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

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SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name	PHILEX MINING CORP.
Industry Classification	
Company Type	Stock Corporation

Document Information

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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 September 30, 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 September 30, 2015)

Amount of Debt Outstanding – ₱9,649,935,047 (As of September 30, 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 ended June 30, 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 269 days in the first nine months of 2015, the same number of days in the previous year.

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 nine months of 2015 amounted to ₱7.292 billion – a 13% decrease from the ₱8.378 billion reported in 2014 – mainly due to depressed metal prices. Similarly, for the third quarter of 2015, consolidated operating revenues went down to ₱2.406 billion from ₱2.596 billion in 2014.

Gold production increased to 81,599 ounces for the first nine months of 2015, brought about by better recovery and ore grades, compared with 78,744 ounces in 2014. Realized gold prices for the first nine months of 2015 and 2014 were US$1,171 per ounce and US$1,299 per ounce, respectively. The 10% decline in realized gold price was due to the continuing slump in world metal prices from the latter part of 2011 to 2015, which reached its lowest point in July 2015. The impact of lower realized prices, however, was partially offset by the increase in gold output, though still resulted in the drop in gold revenue to ₽4.366 billion – comprising 60% of the total – from ₽4.493 billion in 2014.

For the third quarter of 2015, gold production reached its highest level in the first three quarters of the year was up by 5% to 27,910 ounces compared with 26,458 ounces for the same period in 2014. The increase in gold production partially offset the impact of the declining gold prices that averaged US$1,138 per ounce versus US$1,219 per ounce in comparative period of 2014. Thus, gold revenue slightly improved to ₽1.472 billion in 2015 as against ₽1.405 billion in 2014.

Copper production, on the other hand, fell to 25,711,782 pounds in the first nine months of 2015 from 26,839,422 pounds in 2014. Realized copper prices for the same period in 2015 and 2014 were US$2.45 per pound and US$3.03 per pound, respectively, following the downtrend of metal prices in the world market. Copper prices touched their five-year low in August 2015. With lower copper production and realized prices, revenues from copper declined 22%, to ₽2.752 billion in 2015 from ₽3.549 billion reported in 2014, and accounted for 38% of the total.

For the third quarter of 2015, copper production also reached its highest level and improved 2% to 8,821,277 pounds compared with 8,642,509 pounds in 2014. The increase in copper production for the period, however, failed to offset the significant drop in copper prices that averaged at US$2.31 per pound in 2015 versus US$2.95 per pound in 2014, resulting in lower copper revenue of ₽881.2 million from last year's ₽1.096 billion.

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 ₽174.2 million in 2015 compared with ₽336.0 million in 2014, due to the normal decline in Galoc's Phase II production, and the 45% fall in oil crude price from US$106/bbl to US$58/bbl.

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 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. Also in May 2015, the Company concluded hedging contracts covering 3,000 ounces per month starting May to September 2015. The corresponding gains (losses) on the contracts that have already matured were provided in the table below:

Period Covered	Trade Date	Settlement Date	Quantity (Ounces)	Strike Price - US$/oz. Put (Floor)	Call (Ceiling)	Settlement Price US$/oz.	Gain (Loss) In Php M
2015							
Jan 1-30	12/04/14	02/03/15	3,000	1,200	1,210	1,251	(5.4)
Feb 1-27	12/04/14	03/03/15	3,000	1,200	1,210	1,229	(2.5)
Mar 1-31	12/04/14	04/02/15	3,000	1,200	1,210	1,180	2.7
May 1-29	05/15/15	06/02/15	3,000	1,200	1,230	1,198	0.2
June 1-30	05/15/15	07/02/15	3,000	1,200	1,230	1,182	2.4
July 1-31	05/15/15	08/02/15	3,000	1,200	1,230	1,130	9.6
August 1-31	05/15/15	09/02/15	3,000	1,200	1,230	1,118	11.6
Sept 1-30	05/15/15	10/02/15	3,000	1,200	1,230	1,125	10.5
Total / Average			24,000	1,200	1,223	1,176	29.1

No hedging contracts were outstanding as of September 30, 2015

In June 2014, the Company entered into gold collar hedging contracts covering 6,000 ounces of monthly production for the third quarter of 2014 at an average strike price of US$1,262.50 per ounce for the put options and US$1,325.50 per ounce for the call options. Total gain earned for these hedging contracts amounted to ₽7.0 million. Similarly in September 2014, the Company concluded gold collar hedging contracts covering 9,000 ounces of monthly production for the fourth quarter of 2014 at an average strike price of US$1,200 per ounce for the put options and US$1,270 per ounce for the call options. These remained outstanding as of end September 2014 with MTM gain of US$117,192 (₽5.3 million) recorded under equity with the recognition of potential derivative asset.

Operational Overview

Total tonnes milled from the Company's Padcal mine for the first nine months of 2015 were 4% lower at 6,891,527 tonnes from 7,161,105 tonnes in 2014. In the third quarter, however, tonnes milled improved to 2,418,272 tonnes compared with 2,386,587 tonnes in 2014.

Despite the reduction in tonnage in the nine-month period, gold output went up by 4% in 2015 to 81,599 ounces from 78,744 ounces last year due to the 7% improvement in recovery rate and better ore grade at 0.440 grams per tonne this year compared with last year's 0.438 grams per tonne. However, the ore grade for the third quarter of 2015 was lower at 0.434 grams per tonne as against 0.440 grams per tonne in 2014.

On the other hand, copper production was lower at 25,711,782 pounds in the first nine month of 2015 compared with 26,839,422 pounds in 2014. The decrease in tonnage, coupled with the 5% lower head grade of 0.205% from 0.215% in 2014, resulted in the decrease in copper production this year, despite the 4% improvement in recovery rate. Copper ore grade for the third quarter of 2015 was also slightly lower at 0.204% compared with 0.209% in 2014.

