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

(Company's Full Name)

2 7 B r i X t o n c o r F a i r L a n e S t r e e t s

P a s i g C i t y

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

DANNY Y. YU

(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

S T A M P S

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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

For the quarterly period ended March 31, 2015

Commission identification number 10044

BIR Tax Identification No. 000-283-731-000

Exact name of issuer as specified in its charter

PHILEX MINING CORPORATION

Province, country or other jurisdiction of incorporation or organization

Manila, Philippines

Industry Classification Code: **(SEC Use Only)**

Address of issuer's principal office **Postal Code**

Philex Building, No. 27 Brixton Street, Pasig City, Philippines 1600

Issuer's telephone number, including area code

(632) 631-1381 to 88

Former name, former address and former fiscal year, if changed since last report

Philex Mining Corporation has not changed its name since its incorporation

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 – 4,940,399,068 (As of March 31, 2015)

Amount of Debt Outstanding – ₱9,800,916,902 (As of March 31, 2015)

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

Indicate by check mark whether the registrant:

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 [ ]

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, 2015 are hereto attached.

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

Status of Operations

Since June 20, 2014, the Company's Padcal Mine has been running under normal operations after the Mines and Geosciences Bureau (MGB) permanently lifted the suspension it issued on August 12, 2012. As a result, the mine operated for 88 days in the first three months of 2015 compared with 90 days in the same period of the previous year under a temporary status.

In April 2015, the Company likewise received an Order from the DENR, through the MGB, approving the Declaration of Mining Project Feasibility (DMPF) of the Silangan Project. As such, the Company's subsidiary owning the project, Silangan Mindanao Mining Co., Inc. (SMMCI), has been authorized to proceed to the Development and Operating Periods of Mineral Production Sharing Agreement (MPSA) No. 149-99-XIII, subject to compliance with the conditions of the Order.

Review of Financial Results

The Company's consolidated operating revenues for the first quarter of 2015 amounted to ₱2.393 billion – an 18% decrease from the ₱2.913 billion reported in 2014 mainly due to depressed metal prices and lower volume.

Gold production reached 25,997 ounces, covering 88 days of operations in 2015, compared with 26,442 ounces in 2014. Realized gold prices for the first quarters of 2015 and 2014 were US$1,189 per ounce and US$1,371 per ounce, respectively. The decrease in realized gold price was due to the continuing decline in world metal prices from the latter part of 2012 to 2015. The combined impact of the decline in gold output and lower realized prices resulted in the decrease of gold revenue to ₱1.423 billion – comprising 60% of the total – from ₱1.610 billion.

Similarly, copper production fell to 8,361,419 pounds in 2015 from 9,468,009 pounds in 2014. Realized copper prices for the first quarters of 2015 and 2014 were US$2.71 per pound and US$2.85 per pound, respectively, following the drop of copper prices in the world market. With decreased copper production and depressed realized copper prices, revenues from copper declined to ₱912.4 million in 2015 – 23% lower than the ₱1.178 billion reported in 2014 – and accounted for 38% of the total.

Meanwhile, other revenues, which came mostly from sales of silver and petroleum products, made up the remaining 2% of the Company's total revenue and amounted to ₱57.0 million in 2015 compared with ₱124.4 million in 2014, due to the slowdown in Galoc's Phase II production.

In the previous years, the Company entered into metal and foreign currency hedging contracts in the form of forwards, purchased put options and sold call options, to protect part of its revenues from unfavorable metal price and foreign exchange fluctuations. The gains or losses from these transactions were reflected in revenue as addition or deduction in deriving the realized metal prices and realized foreign exchange for the Company's metal production during the respective reporting periods.

In December 2014, the Company entered into hedging contracts covering the 3,000 ounces of monthly gold production for the first quarter of 2015. The terms of these contracts, already matured as of March 31, 2015, and the corresponding gains (losses) are provided in the table below:

				Strike Price - US$/oz.		**Settlement**	
Period Covered	**Trade / Transaction Date**	**Settlement Date**	**Volume (Ounces)**	**Put (Floor)**	**Call (Ceiling)**	**Price US$/oz.**	**Gain (Losses) In Php M**
Jan. 1 - 30	4-Dec-14	3-Feb-15	3,000	1,200	1,210	1,251	(5.4)
Feb. 1 - 27	4-Dec-14	3-Mar-15	3,000	1,200	1,210	1,229	(2.5)
Mar. 1- 31	4-Dec-14	2-Apr-15	3,000	1,200	1,210	1,180	2.7
Total / Average			9,000	1,200	1,210	1,220	(5.2)

There were no other outstanding hedging contracts as of March 31, 2015 and 2014.

In 2014, the Company had not entered into copper hedging contracts as management supported the view that prevailing market trends and conditions would remain favorable to operations. The same view applied for gold and copper in 2013, thus had no outstanding derivative financial instruments.

Operational Overview

Total tonnes milled from the Company's Padcal mine for the first quarter of 2015 was 7% lower at 2,221,369 tonnes from 2,396,077 tonnes in 2014.

Despite the 7% reduction in tonnes milled, gold production was only 2% lower at 25,997 ounces covering three full months of operation in 2015 from 26,442 ounces for the same period in 2014 due to the 7% improvement in recovery rate. While gold head grade at 0.435 grams per tonne in the first quarter of 2015 was 1% lower than last year's 0.439 grams per tonne, this decline was not as significant as originally expected.

Likewise, copper production was lower at 8,361,419 pounds in 2015 compared with 9,468,009 pounds in 2014. The decrease in tonnage, coupled with the 9% lower head grade of 0.204% from 0.223% in 2014, resulted in the significant drop in copper production in 2015 against 2014, despite the 4% improvement in recovery rate.

Operating Costs and Expenses

The Company's consolidated operating costs and expenses (including General and Administrative Expenses) amounted to ₱1.887 billion in the first quarter in 2015 – 17% lower than ₱2.274 billion in 2014 due mainly to the continuous efforts of the Company to reduce costs through manpower rightsizing and enhancing efficiency via equipment modernization and process re-engineering. Following the drop in copper and gold output, marketing charges showed a 7% decrease at ₱199.5 million in 2015 compared with ₱213.8 million in 2014. Copper concentrates produced in 2015 was equivalent to 17,148 dry metric tons (DMT) against 18,052 DMT in 2014.

As a result mainly of the cost reduction measures being implemented by the Company, all cost components also decreased, with Mining and Milling Costs (including Depletion and Depreciation) contained at ₱1.542 billion from ₱1.796 billion in 2014; Excise Taxes and Royalties also decreased to ₱113.7 million from ₱138.0 million due to lower revenues; and Handling, Hauling and Storage reduced to ₱18.7 million from ₱19.8 million.

General and Administrative Expenses also significantly declined to ₱188.5 million from ₱285.6 million in 2014 due to the P106.3 million or 48% decrease in the overhead expenses at Padcal and Philex head office. This was primarily brought about by the reduction in headcount to 110 in 2015 from 231 in the previous year. Overhead expenses at Silangan and Philex Petroleum, however, were marginally higher than 2014.

Costs Per Tonne / Per Ounce / Per Pound

Production and operating costs per tonne were lower in 2015 at ₱703 per tonne and ₱844 per tonne, respectively, against ₱758 per tonne and ₱904 per tonne in 2014. The lower production cost per tonne was attributed to the lower labor costs and contracted services, as well as decrease in non-cash production costs related to the lower amortization of tailings storage facility no. 3 (TSF3) attributed to its increased impounding capacity of six years from the previous 2 ½ years.

Operating cost (using a co-production method) per ounce of gold and per pound of copper were US$937 per ounce and US$2.18 per pound in 2015. The operating cost per ounce of gold was

significantly lower than the 2014 costs by 11% from US$1,047 per ounce, while the operating cost per pound copper was slightly higher from US$2.17 per pound in 2014. These were attributed to the operational enhancement and cost control initiatives.

