PHILEX MINING
CORPORATION

RNM-059-13

May 2, 2013

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 three (3) months ended March 31, 2013, which we filed with the Securities and Exchange Commission today.

Very truly yours,

EULALIO B. AUSTIN, JR.
President and COO

Encls.: a/s
/RSL/

Philex Building, 27 Brixton St., Pasig City 1600, Philippines
Tel. Nos. (632) 631-1381 to 88 • Fax No. (632) 634-4441 • Email: philex@philexmining.com.ph • Corporate Website: http://www.philexmining.com.ph

COVER SHEET

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SEC Registration Number

P H I L E X M I N I N G C O R P O R A T I O N
A N D S U B S I D I A R I E S

(Company's Full Name)

27 Brixton cor FairLane Streets
Pasig City

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

Renato N. Migriño
(Contact Person)

(632) 631-13-81
(Company Telephone Number)

1 2 | 3 1
Month *Day*
(Calendar Year)

1 7 - 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

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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** March 31, 2013

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 – 4,933,207,818
    (As of March 31, 2013)

    Amount of Debt Outstanding – P 3,674,000,000

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 March 31, 2013 are hereto attached.

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

The Company's consolidated reported net income for the first quarter of 2013 amounted to P403.3 million compared to P1.268 billion reported net income for the same quarter last year. The income this quarter was mainly provided by the $25 million settlement of the Company's claim from its pollution liability insurance and the production revenue generated from March 8, 2013 after the government, through the Mines and Geo-science Bureau (MGB) and the Pollution Adjudication Board (PAB), granted the Padcal mine its temporary permit to operate. Core net income was lower at P132.4 million from P1.330 billion in 2012. EBITDA was likewise lower at P874.8 million from P2.047 billion in 2012. The Order issued by the MGB on February 26, 2013 granting the Padcal mine temporary permit to resume operations to undertake the urgent remediation measures on the Tailings Storage Facility No. 3 of the Padcal Mine, not to exceed four months, followed by the Order of the PAB dated February 25, 2013 received by the Company on March 7, 2013, paved the way for the mine to temporarily resume operations which it commenced on March 8, 2013.

Operating revenue for this year's quarter period was only at P889.3 million, 78% lower than the P4.021 billion full quarter operating revenue last year. Revenue from gold, comprising 55% of total revenue, declined to P493.0 million from P2.177 billion in 2012. Revenue from copper, about 38% of total, also dropped to P341.0 million from P1.796 billion last year. The remaining 6% of revenue, comprising of silver, petroleum and coal, however, increased to P55.3 million this year from P47.6 million last year. Metal production for the first quarter were at 7,610 ounces gold and 2,433,636 pounds copper this year, from 29,153 ounces gold and 9,085,371 pounds copper last year. Average realized metal prices were at $1,595 per ounce gold and $3.42 per pound copper produced, from $1,678 per ounce gold and $4.26 per pound copper produced last year. On the other hand, revenue from

petroleum was higher this quarter compared to last year, the period when the Galoc operations, where most of Philex Petroleum Corporation's 60.49%-owned subsidiary, Forum Energy Plc's, income come from, was then suspended from November 2011 to April 2012 to allow for the upgrading of Galoc's oil operations facilities. Revenue from coal at P1.0 million from the sale of 322 tons from its coal inventory this quarter was also higher compared to P84 thousand from the sale of 25 tons of coal last year.

With lower production volume, marketing charges for the first quarter were consequently lower by 73% to P47.5 million this year from P173.1 million in previous year. Costs and expenses likewise decreased by 65% to P683.0 million from P1.944 billion last year. Net income from operations at P159.0 million was 92% lower than the P1.904 billion income last year.

Other income this quarter includes the US$25 million or P1.017 billion received by the Company from Chartis Philippines Insurance, Inc. (Chartis) in full settlement of the Company's insurance claims under its pollution legal liability insurance policy. PPC, a 64.8%-owned subsidiary, reported a P26.9 million gain from sale of its shares of stock in PetroEnergy Resources Corporation's (PERC). Interest income amounted to P6.9 million this quarter. These non-recurring gains were partially offset by: the interest expense of P105.3 million; the foreign exchange loss of P16.7 million mainly from the revaluation of the Company's net foreign-denominated assets due to the effect of the appreciation of the Philippine peso against the US dollar, and the Padcal maintenance costs of P439.6 million incurred during the period of suspended operations this quarter in 2013. The net effect of these non-recurring items is to increase net income before income tax to P605.4 million.

Other charges in 2012 included a foreign exchange loss of P48.0 million and a reserve provision of P29.0 million for directors' compensation, partially offset by net interest income of P14.5 million. The negative effects of these non-recurring items reduced 2012 net income before income tax to P1.827 billion.

The lower net income before income tax this year compared to last year resulted to a reduced income tax provision at P202.1 million this quarter from P559.1 million last year.

In the past year, to protect part of its future revenue from unfavorable metal price and foreign exchange fluctuations, the Parent Company entered into metal and foreign currency hedging contracts in the form of forward, purchased put options and sold call options. The gains or losses from these transactions were being reflected in revenue as addition or deduction in deriving the realized prices and realized foreign exchange for the Company's metal production during the respective reporting periods. In 2012, operating revenue was augmented by a P139.0 million net hedging gain comprising of the P121.7 million gain from copper forward contracts, P42.7 million gain from copper put options, and a loss of P25.4 million on the amortization of the premiums for gold put options bought. In the first quarter of 2013, the Company has not entered into any metal and currency hedging contract.

As of March 31, 2012, the Company's outstanding derivative financial instruments were as follows: (1) for gold, 24,000 ounces of put options at a strike price of $1,400 per ounce with maturity up to June 2012; and 38,300 ounces of collars at an average put strike price of $1,577 and average call strike price of $1,912 with maturity up to October 2012; (2) for copper, 1,950 DMT of collars at a put strike price of $4.00 per pound and call strike price of $4.81 per pound with maturity up to June 2012; 5,790 DMT of forward at an average of $4.07 per pound with maturity up to December 2012; and 3,780 DMT of put options at a strike price of $3.00 per pound with maturity up to September 2012; and (3) for

currency, collars of US$144 million at an average put strike price of P42.75:US$1 and P44.76:US$1 with maturity up to December 2012. There were no outstanding position as of March 31, 2013.

As of March 31, 2013, Total Current Assets increased to P5.776 billion, 33% higher than the P4.356 billion balance as of the beginning of the year. The increase in Cash and Cash Equivalents to P2.333 billion this period from P1.670 billion in 2012 was mainly from the P2.2 billion short-term loan availments of the Company.

Accounts Receivable, consisting of Trade Receivable from sales of copper concentrates and bullion, Accrued Interest Receivable and Other Receivable decreased to P167.8 million this period from P207.7 million in 2012 as the outstanding trade receivable at the beginning of the year were collected this quarter.

Inventories amounted to P2.096 billion this period from P1.315 billion in 2012 due to higher balances of mine products and materials and supplies inventories brought about by the March 8, 2013 resumption of operation by the Padcal Mine.

Prepaid Income Tax slightly decreased to P145.9 million from P166.5 million. The increase in Other Current Assets to P1.033 billion this period from P997.3 million in 2012 were mostly from the input value added tax receivable on importation of materials and supplies.

Non-current Assets slightly increased to P25.735 billion from P24.916 billion as of the beginning of the year. The minimal increase in Property, Plant and Equipment to P6.147 billion this period from P6.035 billion was due to capital acquisitions this year.

Available for sale(AFS) investments increased to P4.135 billion at the end of the quarter from P3.991 billion at the beginning of the year due to the net increase in fair value of quoted shares amounting to P256 million, partly offset by the disposal by PPC of its PERC shares of stock.

The Company's ongoing exploration activities at the Silangan and Kalayaan projects, as well as the oil exploration projects of Forum Energy Plc, further increased the balance of Deferred Exploration Costs and Other Noncurrent Assets to P15.195 billion this period from P14.632 billion at the beginning of the year.

As of March 31, 2013, Total Assets of the Company amounted to P31.511 billion, 8% higher than the P29.272 billion balance at the beginning of the year.

Total Current Liabilities of the Company at the end of the first quarter this year amounted to P5.982 billion, 30% higher than the P4.618 billion balance at the beginning of the year on account of the increase in Short-term Loans to P3.7 billion from P1.5 billion. The P2.224 billion increase was due to the P1.0 billion and US$15 million loan availments from Kirtman Limited, and the US$15 million loan availment from Maxella Limited, both subsidiaries of First Pacific Company Limited (FPC). The Company has an outstanding P2.1 billion-loan agreement with Kirtman Limited, P1.100 billion of which was availed in 2012 and the remaining P1.000 billion availed in January 2013. The P2.1 billion loan with Kirtman Limited, equivalent to about US$50 million, was part of the US$200 million loan facility committed by FPC to the Company. On March 12, 2013, loan agreements covering the US$150 million balance of this commitment were executed by the Company with Kirtman Limited for US$25 million, Maxella Limited for US$25 million, and Asia Link B.V. for US$100 million.

Accounts Payable and Accrued Liabilities, mainly to suppliers and contractors increased to P1.238 billion from P1.096 billion. No significant amount of the Company's trade payables are unpaid within their acceptable terms as agreed upon with the Company's suppliers. Dividends Payable slightly decreased to P481.8 million this period from P483.3 million at the beginning of the year.

The decrease in Provisions and Subscription Payable to P588.2 million this period from P1.590 billion at the beginning of the year was due to the P1.034 billion payment by the Company in February 2013 of the MWT fee assessment of the MGB on the TSF3 tailings incident.

Non-current Liabilities amounted to P2.763 billion this period, 7% higher than the P2.562 billion balance at the beginning of the year on account of the increase in Deferred Income Tax Liabilities to P2.534 billion from P2.327 billion.

As of March 31, 2013, Total Liabilities of the Company amounted to P8.745 billion, 22% higher than the P7.180 billion balance at the beginning of the year.

