCOME	**P**	**1,132,020**	**P**	**1,150,476**
Net income attributable to:				
Equity holders of the Parent Company		1,130,919		1,152,371
Non-controlling interests		1,101		(1,895)
	P	**1,132,020**	**P**	**1,150,476**
BASIC EARNINGS PER SHARE	**P**	**0.2294**	**P**	**0.2343**
DILUTED EARNINGS PER SHARE	**P**	**0.2292**	**P**	**0.2341**

PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, except Earnings Per Share)

	Nine Months ended September 30			
		2011		2010
REVENUE				
Gold	P	6,886,858	P	4,570,885
Copper		4,413,386		3,762,408
Silver		145,495		79,201
		11,445,739		8,412,494
Less: Marketing charges		612,850		496,273
		10,832,889		7,916,221
Petroleum		385,773		198,718
Coal		1,288		18,881
		11,219,950		**8,133,820**
COSTS AND EXPENSES				
Mining and milling costs (including depletion and depreciation)		3,826,443		3,572,048
Mine products taxes and royalties		630,149		461,756
General and administrative expenses		594,832		481,070
Petroleum production costs		175,843		128,069
Handling, hauling and storage		48,369		39,508
Cost of coal sales		1,208		8,561
		5,276,844		4,691,012
INCOME FROM OPERATIONS		**5,943,106**		**3,442,808**
OTHER INCOME (CHARGES) - Net				
Interest - net		27,352		12,115
Foreign exchange gains (losses)		(67,133)		(93,661)
Gain (Loss) on dilution of interest in an associate		523,710		(119,804)
Mark-to-market gains		-		5,706
Others - net		(330,341)		(162,937)
		153,588		**(358,581)**
INCOME BEFORE INCOME TAX		**6,096,694**		**3,084,227**
PROVISION FOR INCOME TAX		(1,745,612)		(968,725)
NET INCOME	**P**	**4,351,082**	**P**	**2,115,502**
Net income attributable to:				
Equity holders of the Parent Company		4,315,030		2,126,569
Non-controlling interests		36,052		(11,067)
	P	**4,351,082**	**P**	**2,115,502**
BASIC EARNINGS PER SHARE	**P**	**0.8760**	**P**	**0.4329**
DILUTED EARNINGS PER SHARE	**P**	**0.8751**	**P**	**0.4321**

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Nine Months ended September 30			
		2011		**2010**
NET INCOME	P	4,351,082	P	2,115,502
OTHER COMPREHENSIVE INCOME				
Unrealized loss on AFS financial assets		613,657		(115,511)
Gain (Loss) on translation of hedging instruments		1,026,693		147,403
Gain (Loss) on translation of financial statement of foreign subsidiaries		(18,697)		(82,494)
		1,621,653		(50,602)
TOTAL COMPREHENSIVE INCOME	**P**	**5,972,735**	**P**	**2,064,900**
Total Comprehensive Income Attributable to:				
Equity holders of the Parent Company		5,294,565		2,075,966
Non-controlling interests		678,170		(11,066)
		5,972,735		**2,064,900**

PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Nine Months Ended September 30	
	2011	**2010**
OPERATING ACTIVITIES		
Net Income before income tax	P 6,096,694	P 3,084,227
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion and depreciation	578,559	632,905
Net decrease(increase) in derivative liability	920,020	(119,280)
Unrealized foreign exchange loss (gain)	33,900	(1,696)
Amortization of Prov for Mine Closure Cost	1,018	1,020
Interest Expense on Asset Retirement Obligation	1,864	1,726
Reserve provision	85,000	47,000
Share-based compensation expense	40,937	12,749
Amortization of DB hedging loss	106,673	266,683
Equity in net (income) loss of affiliates	39,488	49,399
Loss (Gain) on dilution of interest in an associate	(523,710)	119,804
Provision for writedown of assets	170,803	-
Changes in non-cash components of working capital		
Decrease (increase) in:		
Accounts receivable	1,655,222	(1,301,391)
Inventories	(1,490,455)	(386,600)
Other current assets	(1,151,674)	(188,458)
Decrease in accounts payable and accrued exp.	(1,896,641)	(49,669)
Inrease (Decrease) in other liabilities	147,557	(414,368)
Cash provided by (used in) operating activities	**4,815,255**	**1,754,051**
INVESTING ACTIVITIES		
Additions to resource assets	(791,378)	(804,380)
Acquisition of minority interest in PGI	-	(256,040)
Decrease(Increase) in Investments in stocks	(2,791,377)	28,775
Increase in deferred exploration cost	(696,761)	(1,051,841)
Effect of transaction with non-controlling interests	(650,856)	-
Increase in other noncurrent assets	(134,955)	-
Dividend income	-	4,950
Cash used in investing activities	**(5,065,327)**	**(2,078,536)**
FINANCING ACTIVITIES		
Net availments (payments) of short-term loans	2,570,700	458,968
Exercise of stock options	27,832	45,004
Increase (Decrease) on cumulative translation adjustment on foreign subsidiary	632,159	(82,495)
Dividends	(1,750,431)	(554,283)
Cash provided by (used in) financing activities	**1,480,260**	**(132,806)**
DECREASE IN CASH AND CASH EQUIVALENTS	**1,230,188**	**(457,291)**
CASH AND CASH EQUIVALENTS - BEGINNING	3,782,248	2,881,115
CASH AND CASH EQUIVALENTS - END	**P 5,012,436**	**P 2,423,824**

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 adjustments on hedging instruments	Cumulative translation adjustments on foreign subsidiary	Net revaluation Surplus	Premium on deemd acquisition of an interest in subsidiary	Effect of transaction with Minority Interest	Sub-total	Minority Interest	Total
Balances at December 31, 2010	**4,922,131**	**812,378**	**12,716,721**	**419,404**	**(74,671)**	**8,498**	**1,611,397**	**-**	**106,027**	**20,521,885**	**236,085**	**20,757,970**
Total Comprehensive income (loss) for the period			4,315,030	613,658	1,026,693	(9,960)			(650,856)	5,294,565	678,170	5,972,735
Issuance of additional shares of stock	6,706	62,062								68,768		68,768
Increase of ownership in FEC Resources										-		-
Increase in ownership in Forum Energy plc.										-		-
Dividend declared for the period			(1,750,431)							(1,750,431)		(1,750,431)
BALANCES AT SEPTEMBER 30, 2011	**4,928,837**	**874,440**	**15,281,320**	**1,033,062**	**952,022**	**(1,462)**	**1,611,397**	**-**	**(544,829)**	**24,134,787**	**914,255**	**25,049,042**
Balances at December 31, 2009	**4,900,605**	**774,494**	**9,441,593**	**445,277**	**(338,427)**	**106,810**	**1,611,397**	**-**	**41,536**	**16,983,285**	**700,250**	**17,683,535**
Total Comprehensive income (loss) for the period			2,126,569	(115,511)	147,403	(82,494)				**2,075,967**	(11,067)	**2,064,900**
Issuance of additional shares of stock	18,380	39,373								**57,753**		**57,753**
Increase of ownership in FEC Resources								(54,712)		**(54,712)**	54,712	**-**
Increase in ownership in Forum Energy plc.								(3,841)		**(3,841)**	3,841	**-**
Dividend declared for the period			(688,072)							**(688,072)**		**(688,072)**
Acquisition of minority interest in PGI									(256,040)	**(256,040)**		**(256,040)**
BALANCES AT SEPTEMBER 30, 2010	**4,918,985**	**813,867**	**10,880,090**	**329,766**	**(191,024)**	**24,316**	**1,611,397**	**(58,553)**	**(214,504)**	**18,114,340**	**747,736**	**18,862,076**

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

SCHEDULE OF ACCOUNTS RECEIVABLE
As of September 30, 2011

Accounts Receivable - Trade	437,142,615
Accounts Receivable - Miscellaneous	98,330,009
	535,472,624