Other Income (Charges)

A Net Other Income of ₱109.9 million was recorded in the first quarter of 2015 and consisted mainly of Gain on Sale of AFS Financial Assets of ₱107.1 million and Foreign Exchange Gain of ₱13.3 million (against ₱33.6 million loss in 2014), but partially offset by the Interest Expense of ₱18.7 million from the short-term bank loans (against ₱79.7 million in 2014).

The Company recognized a gain of ₱107.1 million from the sale of its investment in Indophil Resources NL (Indophil) under an acquisition scheme offered by Indophil's major shareholder, Alsons Prime Investments Corporation, to Indophil's other shareholders whereby AUD0.30 was offered for every share held. The Company's investments in Indophil totaled 29,240,806 shares with a carrying cost of ₱190.4 million before the sale. The proceeds from the sale were received in February 2015.

In addition, the Company recognized net foreign exchange gains mainly from the revaluation of the Company's net foreign currency-denominated liabilities due to the effect of the appreciation of the Philippine Peso against the US Dollar. The foreign exchange rates at closing dates of March 31, 2015 were ₱44.70 as against ₱44.72 as of December 31, 2014. During the first quarter in 2014, however, the Philippine Peso depreciated against the US Dollar to ₱44.82 as of March 31, 2014 from ₱44.40 as of December 31, 2013 thus the foreign exchange loss of ₱33.6 million.

Meanwhile, the Company incurred ₱18.7 million in interest expense from its outstanding short-term local bank loans, though significantly lower than the interest expense of ₱79.7 million in 2014 due to the full repayment of loans with First Pacific subsidiaries in December 2014.

Interest income from short-term money placements amounted to ₱3.3 million, lower than the ₱13.6 million earned in 2014, at an average interest rate of 2.0% for both 2015 and 2014.

Core and Reported Net Income

The Company's core net income decreased 23% to ₱214.5 million in 2015 compared with ₱278.4 million in 2014 as a result largely of comparatively lower realized metal prices. Meanwhile, EBITDA amounted to ₱718.1 million in the first quarter 2015 compared with ₱907.8 million in 2014. The Company's core net income and EBITDA excludes non-recurring transactions to clearly reflect and provide results based on the normal operating parameters of the business.

Net Income Attributable to the Equity Holders of the Company and Reported Net Income in the first quarter of 2015, respectively, of ₱328.5 million and ₱305.3 million, were higher than the ₱252.5 million and ₱267.4 million reported in 2014. This was largely attributed to the impact of the gain on sale of Indophil shares of ₱107.1 million in February 2015.

FINANCIAL CONDITION REVIEW

As of March 31, 2015, the Company's Current Assets stood at ₱8.250 billion, 13% lower than the ₱9.530 billion in 2014, primarily due to lower Cash and Cash Equivalents of ₱4.105 billion compared with ₱5.232 billion in 2014 as well as lower Inventories of ₱1.597 billion compared with ₱1.858 billion. Inventories as of March 31, 2015 included unshipped volume of copper concentrates at 2,244 DMT as against 3,135 DMT at yearend 2014.

Accounts Receivables consisted of Trade Receivables from sales of the Company's copper concentrates or bullion, Accrued Interest Receivables and Other Receivables. As of March 31, 2015, Accounts Receivable amounted to ₱1.093 billion against ₱1.056 billion in 2014. This year's outstanding receivables from shipments amounted to ₱905.3 million compared with ₱893.9 million.

A total of four (4) copper concentrates shipments were made in the first quarter of 2015 compared with five shipments for the same period in 2014. The Padcal mine's copper concentrates shipments were provisionally valued based on prices in the second calendar week immediately prior to the week of shipment. These were then adjusted to the applicable final prices based on their "quotational period (QP)", which under Pan Pacific Corporation for the contract years 2014 (April 1, 2014 to March 31, 2015) and 2013 (April 1, 2013 to March 31, 2014) were the calendar months following the month of the shipment's arrival in Japan for gold and silver, and the third calendar month following the month of arrival for copper. The contracts with Louis Dreyfus Commodities Metals Suisse SA have the same QP terms for the same period as that with Pan Pacific.

The value of Inventories, mostly materials and supplies, comprised 81% of the total inventories and were lower at ₱1.597 billion in 2015 compared with ₱1.858 billion in 2014. Also included in inventories were ₱295.2 million worth of mine products inventory, corresponding to 2,244 DMT of copper concentrates. As of December 31, 2014, the value of unshipped copper concentrates amounted to ₱643.5 million representing 5,112 DMT.

Other Current Assets increased to ₱1.455 billion in 2015 from ₱1.377 billion in 2014, attributed mainly to the rise in input value-added tax claims on importation of materials, supplies and equipment pending with the Department of Finance.

As of March 31, 2015, Non-Current Assets of the Company, consisting mainly of property, plant and equipment and deferred exploration costs – comprising 16% and 60% of total assets, respectively – increased to ₱36.012 billion from ₱35.110 billion in 2014. With the capital intensive nature of the business, the Company continues to invest in new facilities, thus reflecting the increase in Property, Plant and Equipment to ₱7.390 billion from ₱7.139 billion in 2014.

Available-for-Sale (AFS) financial assets, recorded at fair value, decreased to ₱607.8 million in 2015 from ₱906.7 million in 2014 following the sale of Indophil shares and decline in market value of the Company's investments, mainly in Lepanto and other AFS investments. The decline of these investments was considered insignificant and temporary, therefore recorded as a comprehensive loss through equity. At year-end 2014, the Company also recorded a decline in the value of AFS financial assets.

Deferred Exploration Costs and Other Non-current Assets combined for ₱26.767 billion and grew from ₱25.817 billion in 2014 on account of the on-going exploration activities in the Silangan and Kalayaan projects as well as in the oil exploration projects of FEP. Of this, ₱17.314 billion were attributed to Silangan and another ₱2.682 billion to Kalayaan. FEP and Pitkin projects accounted for ₱972 million and ₱3.794 billion, respectively.

The Company's Total Assets as of March 31, 2015 amounted to ₱44.261 billion compared with ₱44.640 billion in 2014.

As of March 31, 2015, the Company's Total Current Liabilities amounted to ₱6.531 billion, 13% lower than the ₱7.523 billion in 2014, as a result of the partial repayment of local bank loans in the first quarter 2015.

Short-term loans decreased to ₱3.777 billion in 2015 from ₱4.308 billion in 2014 following repayment of loans with local banks of US$12 million or ₱527.0 million. The amount of loan comprised of the Company's loan with local banks amounting to US$84.5 million (foreign currency).As of April 2015, Parent debt stood at P3.599 billion as the Company sustained its debt management and balance sheet clean-up activities.

Accounts Payable and Accrued Liabilities, mainly due to suppliers and contractors, slightly went down to ₱1.755 billion in 2015 from ₱1.796 billion in 2014. No significant amount of the Company's trade payables were left unpaid based on the terms and conditions agreed upon with suppliers.

Income Tax Payable amounted to ₱15.0 million in 2015, representing the tax payable for the first quarter of 2015 income due by end of May 2015. The additional tax payable of ₱47.4 million for the 2014 income was already settled in March 2015.

Dividends Payable stood to ₱496.0 million in 2015 compared with ₱488.8 million in 2014. The Company declared cash dividends amounting to ₱0.02 per share in February 2015, representing regular dividends from the Company's 2014 core net income. A total of ₱0.08 per share was declared as dividends in 2014.

Provisions and Subscriptions Payables were significantly lower at ₱488.2 million from ₱883.1 million in 2014, due to the payment of ₱394.7 million separation pay under the manpower-rightsizing program of the Company, partially offset by the provisions made for directors' compensation, while subscriptions payable remained at the same level of ₱22.0 million for 2015 and 2014.

Total Non-Current Liabilities as of March 31, 2015 stood at ₱10.593 billion, represented largely by Bonds Payable at 57% of the total, from ₱10.076 billion in 2014.

Deferred Income Tax Liabilities (DTL) decreased to ₱3.952 billion in 2015 from ₱3.859 billion in 2014 and was comprised mainly of the following: ₱1.665 billion arising from the acquisition of 50% of Silangan from Anglo in 2009; ₱1.347 billion for accelerated depreciation and deferred exploration costs; and ₱980.0 million from the acquisition of additional interests in Pitkin.