Stockholders' Equity at the end of the first quarter was higher at P22.766 billion from P22.092 billion at the beginning of the year. The increase was on account of the consolidated net income attributable to equity holders of the Parent Company amounting to P420.7 million and the higher balance of unrealized gain on AFS investments of P857.1 million from P601.1 million

In the first quarter of 2013, Net Cash used in operating activities amounted to P160.6 million compared to the cash provided by operating activities amounting to P1.222 billion in the same period last year. Cash used in investing activities was higher at P1.884 billion this period compared to P504.6 million last year because of the P1.034 billion MWT fee assessment paid to the MGB plus the Company's ongoing expenses for exploration projects. The Company's availment of P2.224 billion short-term loans resulted to a higher cash provided by financing activities amounting to P2.387 billion this quarter, compared to the minimal cash used in financing activities amounting to P381 thousand last year. As of March 31, 2013, Cash and Cash Equivalents amounted to P2.333 billion compared to P4.664 billion in the same period last year.

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 and on mine products inventory, and provisional prices initially used are adjusted to forward prices at the end of each reporting period. Up to August 2012 when the Company pre-terminated all of its hedge position because of the suspension of the Padcal mine's operation, the effect of hedging prices were also taken into consideration on hedging transactions entered into from time to time to protect revenue from any significant fluctuations in prices and where reasonable floor levels could be provided on the Company's production. At certain points then, the spot price or forward price and the hedge price comprised the Company's average realized prices. In the first quarter of 2013, the average realized price amounted to $1,595 for gold and $3.42 for copper without any effect of hedging transactions as there has been none entered into by the Company this period. In the same quarter in 2012, the realized

price amounted $1,678 per ounce gold (net of amortization of hedging costs of $21 per ounce) and $4.26 per pound copper (after hedging gain of $0.42 per pound).

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. In 2013, as the Company's temporary resumption of operation started only in the first week of March, tonnes milled were only 612 thousand compared to the full quarter operation covering 2.4 million tonnes in 2012. Ore grade in 2013 averaged 0.497 grams gold per tonne and 0.228% copper, higher than the average of 0.494 grams gold per tonne and 0.219% copper in 2012. Despite the higher ore grade, the lower milling tonnage in 2013, however, produced less concentrates of 4,393 dry metric tons from 16,478 dry metric tons last year. The equivalent metal outputs were 8 thousand ounces gold and 2.434 million pounds copper this year, compared to 29 thousand ounces gold and 9.085 million pounds copper, a year ago.

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 the 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 first quarter of 2013 was P40.80 compared to P42.77 in 2012. As of March 31, 2013, the peso to dollar closing rate was P40.80 compared to P42.92 in 2012.

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 expressed in per metal unit as well, but with the grade, as it affects metal production, and the exchange rate, as it affects the conversion from peso to dollars, getting into consideration.

In the first quarter of 2013, the total production cost (minesite cost and expenses excluding marketing charges, excise tax and royalties) per tonne of ore milled was P545 from the total production cost of P333.7 million over ore milled of 612 thousands tonnes, 9% lower than the cost per tonne of P603 from the total production cost of P1.421 billion over ore milled of 2.4 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 first quarter of 2013 was P695 from the operating cost and expenses of P425.4 million, 9% lower than the P766 from the operating costs and expenses of P1.804 billion in the same period of 2012.

As the mine produces both gold and copper (and silver) together in one operating process principally to extract and concentrate the copper from the ore), no physical basis can be used in allocating costs between the two metals. Thus, the mine's cost per unit of metal produced can be stated either in terms of gold or in copper, before or after the value of the other metal taken as by-product credit. Expressed in operating cost per ounce of gold produced, operating cost before copper revenue credits was $1,370 per ounce this quarter compared to $1,447 per ounce in 2012. After copper revenue credit, however, the corresponding cost per ounce was $250 in 2013 compared to $86 in 2012. On the other hand, expressed in operating cost per pound of copper produced before gold revenue credit, the cost was $4.28 in 2013 compared to $4.64 in 2012. After gold revenue credit, cost per pound was negative $0.78 in 2013 versus negative $0.85 in 2012.

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 first quarter in 2013 was P0.0853 per share based on the 4,933,110,330 weighted average shares outstanding for the period. The basic earnings per share for the first quarter in 2012 was P0.2629 per share based on the 4,930,918,226 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 have resulted to nil and 5,329,027 shares in 2013 and 2012, respectively. The stock options outstanding as at March 31, 2013 are anti-dilutive. In 2012, diluted earnings per share would have been 0.2627 per share based on the 4,936,247,253 weighted average shares adjusted for the effect of exercise of stock options for the period.

Known Trends, Events or Uncertainties

On March 11, 2013, the Company was authorized by its Board of Directors to undertake a rights offering of common shares where the Company expects to raise approximately P12.3 billion, the net proceeds of which will be used for the repayment of loans from the FPC group, for capital expenditures and exploration costs related to existing projects, primarily the Silangan and the Kalayaan projects; and for general corporate purposes. The specific terms and conditions of the rights offering, including the final issue size, rights entitlement, offer price and record date have not yet been determined.

On April 2, 2013, the Parent Company obtained unsecured short-term loans from the Bank of the Philippine Islands and Philippine National Bank amounting to US$10,000 and US$20,000, respectively. The loans were subsequently advanced to Philex Petroleum Corporation (PPC), a 64.8% owned subsidiary of the Parent Company, to fund the acquisition of additional shares in Pitkin Petroleum Plc (Pitkin). On April 5, 2013, PPC acquired this additional interest in Pitkin through the subscription of 10 million new ordinary shares and the purchase of 36.4 million ordinary shares from existing shareholders. The new and existing shares were purchased at US$0.75 per share for a total consideration of US$34.8 million. The transaction resulted in the increase in ownership interest of PPC in Pitkin from 18.46% to 50.28%.

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)

EULALIO B. AUSTIN
President & Chief Executive Officer

RENATO N. MIGRIÑO
Treasurer & Chief Financial Officer
Senior Vice President for Finance
Compliance Officer

PARALUMAN M. NAVARRO
Division Manager –Corporate Finance

Date: April 30, 2013

PHILEX MINING CORPORATION
AND SUBSIDIARIES

UNAUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
March 31, 2013

Pasig City, Philippines

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

ASSETS		March 31 2013 (Unaudited)		December 31 2012 (Audited As Restated)
Current Assets				
Cash and cash equivalents	P	2,333,183	P	1,669,542
Accounts receivable - net		167,839		207,749
Inventories - net		2,095,943		1,314,851
Prepaid income tax		145,890		166,467
Other current assets -net		1,033,148		997,340
Total Current Assets		5,776,003		4,355,949
Noncurrent Assets				
Property, Plant and Equipment - net		6,146,808		6,035,174
Available-for-sale (AFS) financial assets		4,134,999		3,990,761
Goodwill		258,593		258,593
Deferred exploration costs and other noncurrent assets - net		15,194,660		14,631,528
Total Noncurrent Assets		**25,735,060**		**24,916,056**
TOTAL ASSETS	**P**	**31,511,063**	**P**	**29,272,005**

LIABILITIES AND EQUITY				
Current Liabilities				
Short-term loans	P	3,674,000	P	1,450,000
Accounts payable and accrued liabilities		1,237,576		1,095,550
Dividends payable		481,750		483,257
Provisions and subscriptions payables		588,246		1,589,578
Total Current Liabilities		5,981,572		4,618,385
Noncurrent Liabilities				
Deferred income tax liabilities - net		2,533,554		2,327,427
Pension obligation		38,690		43,973
Provision for losses		171,631		171,631
Provision for mine rehabilitation costs		19,344		18,892
Total Noncurrent Liabilities		2,763,219		2,561,923
Total Liabilities		8,744,791		7,180,308
Equity Attributable to Equity Holders of the Parent Company				
Capital Stock - P1 par value		4,933,208		4,933,027
Additional paid-in capital		985,968		963,867
Retained Earnings		13,999,467		13,578,781
Net unrealized gain on AFS financial assets		857,052		601,055
Cumulative translation adjustments		(43,168)		(41,785)
Net revaluation surplus		1,611,397		1,611,397
Effect of transaction with non-controlling interests		45,099		45,099
		22,389,023		21,691,441
Non-controlling Interests		377,249		400,256
Total Equity		**22,766,272**		**22,091,697**
TOTAL LIABILITIES & EQUITY	**P**	**31,511,063**	**P**	**29,272,005**

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

	Three Months Ended March 31			
		2013		**2012**
REVENUE				
Gold	P	493,023	P	2,177,427
Copper		340,954		1,796,063
Silver		7,837		38,668
		841,814		4,012,158
Less: Marketing charges		47,520		173,098
		794,294		3,839,060
Petroleum		46,472		8,811
Coal		1,031		84
		841,797		**3,847,955**
COSTS AND EXPENSES				
Mining and milling costs (including depletion and depreciation)		327,123		1,374,775
General and administrative expenses		275,353		300,296
Mine products taxes and royalties		44,445		209,694
Petroleum production costs		28,474		11,112
Handling, hauling and storage		6,578		48,369
Cost of coal sales		821		49
		682,794		1,944,295
INCOME FROM OPERATIONS		**159,003**		**1,903,660**
OTHER INCOME (CHARGES) - Net				
Insurance proceeds		1,017,125		-
Padcal maintenance costs		(439,590)		-
Gain on sales of AFS investments		26,880		-
Interest income		6,852		19,234
Interest expense		(105,276)		(4,761)
Foreign exchange gains (losses)		(16,690)		(47,965)
Others - net		(42,919)		(43,336)
		446,382		**(76,828)**
INCOME BEFORE INCOME TAX		**605,385**		**1,826,832**
PROVISION FOR INCOME TAX		(202,070)		(559,105)
NET INCOME	**P**	**403,315**	**P**	**1,267,727**
Net income attributable to:				
Equity holders of the Parent Company		420,686		1,296,553
Non-controlling interests		(17,371)		(28,826)
	P	**403,315**	**P**	**1,267,727**
BASIC EARNINGS PER SHARE	**P**	**0.0853**	**P**	**0.2629**
DILUTED EARNINGS PER SHARE	**P**	**0.0853**	**P**	**0.2627**

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

	Three Months ended March 31			
		2013		**2012**
NET INCOME	P	403,315	P	1,267,727
OTHER COMPREHENSIVE INCOME				
Unrealized loss on AFS financial assets		255,997		(129,870)
Gain (Loss) on translation of hedging instruments		-		(594,076)
Gain (Loss) on translation of financial statement of foreign subsidiaries		(7,019)		(46,558)
		248,978		(770,504)
TOTAL COMPREHENSIVE INCOME	**P**	**652,293**	**P**	**497,223**
Total Comprehensive Income Attributable to:				
Equity holders of the Parent Company		675,299		520,712
Non-controlling interests		(23,007)		(23,489)
		652,292		**497,223**

