PHILEX MINING CORPORATION

PXP ENERGY

Analysts' Briefing

9M 2020 Financial and Operating Results

PHILEX MINING CORPORATION

9M 2020 Highlights

Philex sustains positive results: added Php462 million Core Net Income in Q32020 bringing 9M2020 Core Net Income to Php865 million compared to Php39 million in 9M2019

- Gold and copper production resulted from better ore grades
- Quarterly revenues accelerate with gold and copper prices trending upward; gold ore grades augmented production output

Reported Net Income at Php495 million in 3Q2020 versus Php48 million in 3Q2019, resulting to Php920 million for 9M2020.

Core EBITDA for 3Q2020 at Php910 million, 92% higher than 3Q2019; 9M2020 EBITDA at Php2.038 billion versus Php1.135 billion for 9M2019

PHILEX MINING CORPORATION

Production Performance

	1Q2020	2Q2020	3Q2020	3Q2019	+/-	9M2020	9M2019	+/-
Tonnes Milled ('000)	1,969	2,002	1,985	2,134	-7%	5,956	5,939	0.3%
Production:								
Gold – ozs	14,159	14,173	14,804	14,450	2%	43,136	38,125	13%
Copper – lbs ('000)	6,738	6,803	6,699	6,851	-2%	20,240	18,859	7%
Recovery:								
Gold	79%	78%	79%	78%	0.02	78%	77%	1%
Copper	83%	81%	81%	81%	-0.005	82%	81%	0.0%
Ore Grade:								
Gold – gms/dmt	0.283	0.282	0.292	0.272	7%	0.286	0.260	10%
Copper - %	0.188	0.190	0.189	0.179	6%	0.189	0.177	7%
Average Realized Prices:								
Gold – (US$/oz)	1,600	1,726	1,915	1,445	33%	1,750	1,365	28%
Copper – (US$/lb)	2.35	2.53	2.86	2.57	11%	2.68	2.67	0.4%

- **Production:** Year-to-date tonnage sustained with better ore grades resulting to improved metal output.
  - Higher metal output resulted from the continued improvement in the execution of mining plans and mill operations that delivered the optimum actual blended metal grades
- **Gold prices:** Significantly favorable gold prices boost gross revenues

PHILEX MINING CORPORATION

Financial Results Summary

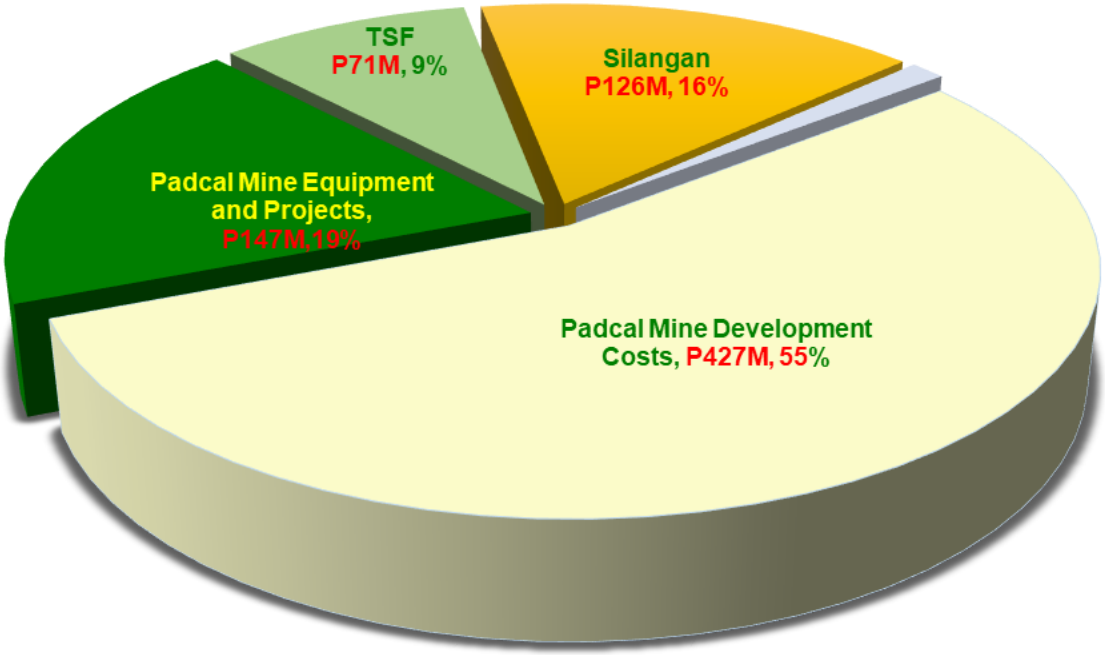
(in Php million)	1Q2020	2Q2020	3Q2020	3Q2019	+/-	9M2020	9M2019	+/-
Gross Revenues	1,860	2,123	2,350	1,943	21%	6,332	5,308	19%
Smelting Charges	147	155	176	165	6%	478	442	8%
Net Revenues	1,713	1,967	2,174	1,777	22%	5,854	4,866	20%
Costs and Expenses	1,552	1,552	1,582	1,677	-6%	4,686	4,809	-3%
Operating Income	161	415	593	101	487%	1,168	57	1949%
Other (Charges) Income	(42)	(8)	48	(2)	-2500%	(2)	435	-100%
Net Income	102	322	495	48	931%	920	439	110%
Core Net Income	103	300	462	58	697%	865	39	2118%
Core EBITDA	419	708	910	475	92%	2,038	1,135	80%
Margins:								
EBITDA Margin (%)	23%	33%	39%	24%	58%	32%	21%	51%
Net Income Margin (%)	6%	15%	21%	2%	753%	15%	8%	76%

