

PRESS RELEASE

PHILEX POSTS PHP1.54 BILLION CORE NET INCOME FOR 9M2022

HIGHLIGHTS

- 3Q2022 Core Net Income decreased to Php210 million from Php716 million in 3Q2021 due to lower metal output and metal prices and a significant increase in power rates
- 9M2022 Core Net Income of Php1.543 billion lower by 17% than 9M2021 on account of lower copper prices mitigated by higher forex rate
- EBITDA for 3Q2022 slipped to Php611 million from Php1.168 billion in 3Q2021
- 9M2022 EBITDA decreased by 7% to Php2.964 billion from Php3.194 billion in 9M2021
- Tonnage for 3Q2022 at 1.873 million tonnes, lower compared with 2.006 million tonnes in 3Q2021 on account of supply chain disruption on needed materials and supplies

(Manila, Philippines) – The Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “Philex”) today announced that the Company generated a quarter of lower but positive results. Philex recorded a Core Net Income of Php210 million for the quarter, from P716 million of same period in 3Q2021, mainly due to lower copper prices, ameliorated with favorable foreign exchange rates and managed operating expenses. The 3Q2022 Core Net Income of Php210 million tapers off from the Php676 million achieved in 1Q2022 and the Php657 million posted in 2Q2022. This brings the 9M2022 core net income to Php1.543 billion, lower by 17% over the same period of 9M2021, attributable to lower copper price, decreased metal output, and higher power rates—despite the efficient deployment of operating costs and expenses.

3Q2022 EBITDA at Php611 million is lower than the P1.182 billion of 1Q2022 and P1.171 billion of 2Q2022, maintaining the positive trend during the first two quarters, topping up 9M2022 EBITDA to Php2.964 billion, a slight 7% decrease from the same period in 9M2021.

Reported net income for 3Q2022 is Php240 million, a 67% decrease over the same period 3Q2021, while 9M2022 reported net income reached Php1.639 billion, a 13% decrease from 9M2021.

Production and Revenues

The Company showed consistent production output in the third quarter of the year. For 3Q2022, total tonnage milled was at 1.873 million tonnes, lower compared to the 2.006 million tonnes in 3Q2021 but slightly higher than the 1.859 million tonnes of 2Q2022.

Gold output at 12,144 ounces in 3Q2022 was lower when compared to the 14,270 ounces of 3Q2021 on account of lower tonnage milled and slightly lower gold grade. On the other hand, copper ore grades remained higher and improved in 3Q2022 when compared with 3Q2021. The improvement in the copper ore grades mitigated the impact of lower tonnage milled to total copper output in 3Q2022 when compared with 3Q2021.

The Company was able to maintain a sustained trend in metal output since 1Q2022 for both gold and copper mainly due to the resilient execution of mining plans.

Revenues for 3Q2022 stood at Php2.245 billion and was 15% lower than revenues of the same period of 3Q2021 on account of lower gold and copper prices. However, the favorable exchange rate effect reduced the negative impact to the revenues in 3Q2022 when compared with previous periods. For the 9M2022 period, revenues at Php7.677 billion was slightly lower from revenues of 9M2021 at Php7.742 billion. Net revenues, after smelting charges were P2.044 billion for 3Q2022 and P7.058 billion for the 9M2022.

Operating Costs and Expenses

The Company's operating cost and expenses for 3Q2022 stood at Php1.8 billion, higher than 3Q2021 of Php1.603 billion largely attributable to higher power rates and elevated cost of materials and supplies. In spite of the slight increase in purchase prices of materials and supplies, the Company continues to manage operating costs efficiently.

For the 9M2022, operating cost inched up by 6% to Php5.118 billion from Php4.843 billion in 9M2021, mainly on account of higher power costs, higher procurement costs of materials and supplies as a result of the higher inflationary global environment brought about by the pandemic, and the Russian invasion of Ukraine.

Silangan Project

Ground works have already commenced at the Silangan Copper and Gold Project ("Silangan") in Surigao del Norte, in accordance with its In-Phase mine plan, following the completion of the Stock Rights Offer (SRO) in August 3, 2022. To complete the funding requirement for the development of Phase 1 of Silangan, the Company has commenced the debt syndication process led by BDO Capital and Investment Corporation, the lead arranger.

The Company is currently completing the Front End Engineering Design works. To date, the Company continues with the earthmoving works for the construction of the ventilation pad and the boxcut portal necessary for the commencement of the underground tunneling works. In addition, advance de-watering works are also being undertaken in preparation for the driving of the decline tunnel.

Industry Outlook

The mining industry in general continues to enjoy a healthy outlook in the country despite the current global concerns of high inflation, and industrial production and supply issues in countries such as China. The higher Peso to US\$ exchange rate will however be a positive factor to the Company's revenue which is denominated in US\$.

The Government under President Ferdinand Marcos Jr. has not waned from its resolve for mining to be one of the major contributors to accelerate economic recovery. In the recent Multi-stakeholder Forum organized by the Department of Environment and Natural Resources (DENR), the President emphasized the importance of utilizing and developing the country's natural wealth and resources.

"It is on the strength of Government support that we soldier on in the industry," according to Eulalio B. Austin Jr., Philex President and CEO. "In spite of the current concerns worldwide, particularly on the high levels of global inflation, the volatility of currencies and of metal prices, we maintain a positive outlook, considering that copper, one of our major products, has been identified as a green metal necessary for the global fight against climate change. Philex will continue to raise the bar to promote right and principled mining, particularly where ESG, sustainability and, most especially, resiliency are concerned."