PHILEX MINING CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

Three Months Ended Mar 31

	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 translation adjustments	Net revaluation Surplus	Effect of transaction with Minority Interest	Sub-total	Minority Interest	Total
Balances at December 31, 2012										
(Audited, As previously reported)	P 4,933,027	P 963,867	P 13,704,164	P 601,055	P (41,785)	P 1,611,397	P 45,099	P 21,816,824	P 400,256	P 22,217,080
Impact of adoption of new accounting standard (Note 2)			(125,383)					(125,383)		(125,383)
Balances at December 31, 2012	**4,933,027**	**963,867**	**13,578,781**	**601,055**	**(41,785)**	**1,611,397**	**45,099**	**21,691,441**	**400,256**	**22,091,697**
Net income			420,686					420,685	(17,371)	403,314
Other comprehensive income (loss):										
Unrealized gain on AFS financial assets	-	-	-	255,997	-	-	-	255,997		255,997
Movement in fair value of hedging instruments	-	-	-	-	-	-	-	-		-
Loss on translation of foreign subsidiaries	-	-	-	-	(1,383)	-		(1,383)	(5,636)	(7,019)
Total comprehensive income	-	-	420,686	255,997	(1,383)	-	-	675,299	(23,007)	652,292
Increase in additional paid-in capital due to exercise of stock option	181	1,546	-	-	-	-	-	1,727		1,727
Increase in additional paid-in capital due to stock option plan	-	20,555	-	-	-	-	-	20,555		20,555
BALANCES AT MARCH 31, 2013	**4,933,208**	**985,968**	**13,999,467**	**857,052**	**(43,168)**	**1,611,397**	**45,099**	**22,389,022**	**377,249**	**22,766,271**
Balances at December 31, 2011	**4,929,751**	**887,290**	**16,093,059**	**2,020,940**	**495,019**	**1,611,397**	**106,027**	**26,143,483**	**907,984**	**27,051,467**
Net income			1,296,553					1,296,553	(28,826)	1,267,727
Other comprehensive income (loss):										
Unrealized gain on AFS financial assets	-	-	-	(129,870)	-	-	-	(129,870)		(129,870)
Movement in fair value of hedging instruments	-	-	-	-	(594,076)	-	-	(594,076)		(594,076)
Loss on translation of foreign subsidiaries	-	-	-	-	(51,895)	-	-	(51,895)	5,337	(46,558)
Total comprehensive income	-	-	1,296,553	(129,870)	(645,971)	-	-	520,712	(23,489)	497,223
Increase in additional paid-in capital due to exercise of stock option	1,784	44,394	-	-	-	-	-	46,178		46,178
Increase in additional paid-in capital due to stock option plan	-	15,000	-	-	-	-	-	15,000		15,000
Declaration of dividends			(2,071,217)					(2,071,217)		(2,071,217)
BALANCES AT MARCH 31, 2012	**4,931,535**	**946,684**	**15,318,395**	**1,891,070**	**(150,952)**	**1,611,397**	**106,027**	**24,654,156**	**884,495**	**25,538,651**

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

	Three Months Ended March 31	
	2013	**2012**
OPERATING ACTIVITIES		
Net Income before income tax	P 605,385	P 1,826,833
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion and depreciation	162,259	235,042
Net decrease(increase) in derivative liability	-	(594,076)
Interest Expense on Asset Retirement Obligation	451	373
Reserve provision	9,000	29,000
Share-based compensation expense	20,555	15,000
Gain on sale of PERC shares	(26,880)	-
Provision for (Benefit from) deferred income tax	-	12,720
Changes in non-cash components of working capital		
Decrease (increase) in:		
Accounts receivable	39,910	885,169
Inventories	(781,091)	(1,367,275)
Other current assets	(35,810)	514,568
Decrease in accounts payable and accrued exp.	(9,367)	(735,657)
Inrease (Decrease) in other liabilities	176,159	399,999
Cash provided by (used in) operating activities	**160,571**	**1,221,696**
INVESTING ACTIVITIES		
Additions to resource assets	(273,894)	(355,705)
Padcal rehabilitation costs	(1,041,931)	-
Decrease(Increase) in Investments in stocks	-	(8,350)
Increase in deferred exploration cost	(547,705)	(150,253)
Increase in other noncurrent assets	(20,122)	9,737
Cash used in investing activities	**(1,883,652)**	**(504,571)**
FINANCING ACTIVITIES		
Net availments (payments) of short-term loans	2,224,000	-
Exercise of stock options	1,727	46,178
Increase (Decrease) on cumulative translation adjustment on foreign subsidiary	(7,018)	(43,560)
Proceeds from sale of PERC shares	168,013	-
Increase in minority interest	-	(2,999)
Cash provided by (used in) financing activities	**2,386,722**	**(381)**
DECREASE IN CASH AND CASH EQUIVALENTS	**663,641**	**716,744**
CASH AND CASH EQUIVALENTS - BEGINNING	1,669,542	3,947,295
CASH AND CASH EQUIVALENTS - END	**P 2,333,183**	**P 4,664,039**

PHILEX MINING CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

		Three Months Ended March 31	
		2013	2012
Current Ratio	Current Assets over Current Liabilities	0.97	1.96
Debt-to-equity Ratio	Total Liabilities over Total Equity	0.38	0.30
Asset-to-equity Ratio	Total Assets over Equity	1.38	1.30
Interest Rate Coverage Ratio	EBIT over Interest Expense	6.69	380.64
Net Income Ratio	Net Income over Net Revenue	0.48	0.33

PHILEX MINING COPORATION AND SUBSIDIARIES

SCHDULE OF ACCOUNTS RECEIVABLE

(Amounts in thousands)

	As of March 31, 2013
Accounts Receivable - Trade	88,107
Accounts Receivable - Miscellaneous	79,732
Total	**167,839**

AGING OF ACCOUNTS RECEIVABLE - TRADE

As of March 31, 2013

	0-30 days	**31-60 days**	**61-90 days**	**Total**
Trade				
Others	88,107			88,107
	88,107	**-**	**-**	**88,107**

PHILEX MINING CORPORATION AND SUBSIDIARIES

Schedule of Loans Payable

(Amounts in thousands)

	As of March 31, 2013
Bank of the Philippine Islands	250,000
Kirtman Limited	2,712,000
Maxella Limited	612,000
Banco de Oro	100,000
Total	**3,674,000**

1. Corporate Information, Business Operations and Authorization for Issue of the Financial Statements

Corporate Information

Philex Mining Corporation and its subsidiaries are organized into two main business groupings: the metals business under Philex Mining Corporation, and the energy and hydrocarbon business under Philex Petroleum Corporation.

Philex Mining Corporation (the Parent Company or PMC) was incorporated on July 19, 1955 in the Philippines and is listed in the Philippine Stock Exchange on November 23, 1956. Having reached the end of its 50 years corporate life, the Parent Company's Philippine Securities and Exchange Commission (SEC) registration was renewed on July 23, 2004. The Parent Company, Philex Gold Philippines, Inc. (PGPI, a wholly-owned subsidiary through a holding company and incorporated in the Philippines), Lascogon Mining Corporation (LMC), (a subsidiary of PGPI and incorporated in the Philippines), and Silangan Mindanao Exploration Co., Inc. (SMECI, a wholly-owned subsidiary directly by the Parent Company and through a holding company and PGPI, and incorporated in the Philippines) and its subsidiary, Silangan Mindanao Mining Co. Inc. (SMMCI, a wholly-owned subsidiary directly by the Parent Company and through SMECI, and incorporated in the Philippines) are all primarily engaged in large-scale exploration, development and utilization of mineral resources. The Parent Company operates the Padcal Mine in Benguet. PGPI operated the Bulawan mine in Negros Occidental until the second quarter of 2002. LMC conducts exploration work on Taganaan, Surigao del Norte. SMMCI owns the Silangan Project covering the Boyongan and Bayugo deposits, which are under pre-feasibility study stage as of March 31, 2013.

Philex Petroleum Corporation (PPC, a 64.8% owned subsidiary of the Parent Company and incorporated in the Philippines) and its subsidiaries: Forum Energy plc (FEP, 60.5% owned and registered in England and Wales) and its subsidiaries, and FEC Resources, Inc. (FEC, 51.2% owned and incorporated in Canada) are engaged primarily in oil and gas operation and exploration activities, holding participations in oil and gas production and exploration activities through their investee companies. Brixton Energy & Mining Corporation (BEMC), a wholly-owned subsidiary of PPC and incorporated in the Philippines commenced operation of its coal mine in Diplahan, Zamboanga Sibugay in November 2010 but suspended operation in December 2012, pending results of a detailed review of the coal mine operations and prospects.

The foregoing companies are collectively referred to as the "Group" whose income is derived mainly from the Padcal Mine. Income from petroleum and coal and other sources are relatively insignificant.

The Parent Company's registered business address is Philex Building, 27 Brixton corner Fairlane Streets, Pasig City.

Executive Order (EO) 79

On July 12, 2012, EO 79 was released to lay out the framework for the implementation of mining reforms in the Philippines. The policy highlights several issues that includes area of coverage of mining, small-scale mining, creation of a council, transparency and accountability and reconciling

the roles of the national government and local government units. Management believes that EO 79 has no major impact on its current Padcal operations since the mine is covered by an existing Mineral Production Sharing Agreement (MPSA) with the government. Section 1 of EO 79, provides that mining contracts approved before the effectivity of the EO shall continue to be valid, binding, and enforceable so long as they strictly comply with existing laws, rules and regulations and the terms and conditions of their grant. The EO could, however, delay or adversely affect the conversion of the Group's mineral properties covered by Exploration Permits (EPs) or Exploration Permit Applications (EPAs) or Application for Production Sharing Agreements (APSAs) given the provision of the EO on the moratorium on the granting of new mineral agreements by the government until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect.

On March 7, 2013, the Mines and Geosciences Bureau (MGB) has recommended with the Department of Environment and Natural Resources (DENR) the lifting of DENR Memorandum Order No. 2011-01 on the suspension of acceptance of all types of mining applications. Effective March 18, 2013, MGB has started accepting mining applications for EPs and FTAA pursuant to DENR Administrative Order No. 2013-11.