The amount of Bonds Payable increased to ₱6.024 billion from ₱5.947 billion in 2014 and represented the carrying amount of the convertible notes (CN) issued by SMECI, net of the ₱1.226 billion portion of representing the equity conversion option of the CN which was

recorded under Equity. Changes in the Bonds Payable in 2015 were related to the amortization of the discount and transaction costs.

Meanwhile, Provision for Losses and Mine Rehabilitation Costs amounted to ₱573.0 million in 2015, higher than the ₱225.6 million in 2014. The Provision for Losses comprised mainly of FEP's contingent liability, while the Provision for Mine Rehabilitation represented the amortized value of the Company's estimated mine closure costs. The increase in the balance was mainly due to the additional estimated mine closure costs of ₱430.0 million discounted at 6% per year up to the end of mine life.

Other than the repayment of bank loans and payments related to the Company's manpower-rightsizing program, there was no significant change in the amount of the Company's Total Liabilities as of March 31, 2015 from end-2014, which stood at ₱17.124 billion and ₱17.599 billion, respectively.

Shareholders' Equity

The Company's Total Equity as of March 31, 2015 amounted to ₱27.138 billion, a slight improvement from the ₱27.042 billion recorded in 2014.The increases in the Capital Stock and Additional Paid-in Capital from 2014 to 2015 were related to the amortization of fair value of vested options.

The Company's Net Income Attributable to the Equity Holders of the Parent Company totaled ₱328.5 million, which boosted the growth in Retained Earnings to ₱14.942 billion from ₱14.712 billion in 2014. The dividends declared in February 2015, however, reduced the balance of the Retained Earnings by ₱98.8 million.

In 2013, the Company's Board of Directors approved the appropriation of ₱10 billion out of the Company's Retained Earnings stock for the Company's share in the Silangan mine development and construction from 2016 to 2018.

The Company recorded further decline in the fair value of AFS Financial Assets of ₱17.2 million in the first quarter of 2015 which was recorded under the Net Unrealized Loss on AFS Financial Assets of the Equity account and reversed the 2014 unrealized gain related to the Indophil shares, increasing the balance of the Net Unrealized Loss to ₱172.5 million in 2015 from ₱64.0 million in 2014. This represented temporary adjustments in the market value of AFS Financial Assets, including Lepanto.

As a result of the translation adjustments of foreign subsidiaries in 2015, Cumulative Translation Adjustments amounted to ₱30.8 million from ₱37.4 million in 2014.

The amount of Net Revaluation Surplus remained at ₱1.611 billion for 2015 and 2014. The effect of Transactions with Non-controlling Interests slightly increased to ₱21.4 million in 2015 from ₱19.1 million – reflecting the difference between the acquisition cost and the book value of the interest acquired in PGI, FEP and FEC shares. The Non-controlling Interests account increased to ₱3.418 billion in 2015 from ₱3.442 billion in 2014 due to losses incurred by these subsidiaries.

Liquidity and Capital Resources

The Company's primary objectives are to fund existing operations and maintain a healthy pipeline of exploration projects for possible expansion. Despite the risks inherent in the business associated with metal prices, foreign exchange rates and the changing economic and market conditions, the Company generated net cash flows from operating activities of ₱460.4 million in the first quarter 2015, compared with ₱1.259 billion for the same period in 2014. A significant portion of the cash generated in 2015 was used to settle the costs related to the manpower-rightsizing program.

Other than relying on internally generated funds, which remain as the Company's principal source of cash, the Company also maintains credit facilities as source of funds primarily to finance the capital expenditures of the Padcal mine, Silangan project and other exploration initiatives, as well as to refinance existing debt. The liquidity position of the Company is supported by credit facilities committed by various local banks and previously also by FPC. Loans under the US$150 million loan facility with FPC were fully paid by the Company in December 2014 thus terminating the facility agreement.

Net cash used in investing activities, principally for capital expenditures and exploration costs, slowed down to ₱955.9 million, net of the proceeds from the sale of Indophil shares, from ₱1.530 billion in 2014. Capital expenditures also decreased to ₱317.6 million in 2015 from ₱568.6 million in 2014, which were attributed to the lower sustaining capital expenditure of the Silangan Project amounting to ₱7.7 million as against ₱142.0 million in 2014. No capital expenditures for oil and gas projects were incurred in 2015 compared with ₱67.0 million in 2014. Expenditures for the continuing exploration activities at the Silangan, Kalayaan, and other projects amounted to ₱935.8 million in 2015, a slight drop from the ₱960.7 million in 2014.

Net cash used in financing activities amounted to ₱625.8 million in 2015, primarily due to the repayment of local bank loans, versus ₱281.7 million in 2014, on account of dividend payment of ₱246.9 million and loan repayments of ₱34.8 million in 2014.

Capital Expenditures and Exploration Costs

The Company continued to invest in the future and in new technologies to expand capacities and improve efficiencies. For the first quarter of 2015, capital expenditures and explorations costs amounted to ₱1.253 billion from ₱1.530 billion in 2014.

The Silangan and Kalayaan projects accounted for 73% of capital outlays in 2015. Last year, capex for Silangan reached ₱979.0 million – mostly on drilling activities, metallurgic studies and pre-feasibility study – and was higher than ₱918.0 million this year. Deferred exploration costs amounted to ₱910.3 million in 2015 against ₱837.0 million in 2014 while investments in new machinery and equipment amounted to only ₱7.7 million from ₱142.0 million.

Padcal operations accounted for the second largest chunk of capital investments in 2015 at ₱310.2 million or 25% of the total. This was a decrease from ₱360.1 million in 2014 due to lower mine development costs and absence of works at TSF4. Investments in exploration projects focused within the vicinity of Padcal and amounted to ₱25.5 million in 2015 from ₱123.7 million in 2014.

Top Five Key Financial and Non-Financial Performance Indicators

Safety Performance

The Company believes that operational excellence can only be achieved unless personnel health and safety remains an utmost priority. In the first quarter of 2015, the Company recorded zero record for Lost Time Accident-Fatal (LTA-F), same as last year, and Lost Time Accident-Non Fatal (LTA-NF), same also in 2014.

The Company is working towards achieving “zero-harm” record by constantly reviewing safety policies and procedures. Initiatives are also in place to ensure that injuries are avoided and accidents are eliminated in the workplace. Third-party consultants are also engaged to evaluate the Company’s existing safety performance and identify risks areas and possible areas for improvement.

Earnings Per Share

The earnings per share (EPS) represent the net income attributable to equity holders of the Company expressed in amount per share of the Company’s average outstanding capital stock. Assuming a constant outstanding number of shares, the earnings per share correspondingly increases the Company's earnings increase. The EPS ultimately reflect the Company’s financial and operational growth as a result of its performance in cost management, technical efficiency and productivity.

The basic earnings per share in 2015 were ₱0.0665 based on 4,940,399,068 weighted average shares outstanding for the period. In 2014, the basic earnings per share were ₱0.0512 based on the 4,936,996,068 weighted average shares outstanding for the period.

Considering the effect of the Company’s potentially dilutive outstanding stock options for the period, an assumed exercise of the options at exercise price higher than market would have resulted in additional common shares. In 2014 and 2013, the outstanding stock options were considered anti-dilutive based on the lower market prices of the Company’s shares compared to the exercise price, thus the diluted earnings per share in 2014 and 2013 were the same as the basic earnings per share of the Company.

Tonnes Milled and Metal Produced

Tonnes milled and ore grade determine the volume of concentrates to be produced and sold. Tonnes milled were 2,221,369 tonnes in 2015, compared to only 2,396,077 tonnes in 2014. The Company resumed its Padcal operations on a temporary basis on March 8, 2013 after the suspension of operations on August 2, 2012.

Metal production also declined to 25,997 ounces gold and 8,361,419 pounds copper in 2015, compared to 26,442 ounces gold and 9,468,009 pounds copper in 2014.