Operating Costs and Expenses

The Company's consolidated operating costs and expenses (including General and Administrative Expenses) amounted to ₽5.612 billion in the first nine months in 2015 – 13% lower than ₽6.430 billion in 2014. This was attributed mainly to the continuous efforts of the Company to reduce costs through manpower rightsizing and enhancing efficiency via equipment modernization and process re-engineering. Treatment charges and refining charges (marketing expenses) showed a 1% decline to ₱626.8 million in 2015 compared with ₱636.2 million in 2014 following a slight reduction in copper concentrates to 52,423 dry metric tons (DMT) from 52,515 DMT in 2014.

As a result mainly of the cost reduction measures being implemented by the Company, all major cost components also decreased, with Mining and Milling Costs (including Depletion and Depreciation) at ₱4.598 billion from ₱5.099 billion in 2014; Excise Taxes and Royalties capped at ₱344.5 million from ₱398.3 million due to lower revenues; and Handling, Hauling and Storage reduced to ₱54.5 million from ₱68.6 million. The reduction of headcount at the Padcal mine site contributed significantly in the lower Mining and Milling Costs.

General and Administrative Expenses also significantly declined to ₱533.2 million from ₱737.6 million in 2014 due to the 36% or ₱180.1 million decrease in the overhead expenses at Philex head office. This was primarily brought about by the reduction in Pasig headcount by half. Overhead expenses at Silangan and Philex Petroleum also decreased to ₱203.2 million from ₱221.9 million in 2014.

In the third quarter of 2015, consolidated operating costs and expenses (including General and Administrative Expenses) also decreased to ₱1.885 billion compared with ₱1.962 billion in 2014.

Costs Per Tonne / Per Ounce / Per Pound

Production and operating costs on per tonne basis were lower in the first nine months of 2015 at ₱675 per tonne and ₱816 per tonne, respectively, against ₱722 per tonne and ₱866 per tonne in 2014. The lower production cost was attributed mainly to reduced labor costs and contracted services and the decrease in non-cash production costs related to lower amortization of tailings storage facility no. 3 (TSF3) attributed to its increased impounding capacity (six years from the previous 2 ½ years).

Operating cost (using a co-production method), excluding general and administrative expenses, per ounce of gold and per pound of copper were US$919 per ounce and US$1.92 per pound in 2015. The operating costs per ounce of gold and per pound of copper were significantly lower than 2014's US$990 per ounce of gold and US$2.31 per pound of copper, respectively, and were attributed to operational enhancements and cost control initiatives. In the third quarter of 2015, operating cost per ounce of gold and per pound of copper of US$899 per ounce and US$1.82 per pound, respectively, were also significantly lower than last year's US$924 per ounce and US$2.24 per pound.

Other Income (Charges)

A Net Other Income of ₱53.5 million was recorded in the first nine months of 2015. This consisted mainly of Gain on Sale of AFS Financial Assets of ₱107.1 million which was offset by the Net Foreign Exchange Loss of ₱100.1 million (against a ₱73.2 million in 2014) and Interest Income of ₱10.2 million. In 2014, the Net Other Income amounted to ₱54.6 million, mainly from the Gain on Sale of Pasig Property of ₱764.7 million with partial offset from the Impairment Loss on Deferred Exploration Costs of ₱413.2 million and net Interest Expense of ₱248.1 million.

In 2015, 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 prior to the sale. The proceeds from the sale were received in February 2015.

In addition, the Company recognized net foreign exchange loss mainly from the revaluation of the Company's net foreign currency-denominated liabilities due to the weakening of the Philippine Peso against the US Dollar. The foreign exchange rates at closing dates of September 30, 2015 were ₱46.74 as against ₱44.72 as of December 31, 2014 resulting in a foreign exchange loss of ₱100.1 million. Also during the first nine months in 2014, the Philippine Peso depreciated against the US Dollar to ₱44.875 as of September 30, 2014 from ₱44.395 as of December 31, 2013 thus the foreign exchange loss of ₱73.2 million.

Meanwhile, the Company realized ₱10.2 million in net interest income, mostly coming from short-term money placements. Interest expenses on the convertible notes issued by Silangan Mindanao Exploration Co., Inc. in December 2014 were capitalized at Silangan level thus no expense shown in 2015. Interest expense of ₱58.8 million to local banks related to Silangan investment was likewise capitalized at Parent. The net interest expenses in 2014 amounting to ₱248.1 million were mainly on loans with First Pacific subsidiaries which loans were repaid in December 2014.

In the third quarter of 2015, net other charges amounted to ₱9.0 million, with foreign exchange loss of ₱72.3 million, compared with net other income of ₱116.9 million in the same period last year, mainly from the Gain on Sale of Pasig Property of ₱764.7 million, partially offset by the Impairment Loss on Deferred Exploration Costs of ₱413.0 million with ₱338.0 million for oil exploration projects and ₱75.0 for mine exploration projects, Foreign Exchange Loss of ₱168.0 million and net Interest Expense of ₱94.7 million.

Core and Reported Net Income

The Company's core net income came in 10% lower at ₱811.5 million for the first nine months of 2015 compared with ₱901.2 million in 2014 as a result largely of comparatively lower realized metal prices. Meanwhile, EBITDA amounted to ₱2.235 billion in the first nine months 2015 compared with ₱2.516 billion in 2014. The Company's core net income and EBITDA exclude non-recurring transactions to clearly reflect and provide results based on the normal operating parameters of the business. For the third quarter of 2015, core net income amounted to ₱291.8 million as against ₱342.1 million in 2014. EBITDA for the third quarter reached ₱696.2 million from ₱769.8 million last year.