Status of Business Operations

Padcal Mine Operations

The Parent Company has the Padcal Mine as its main source of revenue from its metals business segment. The Padcal Mine is on its 56th year of operation producing copper concentrates containing gold, copper and silver.

At around midnight of August 1, 2012, the Parent Company voluntarily suspended its operations of the Padcal Mine after tailings were accidentally discharged from the underground tunnel of Penstock A being used to drain water from Tailings Storage Facility (TSF) No. 3 of the mine. The incident followed the unabated and historically unprecedented heavy rains during the last two weeks of the preceding month from the two typhoons that brought unusual and heavy accumulation of rain water in TSF 3. The suspension of the mine's operations was formalized at around 8 p.m. of the following day, August 2, 2012, when the Mines and Geosciences Bureau (MGB) ordered the Padcal Mine to stop operations until such time as the safety and integrity of its tailings storage facility is assured. The discharge of tailings was fully stopped with the plugging of the sinkhole in one of the two penstocks used in the water management system of TSF 3 and the sealing of the underground tunnel of the affected penstock in November 2012. This has allowed the Padcal Mine to start conducting the necessary remediation and rehabilitation program (which includes the rehabilitation of TSF 3 and the construction of an open spillway in place of the existing penstock system for water management, the construction of a new TSF 4, and the undertaking of remediation and rehabilitation measures in the areas affected by the tailings spill) relative to the resumption of its operations.

On February 18, 2013, the Parent Company paid the ₱1,034,358 Mine Waste and Tailings Fee required by the MGB as provided for under Department of Environment and Natural Resources Administrative Order (DAO) No. 2010-21 implementing the provisions of the Philippine Mining Act of 1995, which fee the Parent Company has provided for in the accounts as of December 31, 2012. The PAB has likewise assessed the Parent Company the amount of ₱92,800 for alleged violations of the Clean Water Act of 2004, which the Parent Company has challenged and is the subject of a motion for reconsideration pending before the PAB. Other provisions for the remediation and rehabilitation of TSF 3 and the areas affected by the tailings spill have also been made in the 2012 accounts.

On February 26, 2013, the MGB lifted its suspension order and allowed the Padcal Mine to operate for a period of four months to conduct further remediation measures on TSF 3, requiring the Parent Company to commission a third party to conduct monitoring and audit of the remediation measures to be undertaken. On March 7, 2013, the Pollution Adjudication Board (PAB) similarly resolved to temporarily lift the cease and desist order and allowed the Parent Company to resume operations for a period of four (4) months from date of the order. After posting the surety bond required by the PAB, at around 12:00 a.m on March 8, 2013, the Padcal Mine commenced its temporary resumption of operations pursuant to the order of the MGB and PAB.

The Group's ability to continue as a going concern depends on the permanent resumption of regular operations of the Parent Company's Padcal Mine. The interim condensed consolidated financial statements do not include any adjustment that might result from uncertainties relating to when the Parent Company would be able to resume regular operations. The effect of these uncertainties will be reported in the consolidated financial statements as they become known and estimable.

The Group continues to look for sources of funding to finance its activities and working capital requirements. On October 30, 2012, the Parent Company obtained a commitment letter from First Pacific Ltd. (FPC) to provide a loan of up to a maximum of US$200,000 to finance the Silangan Project's exploration activities and the Padcal Mine's capital requirements (see Note 9). On February 12, 2013, the Parent Company received the amount of US$25,000 as claims settlement relative to the tailings spill from its pollution legal liability insurance (see Note 10). On March 11, 2013, the Parent Company announced that it has been authorized by its Board of Directors to undertake a rights offering of common shares where the Parent Company expects to raise approximately ₱12.0 billion, the net proceeds of which will be used for the repayment of the loans from FPC, for capital expenditures and exploration costs related to the Company's Silangan and Kalayaan projects, and for general corporate purposes. The specific terms and conditions of the rights offering including the final issue size, rights entitlement, offer price and record date have not yet been determined. As of the end of the quarter, $80 million of the FPC facility has already been availed by the Parent Company (see Note 9).

PGPI

PGPI previously operated the Bulawan mine in Negros Occidental and developed the Sibutad Project in Zamboanga del Norte. It currently holds 60% of SMMCI through SMECI, and 99% of Lascogon Mining Corporation (LMC).

SMMCI

SMMCI is currently conducting the pre-feasibility study of the Silangan Project covering the Boyongan and Bayugo copper-gold deposits. Adjacent to the Bayugo deposit is the Kalayaan Project, the exploration of which is being undertaken by the Parent Company by virtue of a Farm-in Agreement with Kalayaan Gold & Copper Resources, Inc., a subsidiary of Manila Mining Corporation.

BEMC

Developmental work for the mining activities of BEMC over its coal property in Zamboanga Sibugay started in 2009 when BEMC also purchased coal from small-scale miners permitted to operate within its mine site and in turn, sells this coal to generate revenue. Mining operations in the property commenced in November 2010 after completion of the mine development work. Coal mining operations of BEMC has, however, been temporarily suspended on January 9, 2013 due to adverse effects of significant drop in coal prices. A detailed review of the operations and prospects

of the coal mining projects is currently being undertaken. Activities would be confined to maintenance and repair of the coal mine and processing and marketing of existing coal inventory.

In 2012, BEMC recognized an impairment loss of ₱434,288 on its property, plant and equipment reducing its carrying value to nil as at December 31, 2012.

FEP

FEP's principal asset is a 70% interest in Service Contract (SC) 72, converted on February 15, 2010 from Geophysical Survey Exploration Contract 101, covering an 8,800 square kilometers offshore petroleum license situated west of Palawan Island in the West Philippine Sea where the Sampaguita natural gas deposit is located.

Recovery of Deferred Mine and Oil Exploration Costs

The Group's ability to realize its deferred mine and oil exploration costs amounting to ₱15,083,698 and ₱14,535,993 as at March 31, 2013 and December 31, 2012, respectively (see Note 8), depends on the success of exploration and development work in proving the viability of its mining and oil properties to produce minerals and oil in commercial quantities, and the success of converting the Group's EPs or EPAs or APSAs to new mineral agreements, which cannot be determined at this time. The interim condensed consolidated financial statements do not include any adjustment that might result from these uncertainties.

Authorization for Issue of the Financial Statements

The interim condensed consolidated financial statements of Philex Mining Corporation and Subsidiaries (the Group) as at March 31, 2013 and for the three months ended March 31, 2013 and 2012 [with comparative audited consolidated statement of financial position as at December 31, 2012 (as restated)] were authorized for issue by the Board of Directors (BOD) on April 30, 2013.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

The interim condensed consolidated financial statements of the Group as at March 31, 2013 and December 31, 2012 and for the three-month period ended March 31, 2013 and 2012 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*, except for the Parent Company's mine products inventories that are measured at net realizable value (NRV), which was permitted by the Philippine Securities and Exchange Commission (SEC). The interim condensed consolidated financial statements of the Group do not include all the information and disclosure 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, 2012.

The interim condensed consolidated financial statements of the Group have been prepared using the historical cost basis, except for mine products inventories that are measured at NRV, and for AFS financial assets and derivative financial instruments that are measured at fair value. The interim condensed consolidated financial statements are presented in Philippine Peso (Peso), which is the Parent Company's functional and reporting currency, rounded to the nearest thousands, except when otherwise indicated.

The preparation of the financial statements in compliance with the accounting principles generally accepted in the Philippines requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The

estimates and assumptions used in the accompanying interim condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the interim condensed consolidated financial statements. Actual results could differ from such estimates.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2012, except for the adoption of new standards and interpretations effective as of January 1, 2013.

The Group applies, for the first time, certain standards and amendments. These include PAS 19 (Revised 2011) *Employee Benefits,* amendments to PAS 1, *Presentation of Financial Statements and* Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. As required by PAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of PFRS 12, *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements. Under PAS 34, the additional disclosures required by PFRS 12 will be included in the annual consolidated financial statements.

- PAS 1, *Presentation of Items of Other Comprehensive Income - Amendments to PAS 1*

  The amendments to PAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

- PAS 1, *Clarification of the requirement for comparative information (Amendment)*

  The amendment to PAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

  The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under PAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

- PAS 19 (Revised 2011), *Employee Benefits*

  PAS 19 (Revised 2011) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. Under PAS 34, these new disclosures

will be included in the annual consolidated financial statements. The Group closes actuarial gains and losses to retained earnings every end of reporting period.

In case of the Group, the transition to PAS 19 (Revised) had an impact on the net defined benefit plan obligations due to the difference in accounting for interest on plan assets and unvested past service costs. The effect of the adoption of PAS 19 (Revised) is explained below.

Effect of Adoption of PAS 19 (Revised)

PAS 19, (Revised 2011) has been applied retrospectively from January 1, 2012. As a result, expected returns on plan assets of defined benefit plans are not recognized in consolidated profit or loss. Instead, interest on net defined pension obligation (asset) is recognized in the consolidated profit or loss, calculated using the discount rate used to measure the net defined pension obligation.

Also, unvested past service costs can no longer be deferred and recognized over the future vesting period. Instead, all past service costs are recognized at the earlier of when the amendment occurs and when the Parent Company recognizes related restructuring or termination costs. Until 2012, the Parent Company's unvested past service costs were recognized as an expense on a straight-line basis over the average period until the benefits become vested. Upon transition to PAS 19, (Revised 2011), past service costs are recognized immediately if the benefits have vested immediately following the introduction of, or changes to, a pension plan.

The Parent Company reviewed its existing employee benefits and determined that the amended standard has a significant impact on its accounting for retirement benefits. The Parent Company obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard.

The effects are detailed below:

	As at December 31, 2012		
	As Restated	**As Previously Reported**	**Change**
Consolidated statements of financial position			
Net retirement plan assets (liability)	**(₱43,972)**	**₱135,147**	**(₱179,119)**
Deferred tax liability (asset)	**(13,192)**	**40,544**	**(53,736)**
Retained earnings	**10,809**	**136,192**	**(125,383)**

	As at January 1, 2012		
	As Restated	As Previously Reported	Change
Consolidated statements of financial position			
Net retirement plan assets (liability)	(₱107,898)	₱52,627	(₱160,525)
Deferred tax liability (asset)	(32,369)	15,788	(48,157)
Retained earnings	(52,921)	59,447	(112,368)

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

  Philippine Interpretations IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part.