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 Company's operating performance. At the same cost level, the higher the production volume, the lower the cost per tonne becomes, which will also be similar if the same production volume incurs a 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, which incorporates the metal grade, as it affects metal production, and the exchange rate, as it affects the conversion from peso to dollars.

In 2015, the total production cost (mine site cost and expenses excluding marketing charges, excise tax and royalties) per tonne of ore milled was ₱703, with total production cost of ₱1.561 billion over ore milled of 2,221,369 tonnes. This was 7% lower than the cost per tonne of ₱758 from the total production cost of ₱1.815 billion over ore milled of 2,396,077 tonnes in 2014.

The operating costs and expenses (all cost and expenses excluding corporate overhead) per tonne of ore milled in 2015 was ₱844 from the total operating cost and expenses of ₱1.874 billion, also 7% lower than the ₱904 from the operating costs and expenses of ₱2.167 billion in 2014. The total operating costs for 2015 were significantly lower due to cost reduction measures implemented.

As the mine produces both gold and copper (and silver) together in one operating process, no physical basis can be used in allocating costs between the two metals, thus, the cost may be allocated proportionately based on the revenue contribution of each product. In 2015, the operating cost applicable to gold produced amounted to US$937 per ounce compared with US$1,047 per ounce in 2014, while operating cost applicable to copper produced amounted to US$2.18 per pound in 2015 compared to US$2.17 per pound in 2014.

Exploration Activities

The Company is cognizant that exploration in itself is a speculative endeavor, and mineral exploration and mining operations can be hampered by force majeure and other unforeseen circumstances beyond the Company's control. To mitigate the impact of these external factors and other contingencies, the Company banks on its ability to successfully explore and/or acquire reserves, design and construct efficient processing facilities, operate and manage its projects, and provide financial controls and management. To ensure the optimization of value from its natural resource properties and the long-term sustainability of operations, the Company pursues and invests in viable exploration activities and operational enhancements on a constant basis.

In the first quarter of 2015, the amount spent on exploration related to mining properties amounted to ₱931.0 million compared with ₱875.7 million in 2014, while exploration costs related to oil and gas properties totaled ₱4.8 million against ₱85.0 million in 2014. As of March 31, 2015, total deferred exploration costs, including costs related to oil and gas exploration, amounted to ₱26,767 billion, comprising 60% of the Company's Total Assets, compared with ₱25.817 billion in 2014.

Subsidiaries and Related Party Transactions

The Company's significant related party transactions as of March 31, 2015 and December 31, 2014, which are under terms that are no less favorable than those arranged with third parties, and account balances are as follows:

a) Advances from PMC to SMMCI and SMECI

PMC, owning directly and indirectly 100% of SMECI and SMMCI, provided the funds to SMMCI, through SMECI since 2011 and directly thereafter up to mid-December 2014, for the Silangan projects' expenditures since the Company's acquisition of Anglo American's interest in the Silangan Project in 2009. As of March 31, 2015, the total advances by the Company to SMECI and SMMCI, including the balance acquired from Anglo American amounting to ₱7.208 billion were fully paid in February 2015 with a portion paid in December 2014.

b) Advances from PMC to PGPI

PMC advanced PGPI's working capital and capital expenditure requirements, which as of March 31, 2015 and December 31, 2014, amounted to ₱1.344 billion and ₱1.349 billion, respectively. A portion of these advances are secured by collateral participation certificates covering certain mining assets of PGPI's Bulawan mine, which is currently under care and maintenance.

c) Advances from PMC to PPC

PMC made cash advances to PPC for its additional working capital requirements, and for the acquisition of equity in FEP, PERC and Pitkin. These advances are unguaranteed and payable on demand through cash. As of March 31, 2015 and December 31, 2014, advances from PMC amounted to ₱2.677 billion and ₱2.684 billion, respectively.

d) *Advances of PMC to PGHI*

PMC provided advances to PGHI, a 100%-owned subsidiary of PMC, amounting to ₱1.884 billion, as of December 31 2014. No additional advances made in 2015.

e) Advances of PMC to Lascogon Mining Corp. (LMC)

PMC advanced LMC's working capital and exploration requirements totaling to ₱140.3 million as of December 31, 2014, which remained the same as of March 31, 2015.

f) Advances from PMC to BEMC

PMC has written-off its advances to BEMC in the amount of ₱737.8 million (net of repayments) following its uncollectibility. BEMC has declared cessation of its underground mining operations of its coal mine in Zamboanga Sibugay in September 1, 2013, prompting the impairment of advances in 2013 before finally writing-off in 2014.

g) Loan Facility Agreement between PMC and Forum Philippine Holdings Limited ("FPHL")

On November 24, 2010, PMC, as lender, and FEP, as guarantor, entered into a loan facility agreement amounting to US$10 million with FPHL, a wholly-owned subsidiary of FEP. The facility agreement will be available for a three-year period and funds can be borrowed at an interest rate of US LIBOR + 4.5% for the drawn portion and a commitment fee of 1% per annum for the undrawn portion. The facility agreement will enable FPHL to fund its 70% share of a first sub-phase work program over Service Contract 72. Obligations arising from funds drawn under this facility agreement are not convertible into FEP's or FPHL's ordinary shares but are guaranteed by FEP for repayment to the Company. On May 25, 2012, the amount of the facility was increased to US$15 million with the full amount fully drawn by end 2013. The Long Facility Agreement was assigned to Philex Petroluem Corporation (PPC) on November 21, 2013 consequently assigning the outstanding loans of FPHL amounting to US$15 million from PMC to PPC and increasing the advances of PMC to PPC by the same amount. The loan remains outstanding as of March 31, 2015.

h) Agreements with Anglo

PMC was reimbursed by Anglo American for expenses incurred by PMC on behalf of Northern Luzon Exploration & Mining Co. Inc. ("NLEMCI"), which amounted to ₱235 thousand in 2014, ₱1.2 million in 2013, and ₱921 thousand in 2012. As of March 31, 2015 and December 31, 2014, the Company's receivables from these transactions amounted to ₱1.7 million and ₱1.5 million, respectively. No reimbursements made in 2015.

i) Funding Commitment of FPC to PMC

In a letter issued by FPC in October 2012, it committed to provide funding of up to US$200 million to the Company for capital expenditures of the Padcal mine and Silangan Project as well as for the Company's working capital requirements.

As part of such commitment, a loan amounting to ₱2.1 billion was granted by Kirtman Limited, a wholly-owned subsidiary of FPC to the Company in November 2012 under a Term Loan Facility Agreement. The loan is unsecured, repayable within a year and subject to an interest rate of 5%. A commitment fee of 1% per annum is also due for the undrawn amount.

As of December 31, 2012, ₱1.1 billion has been drawn from the facility and the balance of ₱1.0 billion was drawn in January 2013. In November 2013, the full loan amount of ₱2.1 billion was fully paid from proceeds of loans availed by PMC from local banks.

On March 12, 2013, loan agreements covering the balance of US$150 million with Kirtman Limited for US$25 million, Maxella Limited for US$25 million and Asia Link B.V. for US$100 million (all FPC subsidiaries) were executed by the parties, for a term of one year and subject to the interest rate of 5%. As of December 31, 2013, US$15 million has been drawn from the Kirtman Limited loan, US$15 million from the Maxella Limited loan and $50 million from the Asia Link B.V. loan. In March 2014 this facility was extended and in April 2014 new loan agreements were executed. In December 2014, all

outstanding loans to Kirtman Limited, Maxella Limited and Asia Link B.V. were fully paid thus terminating all loan agreements with them.

j) *Issuance of Convertible Bonds to FPC and SSS by SMECI*

In December 2014, SMECI and PMC, as the co-issuer, issued 8-year convertible bonds with a face value of ₱7.2 billion at 1.5% coupon rate p.a. payable semi-annually. The bonds are convertible into 400,000 common shares of SMECI at ₱18,000 per share one year after the issue date.