Net Income Attributable to the Equity Holders of the Company and Reported Net Income in the first nine months of 2015 of ₱851.3 million and ₱756.0 million were slightly lower than the ₱1.205 billion and ₱950.6 million, respectively, reported in 2014. The difference between the two was due to the 64.73% ownership in Philex Petroleum, which posted a net loss of ₱118.6 million in the first nine months of 2015.

For the third quarter of 2015, Net Income Attributable to the Equity Holders of the Company amounted to ₱244.4 million, lower than the ₱577.9 million in 2014. Similarly, Reported Net

Income for the third quarter of 2015 of ₱191.2 million was below the ₱350.1 million posted last year.

FINANCIAL CONDITION REVIEW

As of September 30, 2015, the Company's Current Assets stood at ₱6.081 billion, 36% lower than ₱9.530 billion as of December 31, 2014, primarily due to lower Cash and Cash Equivalents of ₱2.543 billion compared with ₱5.232 billion as well as lower Accounts Receivable of ₱405.3 million compared with ₱1.056 billion, partially offset by higher Inventories of ₱1.658 billion compared with ₱1.858 billion. Inventories as of September 30, 2015 included unshipped volume of copper concentrates at 2,607 DMT as against 5,112 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. Of the ₱405.3 million Accounts Receivable, outstanding receivables from concentrate shipments amounted to ₱240.5 million compared with ₱818.2 million in 2014.

A total of eleven copper concentrates shipments were made in the first nine months of 2015, same number of shipments as in the same period in 2014. The Padcal mine's shipments were provisionally valued based on prices in the third 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 2015 (April 1, 2015 to March 31, 2016), 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 (1MAMA) in Japan for gold and silver, and the third calendar month after the month of arrival (3MAMA) for copper. The contracts with Louis Dreyfus Commodities Metals Suisse SA have varying QP terms for which in 2014, gold QP was month of schedule shipment (MOSS) and copper QP was 3MAMA, while in 2015, gold QP is either MOSS or 1MAMA and copper QP is 3MAMA.

The value of Inventories, mostly materials and supplies comprising 70% of the total inventories, were slightly lower at ₱1.658 billion in 2015 compared with ₱1.858 billion as at end-2014. Also included in inventories were ₱303.6 million worth of mine products inventory, corresponding to 2,607 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 ₱1.475 billion in 2015 from ₱1.377 billion in 2014, attributed mainly to the rise in input value-added tax claim on importation of materials, supplies and equipment pending and still to be filed with the Bureau of Internal Revenue.

As of September 30, 2015, Non-Current Assets of the Company, consisting mainly of property, plant and equipment and deferred exploration costs – comprising 16% and 66% of total assets, respectively – increased to ₱37.437 billion from ₱35.110 billion in 2014. Despite the capital intensive nature of the business, the Company's investments in Property, Plant and Equipment (PPE) declined to ₱7.086 billion from ₱7.139 billion in 2014 as a result of lower amount of this year's additions to PPE compared with the amount of depletion, depreciation and amortization that normally reduce the balance of the PPE account.

Available-for-Sale (AFS) financial assets, recorded at fair value, decreased to ₱490.7 million in 2015 from ₱906.7 million in 2014 following the sale of Indophil shares having a carrying value of

₱316.1 million (gross of ₱125.7 million unrealized gain under equity) and after taking into account the decrease in market value of other listed shares under AFS financial assets amounting to ₱99.9 million. 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 ₱28.613 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, ₱19.029 billion was attributed to Silangan and another ₱2.693 billion to Kalayaan. Pitkin projects and FEP accounted for ₱3.888 billion and ₱1.040 billion, respectively.

The Company's Total Assets as of September 30, 2015 amounted to ₱43.518 billion compared with ₱44.640 billion in 2014.

As of September 30, 2015, the Parent Company's Total Current Liabilities amounted to ₱6.072 billion, 19% lower than ₱7.523 billion in 2014, as a result mainly of the partial repayment of local bank loans in the first nine months 2015 and the payment of separation pay under the Company's manpower-rightsizing program amounting to ₱383.9 million .

The Parent Company's short-term loans decreased to ₱3.482 billion in 2015 from ₱4.308 billion in 2014 following repayment of loans with local banks of US$21.8 million or ₱985.8 million. The amount of loan comprised of the Company's loan with several local banks amounting to US$74.5 million (foreign currency). As of October 28, 2015, Parent debt stood at US$72.5 million as the Company sustained its debt management and balance sheet clean-up activities.

Accounts Payable and Accrued Liabilities, mainly due to suppliers and contractors, went down to ₱1.503 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 ₱129.9 million in 2015, representing the tax payable for the third quarter of 2015 income due by end of November 2015. The additional tax payable of ₱47.4 million for the 2014 income was already settled in March 2015.

Dividends Payable stood at ₱480.4 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 ₱477.5 million from ₱883.1 million in 2014, due to the payment of separation pay under the Company's manpower-rightsizing program, while subscriptions payable remained at the same level of ₱22.0 million for 2015 and 2014.

Total Non-Current Liabilities as of September 30, 2015 stood at ₱10.504 billion, represented largely by Bonds Payable at 59% of the total, from ₱10.076 billion in 2014.