AGING OF ACCOUNTS RECEIVABLE - TRADE
As of September 30, 2011

	0-30 days	31-60 days	61-90 days	over 90 days	Total
Trade					
Pan Pacific Copper Co. Ltd.			159,165,556	195,135,790	354,301,345
Louis Dreyfus Commodities Metals Suisse SA		64,946,223			64,946,223
Others	17,895,047				17,895,047
	17,895,047	**64,946,223**	**159,165,556**	**195,135,790**	**437,142,615**

PHILEX MINING CORPORATION AND SUBSIDIARIES

#27 Brixton St., Pasig City

SCHEDULE OF LOANS PAYABLE

As of September 30, 2011

Bank of the Philippine Islands	787,200,000.00
Philippine National Bank	874,400,000.00
Banco de Oro	1,093,000,000.00
Total	P 2,754,600,000

PHILEX MINING CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

1. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

The unaudited interim condensed 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 its 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 consolidated financial statements as at December 31, 2010.

The unaudited interim condensed 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 unaudited interim condensed 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 unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the Philippines. The Group prepared its unaudited interim condensed 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.

Adoption of the following changes in PFRS, PAS and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) interpretations did not have any significant impact on the Group's consolidated financial statements.

- PAS 24, *Related Party Disclosures (Amendment)*
- PAS 32, *Financial Instruments: Presentation (Amendment) - Classification of Rights Issue*
- Philippine Interpretation IFRIC 14*, Prepayments of a Minimum Funding Requirement*

(Amendment)

- Philippine Interpretation IFRIC 19*, Extinguishing Financial Liabilities with Equity Instruments*

Improvements to PFRS

In May 2010, the International Accounting Standards Board issued omnibus of amendments to the following standards, primarily with a view to removing inconsistencies and clarifying wording, which was approved by the Financial Reporting Standards Council in its meeting in July 2010. Unless otherwise specified, the amendments are effective for annual periods beginning or after January 1, 2011. The adoption of the following amendments resulted in changes to accounting policies that have significant impact on the financial position and performance of the Group.

- PFRS 3, *Business Combinations (Revised)*, clarifies the measurement options available for non-controlling interest. Only components of non-controlling interest that constitute a present ownership interest that entitles their holder to a proportionate share in the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

  Furthermore, revised PFRS 3 clarifies that contingent consideration arising from business combination prior to adoption of PFRS 3 (Revised) is accounted for in accordance with the old PFRS 3 (2005).

- 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 34, *Interim Financial Statements*, requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements.

Other amendments resulting from the improvements to PFRS to the following standards did not have any significant impact on the accounting policies, financial position and performance of the Group.

- PFRS 7, *Financial Instruments: Disclosures (Amendment)*
- PAS 27, *Consolidated and Separate Financial Statements (Amendment*)
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes (Amendment)*

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.

  After consideration of the result of its impact evaluation, the Group has decided not to early adopt either PFRS 9 (2009) or PFRS 9 (2010) for its 2011 annual financial reporting. The Group shall conduct in early 2012 another impact evaluation using the outstanding balances of financial statements as of December 31, 2011. A statement that the Group's decision whether to early adopt either PFRS 9 (2009) of PFRS 9 (2010) for its 2012 financial reporting shall be disclosed in its interim financial statements as of 31 March 2012. The Group shall likewise state that if the decision of the Group will be to early adopt the subject standard for its 2012 financial reporting, its interim report as of 31 March 2012 will already reflect the application of the requirements under the said standard and will contain a qualitative and quantitative discussion of the result of the Group's impact evaluation.

- PFRS 10, *Consolidated Financial Statements*, includes a new definition of control that determines which entities are consolidated. PFRS 10 replaces the part of PAS 27

related to consolidated financial statements and replaces Standing Interpretations Committee (SIC) interpretation 12, *Consolidation - Special Purpose Entities*.

- PFRS 11, *Joint Arrangements*, describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*.

- PFRS 12, *Disclosure of Interests in Other Entities*, sets out the disclosure requirements for subsidiaries, joint ventures, associates and "structured entities." PFRS 12 replaces the requirements previously included in PAS 27, PAS 31, and PAS 28, *Investments in Associates*.