  The interpretation has no material impact on the Group's financial position or performance.

The following standards also became effective as of January 1, 2013:

- PAS 27 (Amended), *Separate Financial Statements*
- PAS 28 (Amended), *Investments in Associates and Joint Ventures*
- Amendments to PFRS 1, *Government Loans*
- Amendments to PFRS 7, *Disclosures - Offsetting Financial Assets and Financial Liabilities*
- PFRS 10, *Consolidated Financial Statements*
- PFRS 11, *Joint Arrangements*
- PFRS 12, *Disclosure of Interests in Other Entities*
- PFRS 13, *Fair Value Measurement*

The above standards are applicable to the Group except for Amendments to PFRS 1, *Government Loans*. The impact of the adoption of the new standards is currently being evaluated by the Group based on the December 31, 2012 audited figures.

3. Segment Information

The Group is organized into business units on their products and activities and has two reportable business segments: the metals segment and the energy and hydrocarbon 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 period, earnings before interest, taxes and depreciation and depletion (EBITDA), and core net income (loss).

Net income (loss) for the period 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 is also using core net income (loss) in evaluating total performance. Core income is the performance of business 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 following tables present revenue and profit and certain asset and liability information regarding the Group's business segments.

			March 31, 2013 (Unaudited)		
	Metals	**Energy and Hydrocarbon**	**Unallocated Corporate Balances**	**Eliminations**	**Total**
Revenue					
External customers	**₱794,294**	**₱47,503**	**₱–**	**₱–**	**₱841,797**
Inter-segment	**–**	**–**	**–**	**–**	**–**
Consolidated revenue	**₱794,294**	**₱47,503**	**₱–**	**₱–**	**₱841,797**
Results					
EBITDA	**₱878,847**	**(₱4,018)**	**₱–**	**₱–**	**₱874,829**
Interest income (expense) - net	**(88,158)**	**(10,266)**	**–**	**–**	**(98,424)**
Income tax expense	**(200,992)**	**(1,078)**	**–**	**–**	**(202,070)**
Depreciation and depletion	**(161,883)**	**(376)**	**–**	**–**	**(162,259)**
Consolidated net income (loss)	**₱427,814**	**(₱24,499)**	**₱–**	**₱–**	**₱403,315**
Core net income (loss)	**₱155,305**	**(₱22,932)**	**₱–**	**₱–**	**₱132,373**
Consolidated total assets	**₱25,763,940**	**₱2,914,264**	**₱17,890**	**₱2,814,969**	**₱31,511,063**
Consolidated total liabilities	**₱6,175,305**	**₱1,222,119**	**₱883**	**₱1,346,484**	**₱8,744,791**
Other Segment Information					
Capital expenditures	**₱777,479**	**₱59,546**	**₱–**	**₱–**	**₱837,025**

			March 31, 2012 (Unaudited)		
	Metals	Energy and Hydrocarbon	Unallocated Corporate Balances	Eliminations	Total
Revenue					
External customers	₱3,839,060	₱8,895	₱–	₱–	₱3,847,955
Inter-segment	–	–	–	–	–
Consolidated revenue	₱3,839,060	₱8,895	₱–	₱–	₱3,847,955
Results					
EBITDA	₱2,076,174	(₱34,310)	₱–	₱5,535	₱2,047,401
Interest income (expense) - net	21,785	(7,312)	–	–	14,473
Income tax expense	(555,164)	(3,941)	–	–	(559,105)
Depreciation and depletion	(234,378)	(664)	–	–	(235,042)
Consolidated net income (loss)	₱1,308,418	(₱46,226)	₱–	₱5,535	₱1,267,727
Core net income (loss)	₱1,351,804	(₱27,211	₱–	₱5,535	₱1,330,128
Consolidated total assets	₱26,287,413	₱4,709,315	₱18,209	₱2,250,513	₱33,265,450
Consolidated total liabilities	₱5,366,161	₱1,065,418	₱1,430	₱1,293,790	₱7,726,799

	March 31, 2012 (Unaudited)				
	Metals	Energy and Hydrocarbon	Unallocated Corporate Balances	Eliminations	Total
Other Segment Information					
Capital expenditures	₱1,176,883	₱311,256	₱–	₱–	₱1,488,139

The following table shows the Group's reconciliation of core net income to the consolidated net income for the period ended March 31, 2013 and 2012.

	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Core net income	**₱132,373**	₱1,330,128
Non-recurring gains (losses):		
Insurance proceeds	**406,850**	–
Gain on sale on AFS investments	**17,416**	–
Provision for write-down of assets	**(2,215)**	–
Foreign exchange losses	**(16,690)**	(47,965)
Net tax effect of aforementioned adjustments	**(117,048)**	14,390
Net income attributable to equity holders of the Parent Company	**420,686**	1,296,553
Net income attributable to NCI	**(17,371)**	(28,826)
Consolidated net income	**₱403,315**	₱1,267,72

Core net income per share is computed as follows:

	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Core net income	**₱132,373**	₱1,330,128
Divided by weighted average number of common shares outstanding during year	**4,933,110,330**	4,930,918,226
Core net income per share	**₱0.0268**	₱0.2697

Louis Dreyfuss Commodities Metals Suisse SA (LD Metals) is the main customer in the metals segment of the Group in the first quarter of 2012. Gross revenue from LD Metals amounted to nil and ₱2,251,466 for the three month period ended March 31, 2013 and 2012, respectively.

4. Cash and Cash Equivalents

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Cash on hand	**₱3,503**	₱4,031
Cash with banks	**809,864**	552,030
Short-term deposits	**1,519,816**	1,113,481
	₱2,333,183	₱1,669,542

Cash in banks and short-term deposits earn interest at bank deposit rates. Short-term deposits are made for varying periods, usually of up to three months depending on the cash requirements of the Group.

5. Inventories

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Mine products	**₱797,805**	₱–
Coal	**88,260**	86,856
Petroleum	**110**	2,868
Materials and supplies	**1,209,768**	1,225,127
	₱2,095,943	₱1,314,851

The Parent Company recognized revenues amounting to ₱797,805 and ₱1,327,800 for the three month period ended March 31, 2013 and 2012, respectively, to reflect the NRV of its mine product inventories.

6. Property, Plant and Equipment

During the three month period ended March 31, 2013 and 2012, the Group acquired assets with a cost of ₱322,398 and ₱347,241, respectively. Depletion and depreciation charged for the three month period ended March 31, 2013 and 2012 amounted to ₱162,259 and ₱235,042, respectively.

Depreciation expense amounting to ₱48,505 and ₱41,746 was capitalized under "Deferred Exploration Cost" for the three month period ended March 31, 2013 and 2012, respectively.

7. AFS Investments

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Quoted equity investments	**₱2,748,405**	₱2,686,427
Unquoted equity investments	**1,386,594**	1,304,334
	₱4,134,999	₱3,990,761

On February 21, 2013, PPC sold its investments in PetroEnergy Resources Corp. for a consideration of ₱168,013. The resulting gain amounting to ₱26,880 was recorded in the consolidated statements of income.

8. Deferred Exploration Costs and Other Noncurrent Assets

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited, As Restated)
Deferred mine exploration costs	**₱15,181,722**	₱14,726,242
Less allowance for impairment losses	**1,048,811**	1,048,811
	14,132,911	13,677,431
Deferred oil exploration costs	**1,393,761**	1,301,536
Less allowance for impairment losses	**442,974**	442,974
	950,787	858,562
Others	**158,397**	142,970
Less allowance for impairment losses	**47,435**	47,435
	110,962	95,535
	₱15,194,660	₱14,631,528

Deferred mine and oil exploration costs relate to projects that are ongoing. The recovery of these costs depends upon the success of exploration activities and future development of the corresponding mining properties or the discovery of oil and gas that can be produced in commercial quantities. Allowances have been provided for those deferred costs that are specifically identified to be unrecoverable.

9. Short-term Loans

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Kirtman Limited loan	**₱2,712,000**	₱1,100,000
Maxella Limited loan	**612,000**	–
Bank loans	**350,000**	350,000
	₱3,674,000	₱1,450,000

Kirtman Limited Loan

On November 9, 2012, the Parent Company entered into an unsecured Term Loan Facility Agreement (the 1st Loan Agreement) with Kirtman Limited (a subsidiary of FPC), a related party, amounting to a maximum of ₱2,100,000 maturing 364 days after the Agreement date. The interest rate of the loan is set at 5% per annum. Initial drawdown of ₱1,100,000 was made on November 13, 2012. On January 14, 2013, the Parent Company availed of the ₱1,000,000 balance of the facility. The proceeds of the loan were used to fund the capital expenditures of Silangan Project and working capital requirements of the Group.

On March 12, 2013, the Parent Company entered into a second Term Loan Facility Agreement (the 2nd Loan Agreement) with Kirtman Limited amounting to a maximum of US$25,000 maturing 364 days after the 2nd Loan Agreement date. The interest rate of the loan is set at 5% per annum. Initial drawdown of US$15,000 was made on March 18, 2013.

Both loans contain a pre-termination clause which allows the Parent Company to pay all outstanding drawdown before maturity date.

Maxella Limited Loan

On March 12, 2013, the Parent Company entered into a Term Loan Facility Agreement (the 3rd Loan Agreement) with Maxella Limited (a subsidiary of FPC), a related party, amounting to a maximum of US$25,000 maturing 364 days after the 3rd Loan Agreement date. The interest rate of the loan is set at 5% per annum. Initial drawdown of US$15,000 was made on March 18, 2013.

The loan also contains a pre-termination clause which allows the Parent Company to pay all outstanding drawdown before maturity date.

Asia Link B.V. Loan

On March 12, 2013, the Parent Company entered into a Term Loan Facility Agreement (the 4th Loan Agreement) with Asia Link B.V., a related party, for up to a maximum of US$100,000. There were no drawdowns made by the Parent Company as at March 31, 2013.

Interest expense on the Term Loan Facility Agreements with Kirtman Limited and Maxella Limited amounted to ₱101,480 and nil for the three-month period ended March 31, 2013 and 2012, respectively.