Deferred Income Tax Liabilities (DTL) increased 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; ₱1.306 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 ₱6.168 billion from ₱5.947 billion in 2014, representing the carrying amount of the convertible notes (CN) issued by SMECI, net of the ₱1.226 billion portion 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 ₱356.5 million in 2015, higher than ₱225.6 million in 2014. The Provision for Losses comprised mainly of Philex Petroleum Group'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 final mine closure cost that was adjusted to ₱130.2 million, discounted at 1.81% per annum 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 September 30, 2015 from end-2014, which stood at ₱16.576 billion and ₱17.599 billion, respectively.

Shareholders' Equity

The Company's Total Equity as of September 30, 2015 amounted to ₱26.942 billion, a slight decline from ₱27.042 billion recorded in 2014 due mainly to the share buyback of Pitkin shares that resulted in a decrease in the Non-controlling Interests under Equity. 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 ₱851.3 million, which boosted Retained Earnings to ₱15.463 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 ₱225.6 million of net decline in the fair value of AFS Financial Assets of in the first nine months of 2015 under the Net Unrealized Loss on AFS Financial Assets of the Equity account which included the reversal of the 2014 unrealized gain related to the Indophil shares upon the sale of these shares in February 2015. This increased the balance of the Net Unrealized Loss to ₱289.6 million in 2015 from ₱64.0 million in 2014 representing temporary adjustments in the market value of AFS Financial Assets.

As a result of the translation adjustments of foreign subsidiaries in 2015, Cumulative Translation Adjustments amounted to ₱99.6 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 ₱24.0 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, FEC and Pitkin shares. The Non-controlling Interests account decreased to ₱2.727 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 ₱2.432 billion in the first nine months 2015, compared with ₱1.386 billion in the same period last year.

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, slightly decreased to ₱4.104 billion, net of the proceeds from the sale of Indophil shares, from ₱4.507 billion in 2014. Capital expenditures increased to ₱1.146 billion in 2015 from ₱1.409 billion in 2014, which were attributed to the sustaining capital expenditure of Padcal Mine amounting to ₱1.138 billion as against ₱1.409 billion in 2014. Expenditures for the continuing exploration activities at the Silangan, Kalayaan, and other projects amounted to ₱2.635 billion in 2015 from ₱3.098 billion in 2014.

Net cash used in financing activities amounted to ₱1.085 billion in 2015, primarily due to the repayment of local bank loans of ₱2.629 billion and dividend payment of ₱98.8 million, net of loan availment of ₱1.643 million, versus net cash generated from financing activities of ₱956.2 million in 2014 arising mainly from the availment of loans of ₱2.196 billion, partially offset by the dividend payment of ₱246.9 million and loan repayments of ₱992.8 million.

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 nine months of 2015, capital expenditures and explorations costs amounted to ₱3.781 billion from ₱4.507 billion in 2014.

The Silangan and Kalayaan projects accounted for 64% of capital outlays in 2015. Last year, capex for Silangan reached ₱2.779 billion – mostly on drilling activities, metallurgic studies and pre-feasibility study – and was higher than ₱2.426 billion this year.

Padcal operations accounted for the third largest chunk of capital investments in 2015 at ₱1.138 billion or 30% of the total. This was a decrease from ₱1.409 billion 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 ₱65.7 million in 2015 from ₱161.0 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 nine months of 2015, the Company did not record any Lost Time Accident-Fatal (LTA-F) and Lost Time Accident-Non Fatal (LTA-NF) incidents, same as 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 ₱0.1723 based on 4,940,399,068 weighted average shares outstanding for the period. In 2014, the basic earnings per share were ₱0.2440 based on the 4,938,089,874 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 2015 and 2014, the outstanding stock options were considered anti-dilutive based on the lower market prices of the Company’s shares compared with the exercise price, thus the diluted earnings per share in 2015 and 2014 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 lower at 6,891,527 tonnes in the first nine months of 2015, compared with 7,161,105 tonnes in 2014. Despite lower tonnage, gold production increased to 81,599 ounces in 2015, compared with 78,744 ounces in 2014 due to improved recovery rate and better ore grades. Copper production, on the other hand, declined to 25,711,782 pounds copper in 2015 from 26,839,422 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 the first nine months of 2015, the total production cost (mine site cost and expenses excluding marketing charges, excise tax and royalties) per tonne of ore milled was ₱675, with total production cost of ₱4.653 billion over ore milled of 6,891,527 tonnes. This was 6% lower than the cost per tonne of ₱722 from the total production cost of ₱5.168 billion over ore milled of 7,161,105 tonnes in 2014.

The operating costs and expenses (all cost and expenses excluding corporate overhead) per tonne of ore milled in 2015 was ₱816 from the total operating cost and expenses of ₱5.624 billion, also 6% lower than the ₱866 from the operating costs and expenses of ₱6.202 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 the first nine months of 2015, the operating cost applicable to gold produced amounted to US$919 per ounce compared with US$990 per ounce in 2014, while operating cost applicable to copper produced amounted to US$1.92 per pound in 2015 compared with US$2.31 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 nine months of 2015, the amount spent on exploration related to mining properties amounted to ₱2.500 billion compared with ₱2.940 billion in 2014, while exploration costs related to oil and gas properties totaled ₱134.6 million against ₱157.4 million in 2014. As of September 30, 2015, total deferred exploration costs, including costs related to oil and gas exploration, amounted to ₱28.613 billion, comprising 66% 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 September 30, 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. The total advances by the Company to SMECI and SMMCI amounting to ₱7.208 billion as of December 31, 2014 were infused into Silangan's equity in February 2015. There were no further advances made to Silangan thereafter.

b) *Advances from PMC to PGPI*

PMC provided cash advances to PGPI for its working capital and capital expenditure requirements. As of September 30, 2015 and December 31, 2014, these advances amounted to ₱1.352 billion and ₱1.349 billion, respectively. On October 28, 2015, PMC approved the conversion of P1.352 billion into Deposit For Future Stock Subscription.

c) *Advances from PMC to PPC*

PMC provided 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 September 30, 2015 and December 31, 2014, advances from PMC amounted to ₱2.194 billion and ₱2.684 billion, respectively. On June 25, 2015, the Board of PPC agreed to pledge its holdings in FEP and Pitkin to PMC to support its advances from PMC. PPC shareholders approved the aforementioned pledge on August 11, 2015.

d) *Advances of PMC to PGHI*

PMC provided advances to its 100%-owned subsidiary PGHI for its working capital requirements and acquisition of PGPI. As of September 30, 2015 and December 31, 2014, these advances amounted to ₱1.884 billion. On October 28, 2015, PMC approved the conversion of these advances into Additional Paid In Capital.