Known Trends, Events, or Uncertainties

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

Other than as 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 is 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 ,JR.
President & Chief Executive Officer

DANNY Y. YU
Senior Vice President for Finance
& Chief Financial Officer

PARALUMAN M. NAVARRO
Division Manager –Corporate Finance

Date: May 4, 2015

PHILEX MINING CORPORATION
AND SUBSIDIARIES

UNAUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
March 31, 2015

Pasig City, Philippines

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

		March 31 2015		December 31 2014
Current Assets				
Cash and cash equivalents		4,104,965		5,231,892
Accounts receivable		1,092,739		1,055,864
Inventories		1,597,130		1,858,220
Derivative assets		-		7,766
Other current assets		1,454,791		1,376,741
Total Current Assets		8,249,625		9,530,483
Noncurrent Assets				
Property, plant and equipment		7,390,096		7,138,912
Available-for-sale (AFS) financial assets		607,799		906,681
Goodwill		1,238,583		1,238,583
Deferred income tax assets - net		8,221		8,224
Deferred exploration costs and other noncurrent assets		26,766,829		25,817,465
Total Noncurrent Assets		**36,011,528**		**35,109,865**
TOTAL ASSETS	**P**	**44,261,153**	**P**	**44,640,348**
LIABILITIES AND EQUITY				
Current Liabilities				
Loans payable		3,777,150		4,307,720
Accounts payable and accrued liabilities		1,754,677		1,795,755
Income tax payable		14,952		47,423
Dividends payable		495,995		488,818
Provisions and subscriptions payable		488,234		883,102
Total Current Liabilities		6,531,008		7,522,818
Noncurrent Liabilities				
Bonds payable		6,023,767		5,947,366
Deferred income tax liabilities - net		3,951,618		3,859,141
Pension obligation		44,185		43,585
Provision for losses and mine rehabilitation costs		572,959		225,618
Total Noncurrent Liabilities		10,592,529		10,075,710
Total Liabilities		17,123,537		17,598,528
Equity Attributable to Equity Holders of the Parent Company				
Capital Stock - P1 par value		4,940,399		4,940,399
Additional paid-in capital		1,121,035		1,117,627
Retained Earnings				
Unappropriated		4,941,746		4,712,032
Appropriated		10,000,000		10,000,000
Net unrealized loss on AFS financial assets		(172,518)		(64,010)
Equity conversion option		1,225,518		1,225,518
Cumulative translation adjustments		30,752		37,370
Net revaluation surplus		1,611,397		1,611,397
Effect of transaction with non-controlling interests		21,383		19,084
		23,719,712		23,599,417
Non-controlling Interests		3,417,904		3,442,403
Total Equity		**27,137,616**		**27,041,820**
TOTAL LIABILITIES & EQUITY	**P**	**44,261,153**	**P**	**44,640,348**

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

	Three Months ended March 31			
		2015		2014
REVENUE				
Gold	P	1,423,215	P	1,610,402
Copper		912,408		1,178,450
Silver		19,374		22,125
		2,354,997		2,810,977
Less: Marketing charges		199,511		213,750
		2,155,486		2,597,227
Petroleum		37,616		99,014
Others		-		3,289
		2,193,102		**2,699,530**
COSTS AND EXPENSES				
Mining and milling costs (including depletion and depreciation)		1,542,387		1,795,539
General and administrative expenses		188,542		285,555
Excise taxes and royalties		113,723		137,975
Petroleum production costs		23,795		32,263
Handling, hauling and storage		18,671		19,822
Cost of coal sales		-		2,794
		1,887,118		**2,273,948**
OTHER INCOME (CHARGES)				
Gain on sale of AFS financial assets		107,088		-
Foreign exchange gains (losses) - net		13,296		(33,648)
Interest income		3,305		13,605
Interest expense		(18,691)		(79,696)
Others - net		4,919		50,622
		109,917		**(49,117)**
INCOME BEFORE INCOME TAX		**415,901**		**376,465**
PROVISION FOR INCOME TAX		(110,583)		(109,042)
NET INCOME	**P**	**305,318**	**P**	**267,423**
Net income attributable to:				
Equity holders of the Parent Company		328,542		252,528
Non-controlling interests		(23,224)		14,895
	P	**305,318**	**P**	**267,423**
BASIC EARNINGS PER SHARE	**P**	**0.0665**	**P**	**0.0512**
DILUTED EARNINGS PER SHARE	**P**	**0.0665**	**P**	**0.0512**

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

	Three Months ended March 31			
		2015		**2014**
NET INCOME	P	305,318	P	267,423
OTHER COMPREHENSIVE INCOME				
Items to be reclassified to profit and loss in subsequent periods:				
Gain (Loss) on translation of financial statement of foreign subsidiaries		31,882		(3,066)
Loss on movement in fair value of hedging instruments		(37,476)		-
Unrealized loss on AFS financial assets - net of related deferred income tax		(108,508)		165,681
		(114,102)		162,615
TOTAL COMPREHENSIVE INCOME	**P**	**191,216**	**P**	**430,038**
Total Comprehensive Income Attributable to:				
Equity holders of the Parent Company		215,715		416,978
Non-controlling interests		(24,499)		13,060
		191,216		**430,038**

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

	Three Months Ended March 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	415,902	376,465
Adjustments for:		
Depletion and depreciation	393,195	428,272
Interet expense	23,818	497
Unrealized foreign exchange (gains) losses and others	(3,610)	59,939
Amortization of Asset Retirement Obligation	19,649	-
Stock-based compensation expense	3,408	9,069
Amortization of prepaid expenses	12,600	-
Reversal of provision for writedown of assets	(26,187)	-
Gain on sale of available-for-sale financial assets	(107,088)	-
Interest income	(3,305)	6,000
Operating income before working capital changes	728,382	880,242
Decrease (increase) in:		
Accounts receivable	(33,570)	(342,883)
Inventories	261,091	924,792
Other current assets	(70,286)	(67,858)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(415,040)	(116,642)
Provisions and subscription payable	2,015	(18,605)
Cash generated from operations	472,592	1,259,046
Interest paid	(12,203)	-
Net cash from operating activities	460,389	1,259,046
CASHFLOWS FROM INVESTING ACTIVITIES		
Increase in deferred exploration costs and other noncurrent asse	(935,774)	(960,965)
Additions to property, plant and equipment	(317,620)	(568,611)
Proceeds from sale of AFS financial assets	297,463	-
Net cash used in investing activities	(955,932)	(1,529,576)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Dividends paid	(98,829)	(246,850)
Payment of loans	(526,960)	(34,812)
Net cash from (used in) financing activities	(625,789)	(281,662)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(5,595)	99,411
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,126,926)	(452,781)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,231,891	4,080,512
CASH AND CASH EQUIVALENTS AT END THE PERIOD	4,104,965	3,627,731