- **Operating Revenues:** Favorable metal prices and higher metal output continue to drive quarterly and 9M results above last year's levels for the same periods.

- **Core Net Income**: Registered a Core Net Income of Php865 million significantly lower than last year's Php39 million.

PHILEX MINING CORPORATION

Capital Expenditures



- **9M2020 Capex of Php780 million** spent on Padcal's sustaining capex for mine development, new equipment and tailings storage facility works
  - Some programs pushed given the impact of the Covid19 pandemic
- **Silangan Project**: For predevelopment works

PHILEX MINING CORPORATION

Balance Sheets

(in Php million)	30-Sep-20	31-Dec-19	+/-
Cash & Cash Equivalents	988	796	24%
Receivables & Others	2,703	2,125	27%
Total Current Assets	**3,691**	**2,922**	**26%**
Property, Plant & Equipment	2,938	3,185	-8%
Deferred Exploration Costs	27,141	26,616	2%
Others	4,989	5,177	-4%
Total Assets	**38,759**	**37,899**	**2%**
Short-Term Debt	1,988	2,532	-21%
Others	2,565	2,397	7%
Total Current Liabilities	**4,553**	**4,929**	**-8%**
Bonds Payable	8,054	7,743	4%
Deferred Tax Liabilities & Others	2,329	2,258	3%
Total Liabilities	**10,383**	**14,930**	**-30%**
Total Equity	**23,823**	**22,969**	**4%**

- **Total Assets:** Deferred Exploration Cost for Silangan Project accounts for 64% of Total Assets

- **Short-Term Debt:** 21% decrease in balance from implementation of the Company's Loan Repayment Program to reduce the loan amount

PXP Energy Corporation

Financial Highlights and Operational Updates

Financial Highlights – Profit and Loss

(in PhP millions)	Sep 30, 2020	Sep 30, 2019	% Inc (Dec)
Gross revenue	₱ 14	₱ 51	-72%
Cost and expenses	53	94	-44%
Loss from operations	(38)	(43)	-11%
Other income (charges) - net	(28)	21	-232%
Reported net income (loss)	₱ (67)	₱ (22)	205%