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

PMC advanced LMC's working capital and exploration requirements totaling to ₱146.1 million as of September 30, 2015 and ₱140.3 million as of December 31, 2014.

f) *Advances from PMC to BEMC*

In 2014, PMC write off its advances to BEMC in the amount of ₱737.8 million (net of repayments) following BEMC's cessation of its underground mining operations of its coal mine in Zamboanga Sibugay on September 1, 2013.

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 FPHL US$15 million loan remains outstanding as of September 30, 2015.

h) *Agreements with Anglo*

PMC was reimbursed by Anglo American for expenses incurred by PMC on benine months of Northern Luzon Exploration & Mining Co. Inc. ("NLEMCI"), which amounted to ₱235 thousand in 2014. As of September 30, 2015 and December 31, 2014, the Company's receivables from these transactions amounted to ₱2.2 million and ₱1.5 million, respectively. No reimbursements were 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 was unsecured, repayable within a year and subject to an interest rate of 5%. A commitment fee of 1% per annum was also due for the undrawn amount. The full loan amount of ₱2.1 billion was fully paid from proceeds of loans availed by PMC from local banks in November 2013.

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%. In December 2014, all outstanding loans to Kirtman Limited (US$15 million), Maxella Limited (US$15 million) and Asia Link B.V. (US$50 million) were fully paid thus terminating all loan agreements and commitments with them.

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

On December 9, 2014, SMECI and PMC, as the co-issuer, issued 8-year convertible notes (CNs) with a face value of ₱7.2 billion at 1.5% coupon rate p.a. payable semiannually. The CNs are convertible into 400,000 common shares of SMECI at ₱18,000 per share one year after the issue date. The carrying amount of the CNs which was recorded as bonds payable was ₱5.947 billion as of December 31, 2014. This amount was net of the ₱1.226 billion portion representing the equity conversion option of the CNs which was recorded under Equity. As of September 30, 2015, the bonds payable increased to ₱6.168 billion from the amortization of the discount and transaction costs.

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 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: November 6, 2015

PHILEX MINING CORPORATION
AND SUBSIDIARIES

UNAUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
September 30, 2015

Pasig City, Philippines

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

		September 30 2015		December 31 2014
Current Assets				
Cash and cash equivalents		2,542,731		5,231,892
Accounts receivable		405,299		1,055,864
Inventories		1,657,965		1,858,220
Derivative assets		-		7,766
Other current assets		1,474,833		1,376,741
Total Current Assets		6,080,828		9,530,483
Noncurrent Assets				
Property, plant and equipment		7,085,513		7,138,912
Available-for-sale (AFS) financial assets		490,727		906,681
Goodwill		1,238,583		1,238,583
Deferred income tax assets - net		8,502		8,224
Deferred exploration costs and other noncurrent assets		28,613,420		25,817,465
Total Noncurrent Assets		**37,436,745**		**35,109,865**
TOTAL ASSETS	**P**	**43,517,573**	**P**	**44,640,348**

		September 30 2015		December 31 2014
LIABILITIES AND EQUITY				
Current Liabilities				
Loans payable		3,481,590		4,307,720
Accounts payable and accrued liabilities		1,502,445		1,795,755
Income tax payable		129,920		47,423
Dividends payable		480,395		488,818
Provisions and subscriptions payable		477,525		883,102
Total Current Liabilities		6,071,875		7,522,818
Noncurrent Liabilities				
Bonds payable		6,168,345		5,947,366
Deferred income tax liabilities - net		3,951,689		3,859,141
Pension obligation		27,529		43,585
Provision for losses and mine rehabilitation costs		356,521		225,618
Total Noncurrent Liabilities		10,504,084		10,075,710
Total Liabilities		16,575,959		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		1,141,201		1,117,627
Retained Earnings				
Unappropriated		5,462,506		4,712,032
Appropriated		10,000,000		10,000,000
Net unrealized loss on AFS financial assets		(289,590)		(64,010)
Equity conversion option		1,225,518		1,225,518
Cumulative translation adjustments		99,570		37,370
Net revaluation surplus		1,611,397		1,611,397
Effect of transaction with non-controlling interests		23,957		19,084
		24,214,958		23,599,417
Non-controlling Interests		2,726,656		3,442,403
Total Equity		**26,941,614**		**27,041,820**
TOTAL LIABILITIES & EQUITY	**P**	**43,517,573**	**P**	**44,640,348**