PHILEX MINING CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
			Retained Earnings									
	Capital Stock	Additional Paid-in Capital	Unappropriated	Appropriated	Net Unrealized Gain (Loss) on AFS Financial Assets	Equity Conversion Option	Cumulative translation adjustments	Net revaluation Surplus	Effect of transaction with Minority Interest	Sub-total	Minority Interest	Total
BALANCES AT DECEMBER 31, 2014	4,940,399	1,117,627	4,712,032	10,000,000	(64,010)	1,225,518	37,370	1,611,397	19,084	23,599,417	3,442,403	27,041,820
Net income (loss)	-	-	328,542	-	-	-	-	-	-	328,542	(23,224)	305,318
Other comprehensive income (loss):												
Unrealized loss on AFS financial assets - net of related deferred income tax	-	-	-	-	(108,508)	-	-	-	-	(108,508)	-	(108,508)
Loss on movement of fair value of hedging instruments	-	-	-	-	-	-	(37,476)	-	-	(37,476)	-	(37,476)
Gain on translation of foreign subsidiaries	-	-	-	-	-	-	30,858	-	2,299	33,157	(1,275)	31,882
Total comprehensive income (loss)	-	-	328,542	-	(108,508)	-	(6,618)	-	2,299	215,715	(24,499)	191,216
Increase in additional paid-in capital due to stock option plan	-	3,408	-	-	-		-	-	-	3,408	-	3,408
Declaration of cash dividends	-	-	(98,828)	-	-		-	-	-	(98,828)	-	(98,828)
BALANCES AT MARCH 31, 2015 (Unaudited)	**4,940,399**	**1,121,035**	**4,941,746**	**10,000,000**	**(172,518)**	**1,225,518**	**30,752**	**1,611,397**	**21,383**	**23,719,712**	**3,417,904**	**27,137,616**
BALANCES AT DECEMBER 31, 2013	4,936,996	1,058,497	4,128,826	10,000,000	4,689		25,116	1,611,397	45,099	21,810,620	4,106,634	25,917,254
Net income (loss)			252,528							252,528	14,895	267,423
Other comprehensive loss:												
Unrealized loss on AFS financial assets - net of related deferred income tax	-	-	-	-	165,681	-	-	-	-	165,681	-	165,681
Gain on translation of foreign subsidiaries	-	-	-	-	-	-	(1,231)	-	-	(1,231)	(1,835)	(3,066)
Total comprehensive income	-	-	252,528	-	165,681		(1,231)	-	-	416,978	13,060	430,038
Increase in additional paid-in capital due to stock option plan	-	9,069	-	-	-	-	-	-	-	9,069	-	9,069
Declaration of cash dividends	-	-	(246,850)	-	-	-	-	-	-	(246,850)	-	(246,850)
BALANCES AT MARCH 31, 2014 (Unaudited)	**4,936,996**	**1,067,566**	**4,134,504**	**10,000,000**	**170,370**		**23,885**	**1,611,397**	**45,099**	**21,989,817**	**4,119,694**	**26,109,511**

PHILEX MINING CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

		Three Months Ended March 31	
		2015	2014
Current Ratio	Current Assets over Current Liabilities	1.26	0.76
Debt-to-equity Ratio	Total Liabilities over Total Equity	0.63	0.54
Asset-to-equity Ratio	Total Assets over Equity	1.63	1.54
Interest Rate Coverage Ratio	EBIT over Interest Expense	23.07	5.55
Net Income Ratio	Net Income over Net Revenue	0.14	0.10

PHILEX MINING CORPORATION AND SUBSIDIARIES

SCHEDULE OF ACCOUNTS RECEIVABLE
As of March 31, 2015
(In Thousands)

Accounts Receivable- Trade	P 983,499
Others	109,240
	P1,092,739

AGING OF ACCOUNTS RECEIVABLE - TRADE
As of March 31, 2015

	0-30 days	**31-60 days**	**Total**
Pan Pacific Copper Co. Ltd.	P 116,983	P -	P 116,983
Louis Dreyfus Commodities Metals		785,588	785,588
Others		80,928	80,928
	P 116,983	**P 866,516**	**P 983,499**

PHILEX MINING CORPORATION AND SUBSIDIARIES

SCHEDULE OF LOANS PAYABLE

As of March 31, 2015

(In thousands)

Bank of the Philippine Islands		782,250
Philippine National Bank		1,743,300
Banco de Oro		1,251,600
Total	**P**	**3,777,150**

PHILEX MINING CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015
(Amounts in Thousands, Except Amounts Per Unit and Number of Shares)

1. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

The unaudited consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. Accordingly, the unaudited consolidated financial statements of Philex Mining Corporation (the Parent Company) and its subsidiaries (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, 2014.

The unaudited consolidated financial statements of the Group have been prepared using the historical cost basis, except for mine products inventories that are measured at net realizable value (NRV), and for AFS financial assets and derivative financial instruments that are measured at fair value. The unaudited consolidated financial statements are presented in Philippine Peso (Peso), which is the Parent Company's functional and reporting currency, rounded to the nearest thousands (₱000), except when otherwise indicated.

Statement of Compliance
The unaudited consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the Philippines. The Group prepared its unaudited consolidated financial statements in accordance with PAS 34, except for the Parent Company's mine products inventories that are measured at NRV, which was permitted by the Philippine Securities and Exchange Commission. The significant accounting policies followed by the Group are disclosed below.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations [based on the International Financial Reporting Interpretations Committee (IFRIC) interpretations] which became effective in 2015. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations to have significant impact on its financial statements. The relevant disclosures will be included in the notes to the financial statements when these become effective.

Effective January 1, 2015
- PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)
- Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 2, Share-based Payment - Definition of Vesting Condition
- PFRS 3, Business Combinations - Accounting for Contingent Consideration in a Business Combination
- PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets
- PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization
- PAS 24, Related Party Disclosures - Key Management Personnel

The above standards and amendments have been adopted by the Group but the adoption did not have an impact on the unaudited consolidated financial statements.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*

  The above standards and amendments have been adopted by the Group but the adoption did not have an impact on the unaudited consolidated financial statements.

<u>Annual Improvements to PFRSs (2010-2012 cycle)</u>

The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014.

  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  The Group believes that the amendment will not have a material impact on the Group's consolidated financial statements when it becomes effective.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*

The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, Financial Instruments: Recognition and Measurement (or PFRS 9, Financial Instruments, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.
  The amendment has no impact on the Group's financial position or performance.

- PAS 24, Related Party Disclosures - Key Management Personnel
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment will not have a material effect on the Group since it adopts the cost model of accounting.

<u>Annual Improvements to PFRSs (2011-2013 cycle)</u>
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group.

The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.

This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, Fair Value Measurement - Portfolio Exception
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 3, Business Combinations – Scope Exceptions for Joint Arrangements
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  • Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  • This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, Fair Value Measurement – Portfolio Exception
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable).

- PAS 40, Investment Property
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

2. Significant Judgments and Estimates and Assumptions

The preparation of the unaudited consolidated financial statements in accordance with accounting principles generally accepted in the Philippines requires the management of the Group to exercise judgment, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of any contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Accounting assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on amounts recognized in the consolidated financial statements:

Determination of the functional currency

The Parent Company and most of its local subsidiaries based on the relevant economic substance of the underlying circumstances, have determined their functional currency to be the Philippine peso. It is the currency of the primary economic environment in which the Parent Company and most of its local subsidiaries primarily operates. FEC Resources, Inc's and Forum Energy plc's functional currencies are the Canadian dollar and US dollar, respectively.

Recognition of deferred income tax assets

The Group reviews the carrying amounts at each end of reporting period and adjusts the balance of deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The sufficiency of future taxable profits requires the use of assumptions, judgments and estimates, including future prices of metals, volume of inventories produced and, sold and amount of costs and expenses that are subjectively determined like depreciation.

Classification of financial instruments

The Group exercises judgment in classifying financial instruments in accordance with PAS 39. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated statements of financial position.

The Group has no intention of selling its investments in stocks in the near term. These are being held indefinitely and may be sold in response to liquidity requirements or changes in market condition. Accordingly, the Group has classified its investments in stocks as AFS investments. The Group has no plans to dispose its AFS investments within 12 months from the end of the reporting date.

The Group determines the classification at initial recognition and re-evaluates this classification, where allowed and appropriate, at every reporting date.

Valuation of financial assets and financial liabilities

The Group carries certain financial assets and financial liabilities (i.e., derivatives and AFS financial assets) at fair value, which requires the use of accounting estimates and judgment. At initial recognition, the fair value of quoted AFS financial assets is based on its quoted price in an active market while the fair value of unquoted AFS financial assets is based on the latest available transaction price. The amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities would affect the profit and loss or other comprehensive income.

Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainties at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Measurement of mine products revenue
Mine products revenue is provisionally priced until or unless these are settled at pre-agreed future or past dates referred to as "quotational period," the prevailing average prices at which time become the basis of the final price. Revenue on mine products is initially recognized based on shipment values calculated using the provisional metals prices, shipment weights and assays for metal content less deduction for insurance and smelting charges as marketing. The final shipment values are subsequently determined based on final weights and assays for metal content and prices during the applicable quotational period.

Impairment of loans and receivables
The Group maintains an allowance for doubtful accounts at a level that management considers adequate to provide for potential uncollectibility of its loans and receivables. The Group evaluates specific balances where management has information that certain amounts may not be collectible. In these cases, the Group uses judgment, based on available facts and circumstances, and based on a review of the factors that affect the collectibility of the accounts. The review is made by management on a continuing basis to identify accounts to be provided with allowance.