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. At initial recognition, the fair value of quoted AFS financial assets is based on its quoted price in an active market while the fair value of unquoted AFS financial assets is based on the latest available transaction price. 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 or other comprehensive income.

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 2020 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 September 30, 2011:

Cash and cash equivalents, excluding cash on hand:	
Cash in bank	₱705,700
Short-term deposits	4,298,463
Accounts receivable:	
Trade	437,143
Others	98,330
AFS financial assets:	
Quoted equity investments	2,993,970
Unquoted equity investments	2,612,289
Derivative assets	1,068,025
Gross maximum credit risk exposure	₱12,213,920

The table below shows the credit quality of the Group's financial assets by class as of September 30, 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	₱705,700	₱-	₱-	₱705,700
Short-term deposits	4,298,463	-	-	4,298,463
Accounts receivable:				
Trade	437,143	-	-	437,143
Others	98,330		1,675	100,005
AFS financial assets:				
Quoted equity investments	-	2,993,970	-	2,993,970
Unquoted equity investments	-	2,612,289	-	2,612,289
Derivative assets	1,068,025	-	-	1,068,025
Total	₱6,607,661	₱5,606,259	₱1,675	₱12,215,595

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 September 30, 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 September 30, 2011, respectively based on contractual undiscounted repayment obligations (including interest):

	On demand	Within 1 year	More than 1 year	Total
Short-term bank loans	₱-	₱2,754,600	₱-	₱2,754,600
Accounts payable and accrued liabilities	-	648,616	-	648,616
Dividends payable	717,190	-	-	717,190
Subscription payable		21,995	-	21,995
Total undiscounted financial liabilities	₱717,190	₱3,425,211	₱–	₱4,142,401

Market risks

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 nine months ended September 30, 2011, the Parent Company recognized net foreign exchange loss of ₱61.2 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%	₱78,700
(7%)	(78,700)

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 September 30, 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 nine months period of 2011 income before income tax:

Change in market rate of interest	Effect on income before income tax
(1.0%)	₱27,546
(0.5%)	₱13,773
1.0%	(₱27,546)
0.5%	(₱13,773)

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 September 30, 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%	₱78,838
	Decrease by 40%	(157,677)
PHP	Increase by 20%	₱519,956
	Increase by 10%	259,978
	Decrease by 20%	(519,956)
	Decrease by 10%	(259,978)

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 Market 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 September 30, 2011:

Change in metal prices (Gold)	Effect on income before income tax
Increase by 17%	₱161,834
Decrease by 17%	(161,834)

Change in metal prices (Copper)	Effect on income before income tax
Increase by 28%	₱142,540
Decrease by 28%	(142,540)

4. Segment Information

The Group is organized into business units on their products and activities and has three reportable operating segments: the mining segment, the oil and gas and the coal 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.

September 30, 2011

	Mining	Oil and Gas	Coal	Unallocated Corporate Balances	Eliminations	Total
Revenue						
External customers	P 11,445,739	P 385,773	P 1,288	-	-	P 11,832,800
Inter-segment						
Consolidated revenue	P 11,445,739	P 385,773	P 1,288	P -	P -	P 11,832,800
Results						
EBITDA	P 6,077,804	P 581,080	(P9,964)	-	-	P 6,648,919
Interest Income (Expense) - Net	44,558	(7,219)	(9,987)	-	-	27,352
Income Tax Expense	(1,745,087)	(523)	(2)	-	-	(1,745,612)
Depreciation and depletion	(577,696)	(1,120)	(760)	-	-	(579,577)
Consolidated net income (loss)	P 3,799,578	P 572,217	(P20,713)	-	-	P 4,351,082
Consolidated total assets	P 33,009,507	P 5,051,988	P 498,375	P 6,035	(P5,934,120)	P 32,631,785
Consolidated total liabilities	(P12,592,131)	(P1,412,703)	(P482,400)	(P47)	P 6,904,538	(P7,582,742)
Core net income (loss)						P 3,975,803
Other Segment Information						
Capital expenditures additions	P 1,176,883	P 218,427	P 92,829	-	-	P 1,488,139
Investments in shares of stocks	3,709,165	1,022,291	-	-	(4,728,367)	3,088
Equity in net losses of associates	-	(39,488)		-	-	(39,488)