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

		Nine Months ended September 30		
		2015		2014
REVENUE				
Gold	P	4,366,199	P	4,492,915
Copper		2,751,563		3,548,821
Silver		55,423		60,511
		7,173,185		8,102,247
Less: Marketing charges		626,760		636,225
		6,546,425		7,466,022
Petroleum		118,756		272,331
Others		-		3,197
		6,665,181		**7,741,550**
COSTS AND EXPENSES				
Mining and milling costs (including depletion and depreciation)		4,598,200		5,099,531
General and administrative expenses		533,180		737,637
Excise taxes and royalties		344,532		398,346
Petroleum production costs		82,059		122,240
Handling, hauling and storage		54,494		68,587
Cost of coal sales		-		3,282
		5,612,465		**6,429,623**
OTHER INCOME (CHARGES)				
Gain on sale of AFS financial assets		107,088		-
Interest expense		-		(260,629)
Interest income		10,187		12,543
Gain on sale of assets		-		764,685
Foreign exchange losses - net		(100,135)		(73,207)
Impairment loss on deferred exploration costs and others		-		(413,197)
Others - net		36,336		24,449
		53,476		**54,644**
INCOME BEFORE INCOME TAX		**1,106,192**		**1,366,571**
PROVISION FOR INCOME TAX		(350,161)		(415,989)
NET INCOME	**P**	**756,031**	**P**	**950,582**
Net income attributable to:				
Equity holders of the Parent Company		851,324		1,204,804
Non-controlling interests		(95,293)		(254,222)
	P	**756,031**	**P**	**950,582**
BASIC EARNINGS PER SHARE	**P**	**0.1723**	**P**	**0.2440**
DILUTED EARNINGS PER SHARE	**P**	**0.1723**	**P**	**0.2440**

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

	3rd Quarter ended Sept 30			
		2015		2014
REVENUE				
Gold	P	1,471,863	P	1,404,920
Copper		881,207		1,096,091
Silver		17,859		17,467
		2,370,929		2,518,478
Less: Marketing charges		223,321		211,241
		2,147,608		2,307,237
Petroleum		35,305		77,286
Coal		-		487
		2,182,913		**2,385,010**
COSTS AND EXPENSES				
Mining and milling costs (including depletion and depreciation)		1,565,857		1,584,721
General and administrative expenses		169,334		197,604
Excise taxes and royalties		103,861		117,719
Petroleum production costs		27,935		34,302
Handling, hauling and storage		17,939		26,757
Cost of coal sales		-		487
		1,884,926		1,961,590
INCOME FROM OPERATIONS		**297,987**		**423,420**
OTHER INCOME (CHARGES) - Net				
Interest expense		10,943		(98,015)
Interest income		7,547		3,354
Gain on sale of asset		-		764,685
Foreign exchange losses - net		(72,333)		(167,984)
Impairment loss on deferred exploration costs and others		-		(412,974)
Others - net		44,795		27,839
		(9,048)		**116,905**
INCOME BEFORE INCOME TAX		**288,939**		**540,325**
PROVISION FOR INCOME TAX		(97,716)		(190,201)
NET INCOME	**P**	**191,223**	**P**	**350,124**
Net income attributable to:				
Equity holders of the Parent Company		244,350		577,856
Non-controlling interests		(53,127)		(227,732)
	P	**191,223**	**P**	**350,124**
BASIC EARNINGS PER SHARE	**P**	**0.1409**	**P**	**0.1558**
DILUTED EARNINGS PER SHARE	**P**	**0.1409**	**P**	**0.1558**

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

	Nine Months ended September 30	
	2015	**2014**
NET INCOME	P 756,031	P 950,582
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to profit and loss in subsequent periods:		
Loss on translation of financial statement of foreign subsidiaries	57,636	105,374
Movement of fair value of hedging instruments	(7,766)	5,259
Realized gain on sale of AFS financial asset	(108,136)	-
Reversal of unrealized gain on AFS financial asset	(17,555)	-
Unrealized gains (loss) on AFS financial assets	(99,889)	225,159
	(175,710)	335,792
Items not to be reclassified to profit and loss in subsequent periods:		
Remeasurement of net defined benefit gains (losses)	(2,022)	-
	(177,732)	335,792
TOTAL COMPREHENSIVE INCOME	**P 578,299**	**P 1,286,374**
Total Comprehensive Income Attributable to:		
Equity holders of the Parent Company	685,923	1,459,633
Non-controlling interests	(107,624)	(173,259)
	578,299	**1,286,374**

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

	Nine Months Ended September 30	
	2015	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	1,106,192	1,366,572
Adjustments for:		
Depletion and depreciation	1,154,664	1,197,764
Interet expense	-	260,629
Unrealized foreign exchange (gains) losses and others	160,255	95,600
Amortization of Asset Retirement Obligation	17,737	-
Stock-based compensation expense	23,574	24,487
Amortization of prepaid expenses	37,800	-
Reversal of provision for writedown of assets	(26,187)	-
Gain on sale of available-for-sale financial assets	(107,088)	-
Interest income	(10,187)	(12,543)
Operating income before working capital changes	2,356,759	2,932,509
Decrease (increase) in:		
Accounts receivable	660,752	(619,094)
Inventories	200,256	387,066
Other current assets	(90,328)	(43,536)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(540,989)	(781,946)
Provisions and subscription payable	(257,628)	-
Cash generated from operations	2,328,823	1,874,999
Income taxes paid	(47,423)	(136,739)
Interest paid	151,006	(352,199)
Net cash from operating activities	2,432,405	1,386,061
CASHFLOWS FROM INVESTING ACTIVITIES		
Increase in deferred exploration costs and other noncurrent asse	(2,634,554)	(3,097,729)
Additions to property, plant and equipment	(1,146,399)	(1,409,151)
Proceeds from sale of AFS financial assets	297,463	-
Share buyback of Pitkin shares	(620,456)	-
Net cash used in investing activities	(4,103,947)	(4,506,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of loans	1,643,255	2,195,850
Payments of:		
Dividends paid	(98,829)	(246,850)
Payment of loans	(2,629,100)	(992,833)
Net cash from (used in) financing activities	(1,084,674)	956,167
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	67,054	(28,706)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,689,160)	(2,193,358)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,231,891	4,080,512
CASH AND CASH EQUIVALENTS AT END THE PERIOD	2,542,731	1,887,153