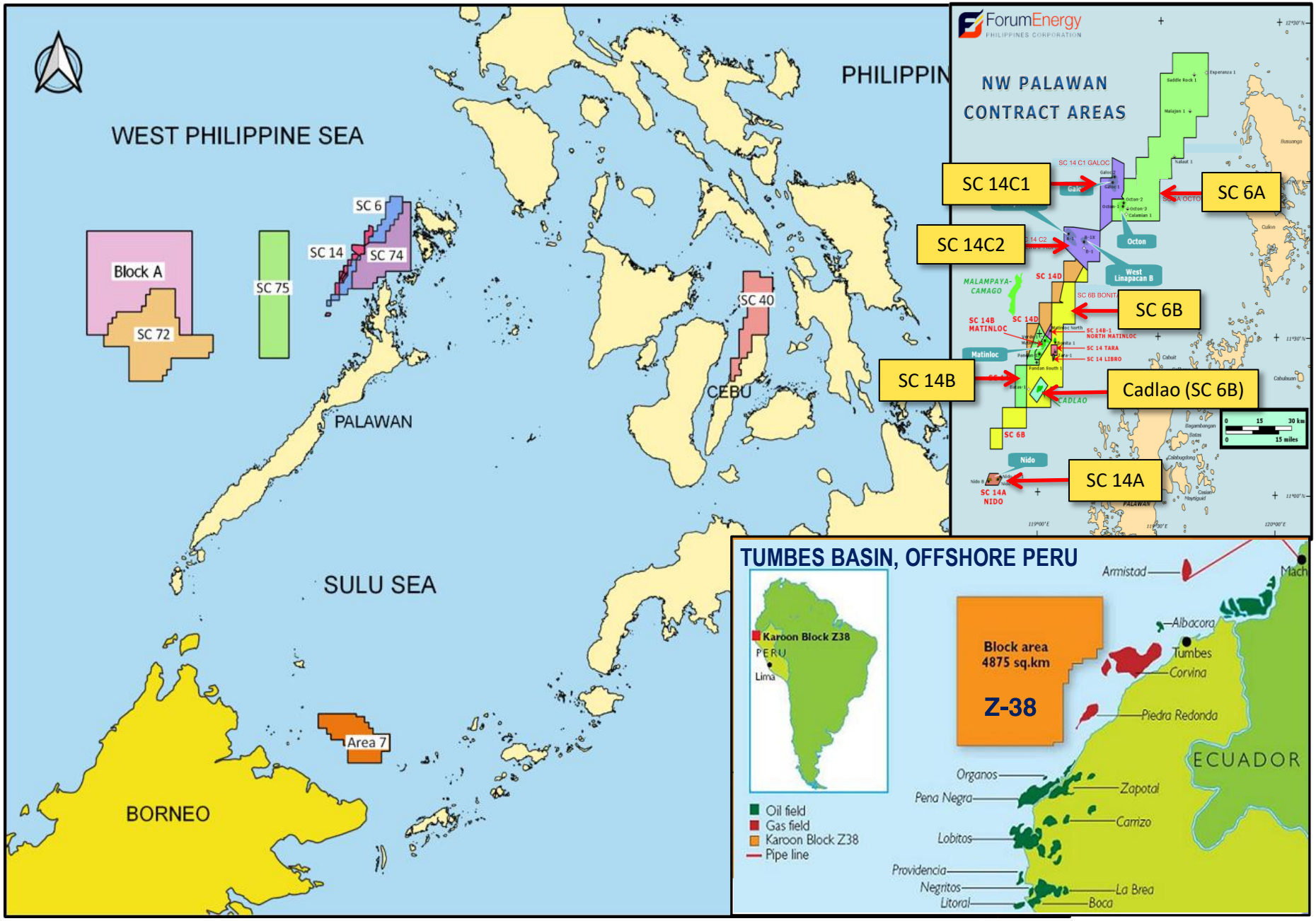
- **72% decrease in gross revenue due to:**
  - *35% lower volume lifted from SC 14C-1 Galoc during the period vs last year with two (2) liftings for each period.*
  - *44% drop in average crude sale price.*
- **69% decrease in cost and expenses due to:**
  - *Lower depletion and oil production cost in Galoc.*
- **Net loss during the current year vs prior year due to:**
  - *Substantial decrease in oil revenues amidst the oil price collapse and an impairment loss in SC14 C-1 Galoc.*