The Group did not assess its loans and receivables for collective impairment due to few counterparties that can be specifically identified. Outstanding trade receivables are mainly from the Parent Company's main customer. Other receivables of the Group are not material. The amount of loss is recognized in the consolidated statements of income with a corresponding reduction in the carrying value of the loans and receivables through an allowance account.

Valuation of AFS financial assets
The Group carries its quoted and unquoted AFS financial assets at fair value and at cost, respectively. Fair value measurement requires the use of accounting estimates and judgment. At initial recognition, the fair value of quoted AFS financial assets is based on its quoted price in an active market, while the fair value of unquoted AFS financial assets is based on the latest available transaction price. The amount of changes in fair value would differ if the Group utilized a different valuation methodology.

Any change in fair value of its AFS financial assets is recognized in the consolidated statements of comprehensive income.

Impairment of AFS financial assets
The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Group treats "significant" generally as 30% or more and "prolonged" as greater than 12 months for quoted equity securities. In addition, the Group evaluates

other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted securities.

Impairment of goodwill
The Group reviews the carrying values of goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. If the recoverable amount of the unit exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU shall be regarded as not impaired. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized.

Measurement of NRV of mine products inventory
The NRV of mine products inventory is the estimated sales value less costs to sell, which can be derived from such inventory based on its weight and assay for metal content, and the LME and London Bullion Metal Association for prices, which also represents an active market for the product. Changes in weight and assay for metal content as well as the applicable prices as the mine products inventory are eventually shipped and sold are accounted for and accordingly adjusted in revenue.

Write-down of carrying values of materials and supplies inventories
The Group carries coal and material and supplies inventories at NRV when such value is lower than cost due to damage, physical deterioration, obsolescence or other causes. When it is evident that the NRV is lower than its cost based on physical appearance and condition of inventories, an allowance for inventory obsolescence is provided.

Estimation of fair value of identifiable net assets of an acquiree in a business combination
The Group applies the acquisition method of accounting whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition. The determination of fair values requires estimates of economic conditions and factors such as metal prices, mineral reserve, freight exchange rates and others.

Estimation of useful lives of property, plant and equipment
The Group estimates the useful lives of depreciable property, plant and equipment, except for mine and mining and oil and gas properties, based on internal technical evaluation and experience. These estimated useful lives are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. For mine and mining properties which were depreciated based on units-of production, the Group estimates and periodically reviews the remaining recoverable reserves to ensure that remaining reserves are reflective of the current condition of the mine and mining and oil and gas properties**.**

Estimation of recoverable reserves
Recoverable reserves were determined using various factors or parameters such as market price of metals and global economy. These are economically mineable reserves based on the current market condition and concentration of mineral resource. The estimated recoverable reserves are used in the calculation of depreciation, amortization and testing for impairment, the assessment of life of the mine, and for forecasting the timing of the payment of mine rehabilitation costs.

Estimation of provision for mine rehabilitation costs
The Group recognized a liability relating to the estimated costs of mine rehabilitation. The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates.

Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at each end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the consolidated statements of financial position by adjusting the rehabilitation asset and liability. If the net rehabilitation provisions of revised mine assets for mature mines exceed the carrying value, that portion of the increase is charged directly to the consolidated statements of income. For closed sites, changes to estimated costs are recognized immediately in the consolidated statements of income.

Impairment of noncurrent non-financial assets
The Group's non-financial assets include input tax recoverable, property, plant and equipment, deferred mine and oil exploration costs and other noncurrent assets. The Group assesses whether there are indications of impairment on its current and noncurrent non-financial assets, at least on an annual basis. If there is objective evidence, an impairment testing is performed. This requires an estimation of the value in use of the CGUs to which the assets belong. Assessments require the use of estimates and assumptions such as VAT disallowance rate, long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. In assessing value in use, the estimated future cash flows are discounted to their present value using a suitable discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Valuation of financial assets and financial liabilities
The Group carries certain financial assets and financial liabilities (i.e., derivatives and AFS financial assets) at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, quoted equity prices), the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities is recognized in the consolidated statements of income and in the consolidated statements of comprehensive income.

Convertible Bonds
The Group's convertible bonds, treated as a compound financial instrument, are separated into liability and equity components based on the terms of the contract. On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

Provisions for losses
The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle the said obligations. An estimate of the provision is based on known information at each end of the reporting period, net of any estimated amount that may be reimbursed to the Group. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

Estimation of net retirement benefits liability (plan assets) and costs
The Group's net retirement benefits costs are actuarially computed using certain assumptions with respect to future annual salary increases and discount rates per annum, among others.

3. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise mainly of cash and cash equivalents, receivables, AFS financial assets and accounts payable and accrued liabilities. The main purpose of these financial instruments is to provide financing for the Group's operations and capital intensive projects.

The Board of Directors (BOD) is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial Risks
The main risks arising from the Group's financial instruments are credit and concentration risks, liquidity risk, and market risk. The market risk exposure of the Group can be further classified to foreign currency risk, cash flow interest rate risk, equity price risk, and commodity price risk. The BOD reviews and approves the policies for managing some of these risks and they are summarized as follows:

Credit and concentration risks
Credit risk is such risk where the Group could incur a loss if its counterparties fail to discharge their contractual obligations, although the Group trades only with recognized, creditworthy third parties. At present, 60% of the Parent Company's annual mineral products sales are committed to Pan-Pacific Co. Ltd. (Pan Pacific) with whom the Parent Company has a long-term sales agreement. This agreement is effective until the end of

the Padcal mine life currently declared as 2020 but with possibility of future extension. The balance of the Parent Company's annual mineral products sales is with Louis Dreyfuss Commodities Metals Suisse SA (LD Metals) which is covered by a long-term sales agreement up to January 31, 2013 and several short-term agreements for 25,000 DMT representing the 40% excess production from June 2013 to May 2014.

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, the Group's exposure to credit risk could arise from default of the counterparty, having a maximum exposure equal to the carrying amount of these instruments.

The table below summarizes the Group's exposure to credit risk for the components of the unaudited consolidated balance sheet as of March 31, 2015:

Cash and cash equivalents:	
Cash with banks	₱2,450,075
Short-term deposits	1,653,203
Accounts receivable:	
Trade	905,283
Others	187,455
Gross maximum credit risk exposure	₱5,196,016

The table below shows the credit quality of the Group's financial assets by class as of March 31, 2015 based on the Group's credit evaluation process:

	Neither Past Due nor Impaired		Past Due and Individually	
	High-Grade	Standard	Impaired	Total
Cash and cash equivalents:				
Cash with banks	₱2,450,075	₱–	₱–	₱2,450,075
Short-term deposits	1,653,203	–	–	1,653,203
Accounts receivable:				
Trade	905,283	–	–	905,283
Others	187,455	–	–	187,455
Total	₱5,196,016	₱–	₱–	₱5,196,016

Credit quality of cash and cash equivalents 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.

The Group has no past due but not impaired financial assets as of March 31, 2015.

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 table below summarizes 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 of March 31, 2015:

	On Demand	Within 1 Year	More than 1 Year	Total
Loans and receivables:				
Cash and cash equivalents	₱4,103,278	₱–	₱–	₱4,103,278
Accounts receivable:				
Trade	–	905,283	–	905,283
Others	–	187,455	–	187,455
AFS financial assets:				
Quoted equity investments	535,088	–	–	535,088
Unquoted equity investments	72,712	–	–	72,712
Total undiscounted financial assets	₱4,711,078	₱1,092,737	₱–	₱5,803,815

Market risks

Foreign currency risk

Foreign currency risk 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.

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

The following table summarizes the impact on the unaudited consolidated income before income tax of reasonably possible changes in the exchange rates of US Dollar against the Peso:

US$ Appreciate (Depreciate)	Effect on Consolidated Income before Income Tax
4%	(₱16,922)
(4%)	16,922

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. As of March 31, 2015, Group's exposure to the risk in changes in market interest rates relates to bank loans.