"Time is, indeed, of the essence, and we cannot afford to let our guard down," according to Manuel V. Pangilinan, Philex Chairman. "Though the impact of COVID-19 has tapered off, we are still in the midst of a pandemic. Thus, we continue to tread cautiously. That said, I continue to have faith in the resilience of Philex and of the Filipino nation. I trust that on the basis of our sustained performance, 2022 will still be a relatively good year for the Company and for the industry. The recent pronouncements of the Government towards the mining industry has given us hope, as we strive even harder to contribute to the development of the mining industry in general, and uplift the lives of our host communities in particular"

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Disclaimer on Forward Looking Statements

This press release may contain forward looking statements with respect to the results of operations and business of Philex Mining Corporation ("PX"). Such forward looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual performance of PX to be different from any future performance implied.

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

	September 30	December 31
	2022	2021
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P 6,836,796	P 2,890,763
Accounts receivable - net	433,757	466,922
Inventories - net	1,496,509	1,926,464
Derivative assets	97,319	-
Other current assets - net	652,684	437,585
Total Current Assets	<u>9,517,065</u>	<u>5,721,734</u>
Noncurrent Assets		
Deferred exploration costs	29,039,301	28,099,836
Investment in associates - net	3,618,506	3,632,480
Property, plant and equipment - net	3,166,405	3,428,552
Pension asset - net	241,069	352,609
Financial assets measured at fair value through other comprehensive income (FVOCI)	125,212	125,212
Other noncurrent assets	514,644	495,424
Total Noncurrent Assets	<u>36,705,137</u>	<u>36,134,113</u>
TOTAL ASSETS	<u>P 46,222,202</u>	<u>P 41,855,847</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Loans and bonds payable	P 10,721,282	P 10,131,071
Accounts payable and accrued liabilities	2,619,878	2,556,347
Subscription payable	2,767	2,767
Income tax payable	155,728	181,243
Dividends payable	378,346	452,413
Total Current Liabilities	<u>13,878,001</u>	<u>13,323,841</u>
Noncurrent Liabilities		
Deferred tax liabilities - net	1,599,158	1,816,070
Provision for losses and mine rehabilitation costs	2,342	17,496
Total Noncurrent Liabilities	<u>1,601,500</u>	<u>1,833,566</u>
Total Liabilities	<u>15,479,501</u>	<u>15,157,407</u>
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - P1 par value	5,782,399	4,940,399
Additional paid-in capital	2,899,906	1,143,981
Retained earnings		
Unappropriated	8,268,617	6,943,648
Appropriated	10,500,000	10,500,000
Net unrealized gain on financial assets measured at FVOCI and derivative	138,686	17,319
Equity conversion option	1,225,518	1,225,518
Net revaluation surplus	1,849,971	1,849,971
Effect of transactions with non-controlling interests	77,892	77,892
	<u>30,742,989</u>	<u>26,698,728</u>
Non-controlling Interests	(288)	(288)
Total Equity	<u>30,742,701</u>	<u>26,698,440</u>
TOTAL LIABILITIES & EQUITY	<u>P 46,222,202</u>	<u>P 41,855,847</u>

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2022
(Amounts in Peso Thousands, Except Earnings Per Share)

	UNAUDITED				
	2022				2021
	1Q	2Q	3Q	9M	9M
REVENUES	P 2,528,194	P 2,485,478	P 2,044,445	P 7,058,117	P 7,220,228
COSTS AND EXPENSES					
Production costs	1,094,562	1,086,443	1,250,432	3,431,437	3,301,390
Depletion, amortization and depreciation	331,425	357,471	360,475	1,049,371	889,609
Excise taxes and royalties	163,397	160,390	131,601	455,388	470,301
General and administrative expenses	66,004	58,424	57,573	182,000	181,672
	<u>1,655,388</u>	<u>1,662,728</u>	<u>1,800,081</u>	<u>5,118,196</u>	<u>4,842,972</u>
OTHER (CHARGES) INCOME					
Foreign exchange gain (loss) - net	18,950	69,253	39,792	127,995	(53,526)
Interest income	667	1,408	8,742	10,817	1,374
Share in net losses of associates	(5,428)	(3,118)	(5,428)	(13,974)	(510,306)
Reversal of Impairment - net	-	-	-	-	374,241
Others - net	(20,140)	(9,880)	8,262	(21,757)	(64,949)
	<u>(5,951)</u>	<u>57,663</u>	<u>51,368</u>	<u>103,081</u>	<u>(253,166)</u>
INCOME BEFORE INCOME TAX	866,856	880,413	295,732	2,043,002	2,124,090
PROVISION FOR (BENEFIT FROM) INCOME TAX					
Current	224,870	210,225	155,730	590,825	378,265
Deferred	(48,402)	(38,660)	(99,666)	(186,727)	(134,598)
	<u>176,468</u>	<u>171,565</u>	<u>56,065</u>	<u>404,098</u>	<u>243,667</u>
NET INCOME	P 690,387	P 708,848	P 239,669	P 1,638,904	P 1,880,423
NET INCOME ATTRIBUTABLE TO:					
Equity holders of the Parent Company	690,387	708,848	239,669	1,638,904	1,880,423
Non-controlling interests	-	-	-	-	-
	<u>P 690,387</u>	<u>P 708,848</u>	<u>P 239,669</u>	<u>P 1,638,904</u>	<u>P 1,880,423</u>
CORE NET INCOME	P 676,174	P 656,909	P 209,825	P 1,542,908	P 1,864,796
BASIC/DILUTED EARNINGS PER SHARE	P 0.140	P 0.143	P 0.041	P 0.283	P 0.381
CORE NET INCOME PER SHARE	P 0.137	P 0.133	P 0.036	P 0.264	P 0.377
EBITDA	P 1,182,195	P 1,170,797	P 610,984	P 2,963,976	P 3,194,318