September 30, 2010

	Mining	Oil and Gas	Coal	Unallocated Corporate Balances	Eliminations	Total
Revenue						
External customers	P 8,412,494	P 198,718	P 18,881	-	-	P 8,630,093
Inter-segment						
Consolidated revenue	P 8,412,494	P 198,718	P 18,881	P -	P -	P 8,630,093
Results						
EBITDA	P 3,913,013	(P222,324)	P 15,348		-	P 3,706,036
Interest Income (Expense) - Net	13,381	620	(1,886)	-	-	12,115
Income Tax Expense	(966,013)		(2,712)	-	-	(968,725)
Depreciation and depletion	(624,985)	(747)	(8,193)	-	-	(633,925)
Consolidated net income (loss)	P 2,335,396	(P222,452)	P 2,557	-	-	P 2,115,502
Consolidated total assets	P 24,253,308	P 4,494,472	P 269,859	P 5,938	(P5,322,147)	P 23,701,429
Consolidated total liabilities	(P9,031,153)	(P1,173,506)	(P226,324)	(P77)	P 5,591,707	(P4,839,352)
Core net income (loss)						P 2,307,941
Other Segment Information						
Capital expenditures	P 1,647,672	P 5,247	P 129,894	-	-	P 1,782,813
Investments in shares of stocks	4,202,253	1,068,647	-	-	(4,449,935)	820,965
Equity in net losses of associates	-	(49,399)		-	-	(49,399)

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 September 30, 2011, total drawdown amounted to US$6,000.

b. The Parent Company provided non-interest-bearing, unguaranteed cash advances to SMMCI and SMECI to finance SMECI's operations and exploration activities. As of September 30, 2011 & 2010, the outstanding cash advances to SMMCI and SMECI amounted to ₱3,796,812 and P2,944,498, respectively. These advances are payable on demand and will be settled through cash payment by SMMCI and SMECI.

c. The Parent Company advances PGPI's working capital and capital expenditure requirements which amounted to ₱1,043,240 and ₱916,039 as of September 30, 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.

d. 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 September 30, 2011, total reimbursements made by Anglo for the Parent Company's and PGPI's advances amounted to ₱569. 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.

e. 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 September 30, 2011 and 2011, cash advances from the Parent Company amounted to ₱ 657,810 and ₱633,742, respectively.

f. 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 September 30, 2011 and 2010, total advances amounted to ₱121,926 and ₱67,927 respectively.

g. In April 2011, the Parent Company sold US$30,000 to First Pacific Company Limited, Inc. (FPC), a stockholder, at the forward rate of ₱43.0557 per US dollar in converting part of the Parent Company's dollar fund for routine working capital requirement.

6. Basic/Diluted Earnings Per Share

Basic earnings per share as of September 30, 2011 and 2010 are computed as follows:

	2011	2010
Net income attributable to equity holders of the Parent Company	₱4,315,030	₱ 2,126,569
Divided by weighted average number of common shares outstanding during the period	4,925,727,336	4,912,654,513
Basic earnings per share	₱0.8760	₱0.4329

Diluted earnings per share as of September 30, 2011 and 2010 are computed as follows:

	2011	2010
Net income attributable to equity holders of the Parent Company	₱4,315,030	₱ 2,126,569
Divided by weighted average number of common shares outstanding during the period including vested options	4,930,792,767	4,921,883,579
Diluted earnings per share	₱0.8751	₱0.4321

Weighted average number of common shares outstanding during the period	4,925,727,336	4,912,654,513
Effect of exercise of stock options	5,065,431	9,229,066
Weighted average number of common shares adjusted for the effect of exercise of stock options	4,930,792,767	4,921,883,579

7. Seasonality and Cyclicality of Interim Operation

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.