The Group relies on budgeting and forecasting techniques to address cash flow concerns. The Group also keeps its cash flow interest rate risk minimum by prepaying, to the extent possible, interest-bearing debt using operating cash flows.

The following table demonstrates the sensitivity to reasonably possible change in interest rates, with all other variables held constant, of the Group's three months period of 2015 income before income tax:

Change in Market Rate of Interest	Effect on Consolidated Income before Income Tax
Decrease by 1.0%	₱205
Decrease by 0.5%	103
Increase by 1.0%	(205)
Increase by 0.5%	(103)

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 the value of individual stocks. The management monitors the movement of the share prices pertaining to its investments. The Group is exposed to equity securities price risk because of investments held by the Parent Company and PPC, which are classified in the unaudited consolidated balance sheets as AFS financial assets.

The effect on equity, as a result of a possible change in the fair value of the Group's quoted equity instruments held as AFS financial assets as at March 31, 2015, that could be brought by changes in equity indices with all other variables held constant, are as follows:

Currency	Change in Quoted Prices of Investments Carried at Fair Value	Effect on Equity
Peso	Increase by 21%	165,485
	Increase by 41%	323,090
	Decrease by 21%	(165,485)
	Decrease by 41%	(323,090)

Commodity price risk

The Parent Company's mine products revenues are based on international commodity quotations (i.e., primarily on the LME and London Bullion Market Association quotes) over which the Parent Company has no significant influence or control. This exposes the Group's results of operations to commodity price volatilities that may significantly impact its cash inflows.

The table below shows the effect on income before income tax should the change in the prices of copper and gold occur based on the inventory of the Parent Company as of March 31, 2015:

Change in metal prices (Gold)	Effect on income before income tax
Increase by 12%	₱170,786
Decrease by 12%	(170,786)

Change in metal prices (Copper)	Effect on income before income tax
Increase by 13%	₱118,613
Decrease by 13%	(118,613)

Derivative Financial Instruments

In December 2014, the Company entered into gold collar hedging contracts covering 9,000 ounces of monthly production for the first quarter of 2015 as per table below:

				Strike Price - US$/oz.		Settlement	
Trade Date	**Period Covered**	**Settlement Date**	**Volume (Ounces)**	**Put (Floor)**	**Call (Ceiling)**	**Price US$/oz.**	**Gain (Losses) in PhpM**
4-Dec-14	Jan 1 to Jan30	3-Feb-15	3,000	1,200	1,210	1,251	(5.40)
4-Dec-14	Feb 1 to Feb 27	3-Mar-15	3,000	1,200	1,210	1,229	(2.50)
4-Dec-14	March 1-31	2-Apr-15	3,000	1,200	1,210	1,180	2.70
TOTAL			**9,000**	**1,200**	**1,210**	**1,220**	**(5.2)**

The actual gains or losses are realized and recorded during the first quarter through revenue upon maturity of the hedge. There were no outstanding hedging contracts as of March 31, 2015.

4. Segment Information

The Group is organized into business units on their products and activities and has two business: the metals segment and the energy and hydro carbon segment. The operating businesses are organized and managed separately through the Parent Company and its subsidiaries according to the nature of the products provided, with each segment representing a strategic business unit that offers different products to different markets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on net income (loss) for the year, earnings before interest, taxes and depreciation and depletion (EBITDA), and core net income (loss).

Net income (loss) for the year is measured consistent with consolidated net income (loss) in the consolidated statements of income. EBITDA is measured as net income excluding interest expense, interest income, provision for (benefit from) income tax, depreciation and depletion of property, plant and equipment and effects of non-recurring items.

EBITDA is not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. The Group relies primarily on the results in accordance with PFRS and uses EBITDA only as supplementary information.

In 2013, management reevaluated its calculation of EBITDA to exclude the effects of non-recurring items. Management believes that the revised computation of EBITDA is more useful in making decisions about resource allocation and performance assessment of its reportable segments.

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 operating segments.

March 31, 2015
(Unaudited)

	Metals	Energy and Hydrocarbon	Unallocated Corporate Balances	Eliminations	Total
Revenue					
External customers	P 2,155,486	P 37,616	P -	P -	P 2,193,102
Inter-segment					
Consolidated revenue	2,155,486	37,616	-	-	2,193,102
Results					
EBITDA	P 652,641	(45,474)	P -	P 110,908	P 718,075
Interest Income (Expense) - Net	(18,284)	2,897	-	-	(15,386)
Income Tax Expense	(110,583)	-	-	-	(110,583)
Depreciation and depletion	(390,620)	(16,551)	-	-	(407,172)
Non-recurring items	110,856	9,528	-	-	120,384
Consolidated net income (loss)	P 244,010	P (49,600)	P -	P 110,908	P 305,318
Core net income (loss)	P 241,786	P (27,306)	P -	P -	P 214,479
Consolidated total assets	P 42,338,316	P 4,943,367	P 9,631	P (3,030,160)	P 44,261,154
Consolidated total liabilities	P 14,047,032	P 1,142,114	P 1,876	P 1,932,516	P 17,123,538
Other Segment Information					
Capital expenditures and other non-current assets	P 1,226,671	P 26,724	P -	P -	P 1,253,394

	March 31, 2014 (Unaudited)				
	Metals	Energy and Hydrocarbon	Unallocated Corporate Balances	Eliminations	Total
Revenue					
External customers	P 2,810,977	P 101,723	P 580	P -	P 2,913,279
Inter-segment					
Consolidated revenue	2,810,977	101,723	580	-	2,913,279
Results					
EBITDA	P 887,254	P 25,352	P (4,800)	P -	P 907,806
Interest Income (Expense) - Net	(69,075)	2,980	4	-	(66,091)
Income Tax Expense	(109,042)	-	-	-	(109,042)
Depreciation and depletion	(427,418)	(853)	-	-	(428,272)
Non-recurring items	(41,652)	4,674	-		(36,979)
Consolidated net income (loss)	P 240,067	P 32,152	P (4,796)	P -	P 267,423
Core net income (loss)	P 269,232	P 13,978	P (4,796)	P -	P 278,414
Consolidated total assets	P 30,120,981	P 5,961,690	P 11,909	P 3,996,617	P 40,091,197
Consolidated total liabilities	P 10,861,483	P 1,198,476	P 718	P 1,921,010	P 13,981,687
Other Segment Information					
Capital expenditures and exploration costs	P 1,381,065	P 152,001	P -	P -	P 1,533,066

5. Basic/Diluted Earnings Per Share

Basic earnings per share as of March 31, 2015 and 2014 are computed as follows:

	2015	2014
Net income attributable to equity holders of the Parent Company	₱328,542	₱252,528
Divided by weighted average number of common shares outstanding during year	4,940,399,068	4,936,996,068
Basic earnings per share	₱0.0665	₱0.0512

Diluted earnings per share as of March 31, 2015 and 2014 are computed as follows:

	2015	2014
Net income attributable to equity holders of the Parent Company	₱328,542	₱252,528
Divided by weighted average number of common shares adjusted for the effect of exercise of stock options	4,940,399,068	4,936,996,068
Diluted earnings per share	₱0.0665	₱0.0512
Weighted average number of common shares for basic earnings per share	4,940,399,068	4,936,996,068
Dilutive effect of outstanding stock options	–	–
Weighted average number of common shares adjusted for the effect of exercise of stock options	4,940,399,068	4,936,996,068

7. Seasonality and Cyclicality of Interim Operation

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

8. Events After End of Reporting Period

The Company received an Order from the Department of Environment and Natural Resources (DENR), through the Mines and Geosciences Bureau (MGB), dated April 10, 2015 approving the Declaration of Mining Project Feasibility (DMPF) of the Silangan Project. This authorizes Silangan Mindanao Mining Co., Inc. (SMMCI), the Company subsidiary which owns the project, to proceed to the Development and Operating Periods of Mineral Production Sharing Agreement (MPSA), subject to compliance with the conditions of the Order.