Financial Highlights – Financial Position

ASSETS *(in PHP millions)*			
	As at Sep 30, 2020	As at Dec 31, 2019	*% Inc (Dec)*
Cash & cash equivalents	₱ 151	₱ 246	-38.8%
Receivables and other CA	53	56	-6.1%
Current assets	203	302	-32.7%
Deferred exploration costs & other NCA	6,450	6,563	-1.7%
Total assets	**₱ 6,654**	**₱ 6,865**	**-3.1%**

LIABILITIES AND STOCKHOLDERS' EQUITY *(in PHP millions)*			
	As at Sep 30, 2020	As at Dec 31, 2019	*% Inc (Dec)*
Accounts payable & others	31	74	-58.5%
Current liabilities	31	74	-58.5%
Deferred income tax liability	1,077	1,077	0.0%
Others	196	197	-0.4%
Non-current liabilities	1,274	1,274	0.0%
Total liabilities	**1,304**	**1,348**	**-3.3%**
Capital stock	1,960	1,960	0.0%
Additional Paid-in Capital	2,817	2,817	-
Subscription receivable	(165)	(184)	-
Deficit	(1,696)	(1,644)	3.2%
Others	120	210	-42.6%
Non-controlling interest	2,313	2,358	-1.9%
Total equity	5,349	5,517	-3.0%
Total Liabilities and SHE	**₱ 6,654**	**₱ 6,865**	**-3.1%**

Operations Update



Operations Update 1/2

SC 72 Recto Bank (Forum 70%)

- Under Force Majeure (FM) since December 15, 2014. Received a 'resume to work' notice from the DOE on October 16, 2020.
- Sub-Phase (SP) 2 with remaining 20 months upon lifting of FM. Minimum work commitment is the drilling of 2 wells

SC 75 NW Palawan (PXP 50%)

- Under FM since December 27, 2015. Received a 'resume to work' notice from the DOE on October 16, 2020.
- SP 2 with 18 months term will start upon lifting of FM. Minimum work commitment is the acquisition of 1,000 sq. km of 3D seismic data

SC 74 Linapacan (PXP 70%)

- Under FM starting from March 13, 2020 to December 13, 2020 due to COVID-19-related delays in the implementation of some Geological and Geophysical activities in the block.
- Completed Quantitative Interpretation (QI) study in June 2020.
- Ongoing inhouse 3D seismic interpretation which incorporates the QI study results.
- Biostratigraphy and geochemistry study ongoing and is expected to be completed within Nov 2020.

SC 40 North Cebu (Forum 66.67%)

- Reduction, processing, and interpretation of gravity data acquired in Q1 2020 is ongoing.

Operations Update 2/2

SC 14A Nido (Forum 8.468%)

- Plug and abandonment (P&A) of the Nido A1 and A2 wells originally planned for April 2020 was completed in early October 2020.
- On June 26, 2020, a Deed of Donation and Agreement was signed by the DOE with the Department of National Defense for the transfer of ownership of the Nido and Matinloc platforms to the Armed Forces of the Philippines which will now use the platforms for defense purposes.

Peru Block Z-38 (Pitkin 25%)

- Due to the temporary closure of Karoon Energy's Peru office and delays in the completion of 2D seismic reprocessing program because of COVID-19-related lockdowns, the Operator applied for Force Majeure (FM) on Block Z-38, which was granted by the authorities on July 14, 2020. The FM applies from March 16, 2020 until such time as relevant lockdown requirements are removed.

Block A North Recto Bank Nominated Area (PXP 100%)

- On 16 March 2020, PXP submitted to the DOE all documents in support of its application for a new Service Contract.
- On 14 September 2020, the DOE opened the bid of PXP and found the submitted documents complete and is thus qualified to undergo further substantive (legal, technical, and financial) evaluation.

PCECP Area 7 Sulu Sea – Under Application (PXP 40%)

- Philodrill and PXP's application for a new service contract remains under review with the DOE.