Bank Loans

On October 7, 2011, BEMC obtained a short-term loan from Banco de Oro (BDO) amounting to ₱100,000. In October 2011, PMC entered into a continuing suretyship agreement with BDO to guarantee the payment of the BEMC loan. The loan had an initial interest rate of 4.25% per annum subject to repricing and a maturity date of April 4, 2012. BEMC renewed the loan for another 180 days at the interest rate of 4.00% subject to repricing, which matured on August 3, 2012 and thereafter renewed for another 59 days subject to the same terms. After a series of renewals during the year, the maturity date of the loan has been extended to April 25, 2013.

The BEMC loan from BDO is unsecured and BEMC is not required to meet any loan covenants. They are, however, covered by a continuing surety by PMC to guarantee the repayment of the loans.

On January 14, 2013 and February 18, 2013, PMC assumed the liability for the settlement of the ₱150,000 and ₱100,000 loans with BPI, previously payable by BEMC. The interest rates of the notes are at 4% per annum but subject to repricing every 30 days based on the prevailing interest rate at the date of repricing. The related interest is payable every 30 days. The notes will mature on July 12, 2013 and August 16, 2013, respectively.

Interest expense on the bank loans amounted to ₱3,344 and ₱4,482 for the three-month period ended March 31, 2013 and 2012, respectively.

10. Insurance Proceeds

On February 8, 2013, the Parent Company entered into a Settlement, Release and Policy Buy Back Agreement with Chartis Philippines Insurance, Inc. (Chartis) for the compromise settlement of the Parent Company's insurance claim under its Pollution Legal Liability Select Policy covering the Padcal Mine. The claims pertain to the discharge of tailings from TSF 3 of the mine in 2012. Under the terms of the agreement, Chartis shall pay the Parent Company within 15 days the amount of

US$25,000 (or ₱1,017,125) in full settlement of the claims. The Parent Company received the full settlement from Chartis on February 12, 2013.

11. Provisions and Subscriptions Payable

On February 18, 2013, the Parent Company paid the ₱1,034,358 tailings fee payable assessed to the Parent Company in connection to the discharge of tailings from TSF 3 to the MGB which the Parent Company accrued as at December 31, 2012.

12. Share-based Payments

In addition to the 2006 Stock Option Plan, on April 27, 2011, the BOD approved the 2011 Stock Option Plan (the 2011 SOP). The 2011 SOP was also approved by the shareholders on June 29, 2011. Among the salient terms and features of the stock option plan are as follows:

a) Option Grant Date is the date on which option is awarded under the 2011 SOP, provided such award is subsequently accepted by eligible participant.
b) The vesting percentage and vesting schedule of the options granted under the 2011 SOP shall be determined by the Compensation Committee of the Board.
c) 246,334,118 shares representing 5% of the Parent Company's outstanding capital stock shall be initially reserved for exercise of options to be granted.
d) The exercise price for the options granted under the 2011 SOP shall be determined by the Compensation Committee of the Board but shall not be lower than the highest of: (i) the closing price of the shares on PSE on the Option Grant Date, (ii) the average closing price of the shares on the PSE for the 5 business days on which dealings in the shares are made immediately preceding the Option Grant Date; and (iii) the par value of shares.
e) Any amendments to the 2011 SOP shall be deemed adopted and made effective upon approval by shareholders owning at least two-thirds of the outstanding capital stock of the Parent Company and, to the extent legally necessary, by the SEC.

On March 5, 2013, the Parent Company received the SEC resolution approving the 2011 SOP.

The Parent Company granted 40,410,000 options under the 2011 SOP.

The Parent Company uses the Customized Binomial Lattice Model to compute for the fair value of the options together with the following assumptions:

Spot price per share	₱17.50
Exercise price per share	₱24.05
Time to maturity	7 years
Risk-free rate	3.3435%
Volatility*	49.8731%
Dividend yield	1.0031%

**Volatility is calculated using historical stock prices and their corresponding logarithmic returns.*

The total share-based compensation expense for three month period ended March 31, 2013 and 2012 amounted to ₱20,555 and ₱15,000 respectively. The corresponding share-based option reserve included under Additional Paid-in Capital as at March 31, 2013 and December 31, 2012 amounted to ₱237,430 and ₱216,875, respectively.

13. Financial Instruments

Fair Values of Financial Instruments

The following table shows the carrying values and fair values of the Group's financial assets and financial liabilities:

	March 31, 2013 (Unaudited)		December 31, 2012 (Audited)	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial Assets				
Cash on hand	**₱3,503**	**₱3,503**	₱4,031	₱4,031
Loans and receivables:				
Cash and cash equivalents				
Cash with banks	**809,864**	**809,864**	552,030	552,030
Short-term deposits	**1,519,816**	**1,519,816**	1,113,481	1,113,481
Accounts receivable:				
Trade	**88,107**	**88,107**	132,876	132,876
Others	**79,732**	**79,732**	74,873	74,873
AFS financial assets:				
Quoted equity investments	**2,748,405**	**2,748,405**	2,686,427	2,686,427
Unquoted equity investments	**1,386,594**	**1,386,594**	1,304,334	1,304,334
	₱6,636,021	**₱6,636,021**	₱5,868,052	₱5,868,052
Financial Liabilities				
Other financial liabilities				
Short-term loan	**₱3,674,000**	**₱3,674,000**	₱1,450,000	₱1,450,000
Accounts payable and accrued liabilities:				
Trade	**383,852**	**383,852**	431,260	431,260
Accrued expenses	**335,917**	**335,917**	606,205	606,205
Accrued interest	**9,162**	**9,162**	24,765	24,765
Other nontrade liabilities	**399,821**	**399,821**	131,870	131,870
Dividends payable	**481,750**	**481,750**	483,257	483,257
Subscriptions payable	**21,995**	**21,995**	21,995	21,995
	₱5,306,497	**₱5,306,497**	₱3,149,352	₱3,149,352

The carrying values of cash and cash equivalents, accounts receivable, short-term bank loan, accounts payable and accrued liabilities, dividends payable and subscriptions payable, approximate their fair values because of their short-term nature. Quoted AFS financial assets are carried at fair value based on the quoted values of the securities. Unquoted AFS financial assets are carried at cost less any impairment since fair value cannot be readily determined based on observable market data.

The fair value hierarchy of the financial assets and financial liabilities as at March 31, 2013 and 2012 are presented below:

	March 31, 2013 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
AFS quoted financial assets	**₱2,748,405**	**₱–**	**₱–**	**₱2,748,405**
AFS unquoted financial assets	**–**	**–**	**1,386,594**	**1,386,594**

	December 31, 2012 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets				
AFS quoted financial assets	₱2,686,427	₱–	₱–	₱2,686,427
AFS unquoted financial assets	–	–	1,304,334	1,304,334

During the period ended March 31, 2013 and December 31, 2012, there were no transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurement.

Categories of Financial Assets:

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Cash on hand	**₱3,503**	₱4,031
Loans and receivables:		
Cash and cash equivalents		
Cash with banks	**809,864**	552,030
Short-term deposits	**1,519,816**	1,113,481
Accounts receivable:		
Trade	**88,107**	132,876
Others	**79,732**	74,873
	2,497,519	1,873,260
AFS financial assets:		
Quoted equity investments	**2,748,405**	2,686,427
Unquoted equity investments	**1,386,594**	1,304,334
	4,134,999	3,990,761
	₱6,636,021	₱5,868,052

All financial liabilities of the Group as at March 31, 2013 and December 31, 2012 are categorized as "Other financial liabilities."

14. Financial Risk Management Objectives and Policies and Hedging Activities

Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise mainly of cash and cash equivalents, accounts receivable, AFS financial assets, short-term bank loan 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 BOD is mainly responsible for the overall risk management and approval of the risk strategies and principles of the Group. On June 29, 2011, the BOD approved its formalized hedging policy in relation to entering into commodity derivatives in order to manage its financial performance and since then has no changes.

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, interest rate risk, equity price risk and commodity price risk. The BOD reviews and approves the policies for managing these risks and they are summarized as follows:

Credit and Concentration Risks

Credit risk is the risk where the Group could incur a loss if its counterparties fail to discharge their contractual obligations. To avoid such losses, the Group's primary credit risk management strategy is to trade only with recognized, creditworthy third parties. At present, 60% of the Parent Company's annual mineral products sales are committed to 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 at 2020. The balance of the Parent Company's annual mineral products sales up to 10,000 dry metric tons (DMT) is covered by a memorandum of agreement with LD Metals signed on April 2, 2013.

Credit risk may also arise from the Group's other financial assets, which comprise of cash and cash equivalents, AFS financial assets and derivative 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 consolidated statements of financial position as at March 31, 2013 and December 31, 2012:

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Cash and cash equivalents:		
Cash with banks	**₱809,864**	₱552,030
Short-term deposits	**1,519,816**	1,113,481
Accounts receivable:		
Trade	**88,107**	132,876
Others	**79,732**	74,873
AFS financial assets:		
Quoted equity investments	**2,748,405**	2,686,427
Unquoted equity investments	**1,386,594**	1,304,334
Gross maximum credit risk exposure	**₱6,632,518**	₱5,864,021

The following tables show the credit quality of the Group's financial assets by class as at March 31, 2013 and December 31, 2012 based on the Group's credit evaluation process:

	March 31, 2013 (Unaudited)			
	Neither Past Due nor Impaired		**Past Due and Individually**	
	High-Grade	**Standard**	**Impaired**	**Total**
Cash and cash equivalents:				
Cash with banks	**₱809,864**	**₱–**	**₱–**	**₱809,864**
Short-term deposits	**1,519,816**		**–**	**1,519,816**
Accounts receivable:				
Trade	**88,107**	**–**	**689**	**88,796**
Others	**79,732**	**–**	**1,708**	**81,440**
AFS financial assets:				
Quoted equity investments	**–**	**2,748,405**	**–**	**2,748,405**

	March 31, 2013 (Unaudited)			
	Neither Past Due nor Impaired		Past Due and Individually	
	High-Grade	**Standard**	**Impaired**	**Total**
Unquoted equity investments	**–**	**1,386,594**	**–**	**1,386,594**
Total	**₱2,497,519**	**₱4,134,999**	**₱2,397**	**₱6,634,915**

	December 31, 2012 (Audited)			
	Neither Past Due nor Impaired		Past Due and Individually	
	High-Grade	Standard	Impaired	Total
Cash and cash equivalents:				
Cash with banks	₱552,030	₱–	₱–	₱552,030
Short-term deposits	1,113,481	–	–	1,113,481
Accounts receivable:				
Trade	132,876	–	689	133,565
Others	74,873	–	1,708	76,581
AFS financial assets:				
Quoted equity investments	–	2,686,427	–	2,686,427
Unquoted equity investments	–	1,304,334	–	1,304,334
Total	₱1,873,260	₱3,990,761	₱2,397	₱5,866,418

Credit quality of cash and cash equivalents, and AFS financial assets are based on the nature of the counterparty and the Group's evaluation process.