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)	-	-	851,324	-	-	-	-	-	-	851,324	(95,293)	756,031
Other comprehensive income (loss):												
Items to be reclassified to profit and loss in												
subsequent periods:												
Unrealized gain on AFS financial assets - net of related deferred income tax	-	-	-	-	(99,889)	-	-	-	-	(99,889)	-	(99,889)
Realized gain on sale of AFS financial asset	-	-	-	-	(108,136)	-	-	-	-	(108,136)	-	(108,136)
Reversal of unrealized gain on AFS financial asset	-	-	-	-	(17,555)	-	-	-	-	(17,555)	-	(17,555)
Movement of fair value of hedging instruments	-	-	-	-	-	-	(7,766)	-	-	(7,766)	-	(7,766)
Items not to be reclassified to profit and loss in												
subsequent periods:												
Gain (Loss) on translation of foreign subsidiaries	-	-	-	-	-	-	69,967	-	-	69,967	(12,331)	57,636
Remeasurment of net defined benefit gains	-	-	(2,022)		-		-	-	-	(2,022)	-	(2,022)
Total comprehensive income (loss)	-	-	849,302	-	(225,580)	-	62,201	-	-	685,923	(107,624)	578,299
Increase in additional paid-in capital due to												
stock option plan	-	23,574	-	-	-	-	-	-	-	23,574	-	23,574
Sale of PPC shares	-	-	-	-	-	-	-	-	2,298	2,298	1,758	4,056
Share buyback transactions									2,574	2,574	(609,881)	(607,307)
Declaration of cash dividends	-	-	(98,828)	-	-	-	-	-	-	(98,828)	-	(98,828)
BALANCES AT SEPTEMBER 30, 2015 (Unaudited)	**4,940,399**	**1,141,201**	**5,462,506**	**10,000,000**	**(289,590)**	**1,225,518**	**99,571**	**1,611,397**	**23,956**	**24,214,958**	**2,726,656**	**26,941,614**
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)			1,204,804							1,204,804	(254,222)	950,582
Other comprehensive loss:												
Items to be reclassified to profit and loss in												
subsequent periods:												
Unrealized loss on AFS financial assets - net of related deferred income tax	-	-	-	-	225,159	-	-	-	-	225,159	-	225,159
Movement of fair value of hedging instruments	-	-	-	-	-	-	5,259	-	-	5,259	-	5,259
Items not to be reclassified to profit and loss in												
subsequent periods:												
Loss on translation of foreign subsidiaries	-	-	-	-	-	-	22,900	-	1,511	24,411	80,963	105,374
Total comprehensive income	-	-	1,204,804	-	225,159	-	28,159	-	1,511	1,459,633	(173,259)	1,286,374
Increase in additional paid-in capital due to												
stock option plan	3,403	60,832	-	-	-	-	-	-	-	64,236	-	64,236
Share buyback of Pitkin shares	-	-	(395,734)							(395,734)		(395,734)
Share of minority in share buyback of Pitkin shares	-	-	139,337							139,337	(139,337)	-
Declaration of cash dividends	-	-	(246,850)	-	-	-	-	-	-	(246,850)	-	(246,850)
BALANCES AT SEPTEMBER 30, 2014 (Unaudited)	**4,940,399**	**1,119,329**	**4,830,384**	**10,000,000**	**229,848**	**-**	**53,275**	**1,611,397**	**46,610**	**22,831,242**	**3,794,038**	**26,625,280**

PHILEX MINING CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

		Nine Months Ended September 30	
		2015	2014
Current Ratio	Current Assets over Current Liabilities	1.00	0.70
Debt-to-equity Ratio	Total Liabilities over Total Equity	0.62	0.54
Asset-to-equity Ratio	Total Assets over Equity	1.62	1.54
Interest Rate Coverage Ratio	EBIT over Interest Expense	-	6.02
Net Income Ratio	Net Income over Net Revenue	0.11	0.11

PHILEX MINING CORPORATION AND SUBSIDIARIES

SCHEDULE OF ACCOUNTS RECEIVABLE
As of September 30, 2015
(In Thousands)

Accounts Receivable- Trade	P 240,531
Others	164,768
	P 405,299

AGING OF ACCOUNTS RECEIVABLE - TRADE
As of September 30, 2015

	31-60 days	**Total**
Louis Dreyfus Commodities Metals	P 230,034	P 230,034
Others	10,497	10,497
	P 240,531	**P 240,531**

PHILEX MINING CORPORATION AND SUBSIDIARIES

SCHEDULE OF LOANS PAYABLE

As of September 30, 2015

(In thousands)

Bank of the Philippine Islands		630,990
Philippine National Bank		888,060
Banco de Oro		1,962,540
Total	**P**	**3,481,590**

PHILEX MINING CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 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.

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.

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.