High-grade credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience. Standard-grade credit quality financial assets include quoted and unquoted equity investments that can be readily sold to a third party.

The Group has no past due but not impaired financial assets as at March 31, 2013 and December 31, 2012.

Liquidity Risk

Liquidity risk is the risk where the Group becomes unable to meet its 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 tables below summarize the maturity profile of the Group's financial assets that can be used by the Group to manage its liquidity risk and the maturity profile of the Group's financial liabilities, based on contracted undiscounted repayment obligations (including interest) as at March 31, 2013 and December 31, 2012, respectively:

	March 31, 2013 (Unaudited)			
	On Demand	**Within 1 Year**	**More than 1 Year**	**Total**
Loans and receivables:				
Cash and cash equivalents	₱2,333,183	₱–	₱–	**₱2,333,183**
Accounts receivable:				

Trade	–	88,107	–	**88,107**
Others	–	79,732	–	**79,732**
AFS financial assets:				
Quoted equity investments	2,748,405	–	–	**2,748,405**
Unquoted equity investments	1,386,594	–	–	**1,386,594**
Total undiscounted financial assets	**₱6,468,182**	**₱167,839**	**₱–**	**₱6,636,021**
Short-term loans:				
Principal	₱–	₱3,674,000	₱–	**₱3,674,000**
Interest	–	180,200	–	**180,200**
Accounts payable and accrued liabilities	–	1,128,752	–	**1,128,752**
Dividends payable	481,750	–	–	**481,750**
Subscriptions payable	21,995	–	–	**21,995**
Total undiscounted financial liabilities	**₱503,745**	**₱4,982,952**	**₱–**	**₱5,486,697**

	December 31, 2012 (Audited)			
	On Demand	Within 1 Year	More than 1 Year	Total
Loans and receivables:				
Cash and cash equivalents	₱1,669,542	₱–	₱–	₱1,669,542
Accounts receivable:				
Trade	–	132,876	–	132,876
Others	–	74,873	–	74,873
AFS financial assets:				
Quoted equity investments	2,686,427	–	–	2,686,427
Unquoted equity investments	1,304,334	–	–	1,304,334
Total undiscounted financial assets	₱5,660,303	₱207,749	₱–	₱5,868,052
Short-term loans:				
Principal	₱–	₱1,450,000	₱–	₱1,450,000
Interest	–	71,742	–	71,742
Accounts payable and accrued liabilities	–	1,194,100	–	1,194,100
Dividends payable	483,257	–	–	483,257
Subscriptions payable	21,995	–	–	21,995
Total undiscounted financial liabilities	₱505,252	₱2,715,842	₱–	₱3,221,094

Market Risks

Foreign Currency Risk

Foreign currency risk is the 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, and trade receivables. For the three month period ended March 31, 2013 and 2012, the Group recognized net foreign exchange losses of ₱16,690 and ₱47,965, respectively, arising from the translation of these foreign currency-denominated financial instruments.

As the need arises, the Group enters into structured currency derivatives to cushion the effect of foreign currency fluctuations.

The following tables summarize the impact on the consolidated income before income tax of reasonably possible changes in the exchange rates of US dollar against the Peso. The reasonable movement in exchange rates was determined using 1-year historical data.

Period Ended March 31, 2013
(Unaudited)

US$ Appreciate (Depreciate)	**Effect on Consolidated Income before Income Tax**
1%	**(₱1,964)**
(1%)	**1,964**

Period Ended March 31, 2012
(Unaudited)

US$ Appreciate (Depreciate)	Effect on Consolidated Income before Income Tax
6%	₱214,428
(6%)	(214,428)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Group's exposure to the risk in changes in market interest rates relates primarily to PMC and BEMC's short-term loans.

The Group relies on budgeting and forecasting techniques to address cash flow concerns. The Group also keeps its interest rate risk at a minimum by not borrowing when cash is available or by prepaying, to the extent possible, interest-bearing debt using operating cash flows.

The following table illustrates the sensitivity to reasonably possible change in interest rates, with all other variables held constant, of the Group's 2013 and 2012 income before income tax. The change in market interest rates is based on the annualized volatility of the 3-month benchmark rate for the three month period ended March 31, 2013 and 2012:

Period Ended March 31, 2013
(Unaudited)

Change in Market Rate of Interest	**Effect on Consolidated Income before Income Tax**
Decrease by 1.0%	**₱875**
Decrease by 0.5%	**438**
Increase by 1.0%	**(875)**
Increase by 0.5%	**(438)**

Period Ended March 31, 2012
(Unaudited)

Change in Market Rate of Interest	Effect on Consolidated Income before Income Tax
Decrease by 1.0%	₱3,500
Decrease by 0.5%	1,750

Increase by 1.0%	(3,500)
Increase by 0.5%	(1,750)

There is no other impact on the Group's equity other than those affecting consolidated statements of income.

Equity Price Risk

Equity price risk is the risk where the fair values of investments in quoted equity securities could increase or decrease as a result of changes in the levels of equity indices and in the value of individual stocks. Management monitors the movement of the share prices pertaining to the Group's investments. The Group is exposed to equity securities price risk because of investments held by the Parent Company and PPC, which are classified in the consolidated statements of financial position as AFS financial assets. As at March 31, 2013 and December 31, 2012, investments in quoted shares totaling ₱2,748,405 and ₱2,686,427 represent 8.72% and 9.18% of the total assets of the Group, respectively. Reasonable possible changes were based on an evaluation of data statistics using 1-year historical stock price data.

The effect on equity, as a result of a possible change in the fair value of the Group's quoted equity instruments held as AFS financial assets as at March 31, 2013 and December 31, 2012 that could be brought by changes in equity indices with all other variables held constant are as follows:

March 31, 2013
(Unaudited)

Currency	**Change in Quoted Prices of Investments Carried at Fair Value**	**Effect on Equity**
Australian dollar (AU$)	**Increase by 25%**	**₱2,339**
	Decrease by 49%	**(4,585)**
Peso	**Increase by 22%**	**516,535**
	Increase by 44%	**1,033,070**
	Decrease by 22%	**(516,535)**
	Decrease by 44%	**(1,033,070)**

December 31, 2012
(Audited)

Currency	Change in Quoted Prices of Investments Carried at Fair Value	Effect on Equity
Australian dollar (AU$)	Increase by 25%	₱1,828
	Decrease by 49%	(3,582)
Peso	Increase by 22%	523,404
	Increase by 44%	1,046,808
	Decrease by 22%	(523,404)
	Decrease by 44%	(1,046,808)

Derivative Financial Instruments

There were no outstanding derivative financial instruments as at March 31, 2013 and December 31, 2012.

Unwinding of Derivative Contracts

In August 2012, the Parent Company pre-terminated all outstanding derivative financial instruments prompted by the suspension of Padcal Mine operations which could no longer deliver the underlying production supposed to be covered by the hedged volumes for the rest of the year.

Gold Derivatives

During the three-month period ended March 31, 2012, the Parent Company has entered into gold collar contracts to hedge the company's position to possibly decreasing gold prices. These contracts have a total notional amount of 8,900 ounces and were designated as cash flow hedges.
There were no outstanding gold derivatives as at March 31, 2013 and December 31, 2012.
As at March 31, 2012, the Parent Company has outstanding gold derivatives with the following terms:

Deal date	Contract	Total quantity (in ozs)	Monthly maturity (in ozs)	Average Strike price in US$ per oz		Period covered	
				Put	Call	From	To
Jul 27, 2011	Put	48,000	8,000	1,400.00		Jan 2012	Jun 2012
Dec 8, 2011	Collar	5,400	900	1,600.00	1,905.00	Jan 2012	Jun 2012
Dec 8, 2011	Collar	13,350	2,225	1,600.00	1,935.00	Jul 2012	Sep 2012
Dec 8, 2011	Collar	6,675	4,450	1,600.00	1,935.00	Jul 2012	Sep 2012
Dec 8, 2011	Collar	6,675	2,225	1,600.00	1,935.00	Jul 2012	Sep 2012
Mar 29, 2012	Collar	8,900	8,900	1,500.00	1,843.00	Oct 2012	

As at March 31, 2012, these gold derivatives have a total mark-to-market fair value of ₱33,967.

Copper Derivatives

During the three-month period ended March 31, 2012, the Parent Company has entered into copper forward contracts to hedge against volatile copper prices. These contracts have a total notional amount of 3,840 DMT and were not designated as cash flow hedges.

There were no outstanding copper derivatives as at March 31, 2013 and December 31, 2012.

As at March 31, 2012, the Parent Company has outstanding copper derivatives with the following terms:

Deal date	Contract	Total quantity (in dmt)	Monthly maturity (in dmt)	Average Strike price in US$ per lb			Period covered	
				Put	Call	Forward	From	To
Jul 27, 2011	Collar	3,900	650	4.00	4.81		Jan 2012	Jun 2012
Jul 27, 2011	Forward	3,900	650			4.43	Jan 2012	Jun 2012
Nov 3, 2011	Put	945	315	3.00			Jul 2012	Sep 2012
Nov 3, 2011	Put	945	315	3.00			Jul 2012	Sep 2012
Nov 3, 2011	Put	945	315	3.00			Jul 2012	Sep 2012
Nov 3, 2011	Put	945	315	3.00			Jul 2012	Sep 2012
Mar 16, 2012	Forward	3,840	1,280			3.89	Oct 2012	Dec 2012

As at March 31, 2012, these copper derivatives have a total mark-to-market value of ₱190,365.

Dollar Forwards and Collars

During the three-month period ended March 31, 2012, the Parent Company entered into dollar collar contracts at an average put strike of ₱42.83 and average call strike of ₱44.63. These contracts have a total notional amount of US$72 million and were designated as cash flow hedges.

There were no outstanding dollar forwards and collars as at March 31, 2013 and December 31, 2012.