<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. 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. <u>Significant Judgments and Estimates and Assumptions</u>

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 September 30, 2015:

Cash and cash equivalents:	
Cash with banks	₱704,181
Short-term deposits	1,836,776
Accounts receivable:	
Trade	240,531
Others	164,768
Gross maximum credit risk exposure	₱2,946,256

The table below shows the credit quality of the Group's financial assets by class as of September 30, 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	₱704,181	₱–	₱–	₱704,181
Short-term deposits	1,836,776	–	–	1,836,776
Accounts receivable:				
Trade	240,531	–	–	240,531
Others	164,768	–	–	164,768
Total	₱2,946,256	₱–	₱–	₱2,946,256

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 September 30, 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 September 30, 2015:

	On Demand	Within 1 Year	More than 1 Year	Total
Loans and receivables:				
Cash and cash equivalents	₱2,542,731	₱–	₱–	₱2,542,731
Accounts receivable:				
Trade	–	240,531	–	240,531
Others	–	164,768	–	164,768
AFS financial assets:				
Quoted equity investments	418,015	–	–	418,015
Unquoted equity investments	72,711	–	–	72,711
Total undiscounted financial assets	₱3,033,457	₱405,299	₱–	₱3,438,756

<u>Market risks</u>

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%	(₱65,389)
(4%)	65,389

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 September 30, 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 nine 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%	₱18
Decrease by 0.5%	9
Increase by 1.0%	(18)
Increase by 0.5%	(9)

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 September 30, 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%	87,787
	Increase by 41%	171,394
	Decrease by 21%	(87,787)
	Decrease by 41%	(171,394)

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 September 30, 2015:

Change in metal prices (Gold)	Effect on income before income tax
Increase by 12%	₱523,944
Decrease by 12%	(523,944)

Change in metal prices (Copper)	Effect on income before income tax
Increase by 13%	₱357,703
Decrease by 13%	(357,703)

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 which already matured as of March 31, 2015. In May 2015, the Company concluded hedging contracts covering 3,000 ounces per month starting May to September 2015 as 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
May 1- 29	15-May-15	2-Jun-15	3,000	1,200	1,230	1,198	0.2
June 1- 30	15-May-15	2-Jul-15	3,000	1,200	1,230	1,182	2.4
July 1- 31	15-May-15	2-Aug-15	3,000	1,200	1,230	1,130	9.6
Aug 1-31	15-May-15	2-Sep-15	3,000	1,200	1,230	1,118	11.6
Sept 1-30	15-May-15	2-Oct-15	3,000	1,200	1,230	1,125	10.5
Total / Average			24,000	1,200	1,223	1,176	29.1

The actual gains or losses are realized and recorded during the first nine months through revenue upon maturity of the hedge.

There is no outstanding hedging contract as of September 30, 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.

September 30, 2015
(Unaudited)

	Metals	Energy and Hydrocarbon	Unallocated Corporate Balances	Eliminations	Total
Revenue					
External customers	P 6,546,424	P 118,757	P -	P -	P 6,665,181
Inter-segment					
Consolidated revenue	6,546,424	118,757	-	-	6,665,181
Results					
EBITDA	P 2,036,735	(145,437)	P -	P 343,929	P 2,235,228
Interest Income (Expense) - Net	2,800	7,387	-	-	10,187
Income Tax Expense	(350,197)	36	-	-	(350,161)
Depreciation and depletion	(1,156,355)	(74)	-	-	(1,156,429)
Non-recurring items	(6,089)	23,296	-	-	17,207
Consolidated net income (loss)	P 526,894	P (114,792)	P -	P 343,929	P 756,031
Core net income (loss)	P 849,473	P (34,926)	P -	P -	P 814,546
Consolidated total assets	P 44,000,559	P 3,617,347	P 8,668	P (4,109,001)	P 43,517,573
Consolidated total liabilities	P 14,969,059	P 1,132,676	P 912	P 473,312	P 16,575,959
Other Segment Information					
Capital expenditures and other non-current assets	P 3,630,378	P 150,576	P -	P -	P 3,780,954

September 30, 2014 (Unaudited)										
		Metals		Energy and Hydrocarbon		Unallocated Corporate Balances		Eliminations		Total
Revenue										
External customers	P	7,466,022	P	275,528	P	-	P	-	P	7,741,550
Inter-segment										
Consolidated revenue		7,466,022		275,528		-		-		7,741,550
Results										
EBITDA	P	2,642,549		101,784	P	(6,549)	P	(221,765)	P	2,516,020
Interest Income (Expense) - Net		(252,735)		4,644		5		-		(248,086)
Income Tax Expense		(413,715)		(2,274)		-		-		(415,989)
Depreciation and depletion		(1,195,223)		(2,541)		-		-		(1,197,764)
Non-recurring items		614,817		(318,415)		-		-		296,403
Consolidated net income (loss)	P	1,395,694	P	(216,802)	P	(6,544)	P	(221,765)	P	950,584
Core net income (loss)	P	987,922	P	(80,228)	P	(6,544)	P	-	P	901,150
Consolidated total assets	P	42,077,933	P	5,046,355	P	10,122	P	(5,832,050)	P	41,302,360
Consolidated total liabilities	P	21,547,143	P	1,088,806	P	680	P	(7,959,548)	P	14,677,081
Other Segment Information										
Capital expenditures and other non-current assets	P	4,478,813	P	28,067	P	-	P	-	P	4,506,880

5. Basic/Diluted Earnings Per Share

Basic earnings per share as of September 30, 2015 and 2014 are computed as follows:

	2015	2014
Net income attributable to equity holders of the Parent Company	₱851,324	₱1,204,804
Divided by weighted average number of common shares outstanding during year	4,940,399,068	4,938,089,874
Basic earnings per share	₱0.1723	₱0.2440

Diluted earnings per share as of September 30, 2015 and 2014 are computed as follows:

	2015	2014
Net income attributable to equity holders of the Parent Company	₱851,324	₱1,204,804
Divided by weighted average number of common shares adjusted for the effect of exercise of stock options	4,940,399,068	4,938,089,874
Diluted earnings per share	₱0.1723	₱0.2440
Weighted average number of common shares for basic earnings per share	4,940,399,068	4,938,089,874
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	4,938,089,874

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**

There is no significant event after the end of the reporting period.