As at March 31, 2012, the Parent Company has outstanding dollar collars with the following terms:

Deal date	Contract	Total dollar (in million $)	Monthly maturity (in million $)	Average Strike price in Php per $1 Put	Call	Period covered From	To
Aug 5, 2011	Collar	48	8	42.25	44.60	Jan 2012	Jun 2012
Aug 8, 2011	Collar	48	8	42.25	44.60	Jan 2012	Jun 2012
Dec 20, 2011	Collar	24	8	43.50	45.50	Jul 2012	Sep 2012
Mar 22, 2012	Collar	48	8	42.75	44.63	Jul 2012	Dec 2012
Mar 22, 2012	Collar	24	8	43.00	44.63	Oct 2012	Dec 2012

As at March 31, 2012, these dollar derivatives have a total mark-to-market value of ₱13,611.

Embedded Derivatives

As at December 31, 2012, the Parent Company had embedded derivatives, which is represented by price exposure relative to its provisionally priced commodity sales contracts. Mark-to-market gains and losses from open or provisionally priced sales are recognized through adjustments to revenue in the consolidated statements of income and to trade receivables in the consolidated statements of financial position. The Parent Company determines mark-to-market prices using the forward price for quotational periods after statements of financial position date stipulated in the contract. The effect of these fair value adjustments arising from embedded derivatives amounted to a loss of ₱469 as of December 31, 2012 which were included under revenue and adjusted against receivables. As at March 31, 2013, there were no open or provisionally priced sales.

Fair Value Changes on Derivatives

Fair value changes of derivatives that are not designated as accounting hedges flow directly to the consolidated statements of income, while those which are designated as accounting hedges go to equity. Realized gains and losses on settlement are adjusted to the related revenue accounts.

The details of the net changes in the fair values of all derivative instruments as at December 31, 2012 and March 31, 2012 are as follows:

	December 31, 2012 (Audited)	March 31, 2012 (Unaudited)
January 1	₱857,431	₱857,431
Premiums paid	–	–
Net changes in fair values of derivatives:		
Designated as accounting hedges	(280,584)	(455,089)
Not designated as accounting hedges	115,826	–
	692,673	402,342
Fair value of settled instruments	(692,673)	(164,398)
December 31	₱–	₱237,944

As at December 31, 2012, fair value of settled instruments includes fair value gains from derivatives designated as accounting hedges, copper derivatives not designated as accounting hedge, and unwound deals amounting to ₱384,745, ₱20,740, and ₱287,188, respectively. As at March 31, 2012, the fair value of settled instruments include fair value gains from derivatives designated as accounting hedges.

Hedge Effectiveness of Cash Flow Hedges

Below is a roll forward of the Parent Company's cumulative translation adjustments on cash flow hedges for the year ended December 31, 2012 and three-month period ended March 31, 2012:

	December 31, 2012 (Audited)	March 31, 2012 (Unaudited)
January 1	₱499,496	₱499,496
Changes in fair value of cash flow hedges	(280,584)	(455,089)
Transferred to consolidated statements of income	(432,982)	(138,987)
Tax effects of items taken directly to or transferred from equity	214,070	
December 31	₱–	(₱94,580)

As at December 31, 2012 and March 31, 2012, the ineffective portion of the fair value change of outstanding hedges is not material.

15. Related Party Transactions

Companies within the Group in the regular conduct of business, enters into transactions with related parties which consists of advances, loans, reimbursement of expenses, regular banking transactions, leases and management and administrative service agreements.

Intercompany transactions are eliminated in the consolidated financial statements. The Group's significant related party transactions, which are under terms that are no less favorable than those arranged with third parties, are as follows:

	Year	Amount / Volume	Outstanding Balance	Terms	Conditions
Advances: increase (decrease)					
Subsidiaries					
SMECI	Mar 2013	₱59	₱4,014,775	On demand; non-interest bearing	Unsecured, no impairment
	2012	1,861	4,014,716		
PGPI	Mar 2013	43,482	1,639,602	On demand; non-interest bearing	Partly secured, no impairment
	2012	508,356	1,596,119		
SMMCI	Mar 2013	456,015	1,639,619	On demand; non-interest bearing	Unsecured, no impairment
	2012	1,183,604	1,183,604		
PPC	Mar 2013	6,791	627,768	On demand; non-interest bearing	Unsecured, no impairment
	2012	(25,451)	620,977		
BEMC	Mar 2013	285,134	685,105	On demand; non-interest bearing	Unsecured, no impairment
	2012	214,781	399,971		

	Year	Amount / Volume	Outstanding Balance	Terms	Conditions
Loans to: increase (decrease)					
Subsidiary					
Forum Philippine Holdings, Ltd. (FPHL)	2012	US$9,000	US$15,000	Payable in 3 years at interest rate of prevailing US LIBOR on the interest date plus 4.5% spread	Unsecured, no impairment
Loans from: increase (decrease)					
Stockholders					
Kirtman Limited	Mar 2013 2012	₱1,000,000 1,100,000	₱2,100,000 1,100,000	Payable in 364 days at interest rate of 5%	Unsecured, no impairment
Kirtman Limited	Mar 2013	US$15,000	US$15,000	Payable in 364 days at interest rate of 5%	Unsecured, no impairment
Maxella Limited	Mar 2013	US$15,000	US$15,000	Payable in 364 days at interest rate of 5%	Unsecured, no impairment
Currency sale: increase (decrease)					
Subsidiary					
FEP	2012	391,200	₱1,291,800	One-off sales transaction	

a. On October 30, 2012, the Parent Company obtained a commitment letter from FPC to provide a loan amounting to a maximum of US$200,000 to finance the Silangan Project's exploration activities and the Padcal Mine's capital requirements. On November 9, 2012, the Parent Company entered into an unsecured Loan Agreement (the Agreement) with Kirtman Limited (a subsidiary of FPC) amounting to a maximum of ₱2,100,000. Initial drawdown of ₱1,100,000 was made November 13, 2012.

16. Basic/Diluted Earnings Per Share

Basic earnings per share are computed as follows:

	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Net income attributable to equity holders of the Parent Company	**₱420,686**	₱1,296,553
Divided by weighted average number of common shares outstanding during year	**4,933,110,330**	4,930,918,226

	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Basic earnings per share	**₱0.0853**	₱0.2629

Diluted earnings per share amounts are calculated as follows:

	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Net income attributable to equity holders of the Parent Company	**₱420,686**	₱1,296,553
Divided by weighted average number of common shares adjusted for the effect of exercise of stock options	**4,933,110,330**	4,936,247,253
Diluted earnings per share	**₱0.0853**	₱0.2627
Weighted average number of common shares for basic earnings per share	**4,933,110,330**	4,930,918,226
Dilutive effect of outstanding stock options	**–**	5,329,027
Weighted average number of common shares adjusted for the effect of exercise of stock options	**4,933,110,330**	4,936,247,253

The Parent Company's outstanding stock options are dilutive and the assumed exercise of these stock options would have resulted in additional 5,329,027 common shares as at March 31, 2012. The stock options outstanding as at March 31, 2013 are anti-dilutive.

17. Long-term Gold and Copper Concentrates Sales Agreement

On March 11, 2004, the Parent Company entered into a Long-term Gold and Copper Concentrates Sales Agreement (Sales Agreement) with Pan Pacific covering the copper concentrates produced at the Padcal Mine (Concentrates) pursuant to which the Parent Company shall sell its concentrate production to Pan Pacific in diminishing proportion from 75% of the Padcal Mine's total concentrate production for contract year 2004 to as follows:

a. Contract Year 2011 (starting on April 1, 2011 and ending on March 31, 2012), approximately 40,000 DMT or 60% of the total Concentrates production during each Contract Year, for which the exact proportion shall be negotiated by the parties in good faith during the Contract Year 2011.

b. Contract Year 2012 (starting April 1, 2012 and ending on March 31, 2013), approximately 40,000 DMT or 60% of the total Concentrates production during each Contract Year, for which the exact proportion shall be negotiated by the parties in good faith during the Contract Year 2012.

c. Contract Year 2013 (starting April 1, 2013 and ending on March 31, 2014), approximately 60% of the total Concentrates production during each Contract Year, for which the exact proportion shall be negotiated by the parties in good faith during the Contract Year 2013.

The Sales Agreement shall be effective until the date of the closure of the Padcal Mine, unless terminated earlier in accordance with the terms. Further, if the Parent Company or its affiliate, as defined in the Sales Agreement, develops other mines which produce sulfide floatation copper concentrates, then the Parent Company or its affiliates shall discuss the sale of such copper concentrates with Pan Pacific before offering to sell to others.

18. Other Matters

a. The Group is currently involved in certain legal, contractual and regulatory matters that require the recognition of provisions for related probable claims against the Group. Management and the Group's legal counsel reassess their estimates on an annual basis to consider new relevant information. The disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position and negotiation strategies with respect to these matters. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided.

b. There are no significant seasonality or cyclicality in its business operation that would have material effect on the Group's financial condition or results of operation.

19. Events After the End of Reporting Period

Availment of additional PMC Bank Loan

On April 2, 2013, the Parent Company obtained unsecured short-term loans from BPI and PNB amounting to US$10,000 and US$2,500, respectively. The loans carries 2.375% and 2.5% fixed interest rates per annum, respectively, and will mature on July 1, 2013.

The Parent Company also obtained a short-term loan on April 2, 2013 from PNB amounting to US$17,500 guaranteed by the Parent Company's ore concentrate shipment number 691 to Pan Pacific. The loan carries 2.5% fixed interest rate per annum and will mature on May 10, 2013 or upon receipt of payment from Pan Pacific, which ever comes earlier.

The proceeds from the loans were subsequently advanced to PPC to fund PPC's acquisition of additional shares in Pitkin Petroleum Plc (Pitkin).

Increase in Shareholdings in Pitkin

In April 2013, PPC acquired additional interest in Pitkin through subscription of 10 million new ordinary shares and the purchase of 36.4 million ordinary shares from existing shareholders. The new and existing shares were purchased at US$0.75 per share for a total consideration of US$34.8 million which was funded through advances from the Parent Company. The transaction resulted in increase in ownership interest in Pitkin from 18.5% to 50.3%.

As at March 31, 2013 and December 31, 2012, the 18.5% interest in Pitkin is included as AFS financial assets in the condensed consolidated statements of financial position and is valued at US$1.25 per share.