

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1 February 23, 2023

Date of Report (Date of earliest event reported)

2. SEC Identification Number 10044 3. BIR Tax Identification No. 000-283-731-000

4. PHILEX MINING CORPORATION

Exact name of issuer as specified in its charter

5. Philippines

Province, country or other jurisdiction of
incorporation

6.

(SEC Use Only)

Industry Classification Code:

7. 2nd Floor LaunchPad, Reliance Street corner Sheridan Street,
Mandaluyong City, Metro Manila

Address of principal office

1550

Postal Code

8. (632) 8631-1381 to 88

Issuer's telephone number, including area code

9. N/A

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Common Share

5,782,399,068

11. Indicate the item numbers reported herein:

Declaration of cash dividend.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILEX MINING CORPORATION

Issuer

February 23, 2023

Date

(Original Signed)

ROMEO B. BACHOCO

Chief Finance Officer & Chief Compliance Officer



23 February 2023

PRESS RELEASE

PHILEX MINING, POSTS PHP1.733 BILLION CORE NET INCOME AMIDST HEADWINDS

HIGHLIGHTS

- **Net income reached Php1.796 billion for full year 2022**
- **Core Net Income declined to Php1.733 billion in 2022**
- **Favorable metal prices and foreign exchange rates kept the levels of revenues and core net income within safe margins for the rest of the year**
- **Silangan Project development shifts to higher gear with the full funding in the final stage of completion**
- **Declaration of 2 centavos cash dividend per common share, aggregating Php116 million, as Philex preserves cash as part of the initial capital for the development of Silangan Project**

(MANILA, PHILIPPINES) – Philex Mining Corporation (the “Company”), one of the oldest and largest gold and copper producers in Southeast Asia, and an advocate of right and principled mining, announced the completion of its financial results for Y2022.

The Company added Php190 million Core Net Income in 4Q2022 to the Php1.543 billion core net income for the first nine months ended September 30, 2022, which resulted to a full year core net income at Php1.733 billion as realized Gold and Copper prices recovered from its decline during 3Q2022, while the Peso to US\$ exchange rate appreciated by 3%.

Favorable metal prices and foreign exchange rate kept operating revenues and core net income within safe levels. Operating revenues slightly declined by 5.4% to Php9.262 billion in 2022 from Php9.797 billion in 2021. Operating revenues in 4Q2022 at Php2.203 billion was lower compared to Php2.576 billion in 4Q2021. Revenues during the first half of the year cushioned the impact of the lower revenues in 4Q2022 to the total revenues for the year 2022. Realized Gold prices were also in the highest levels during 1H2022 reaching \$1,897 per ounce in 1Q2022, while Copper reached \$4.58 per pound.

PRODUCTION

Tonnage milled for 4Q2022 was at 1.878 million tonnes, slightly higher than the 1.873 million tonnes in 3Q2022, but lower than the 1.972 million tonnes of 4Q2021. The total tonnage milled in 2022 reached 7.432 million tonnes, 6.5% lower than the 7.946 million tonnes for 2021. Gold ore grades declined by 5.6% while Copper ore grades improved by 2.1%. Gold output in 4Q2022 reached 11,211 ounces adding to the 37,356 ounces for the three quarters ended September 2022, ending the year with 48,567 ounces, lower by 12% than the 55,149 ounces gold output for 2021. Copper output for 4Q2022 was 6.061 million pounds adding to the 19.025 million pounds produced for the first three quarters of 2022 and ending the full year Copper output at 25.086 million pounds, slightly lower than the 26.200 million pounds 2021 output.

OPERATING COSTS AND EXPENSES AND EBITDA

Operating cost and expenses were slightly up by almost 8% at Php7.120 billion for 2022 compared to the Php6.598 billion for 2021. This was largely attributable to the increases in operating costs that started during 3Q2022 due to the increase in the cost of materials and supplies and logistics expenses influenced by inflationary pressures and depreciation of the Peso against US\$ during 2022. The increasing trend in coal prices in the global market directly impacted and increased the operating costs of the Company's power provider that resulted to higher power costs charged to the Company beginning 4Q2022. The 4Q2022 operating costs and expenses increased by 11% to Php2.002 billion compared to Php1.800 billion in 3Q2022 and higher by 14% when compared to the same period in 2021 at Php1.755 billion.

The higher operating cost and expenses in 2022 negatively impacted EBITDA level for 2022 reaching to only Php3.524 billion compared to Php4.317 billion in 2021. This is the combined effect of 5.4% lower revenues and 8% increase in operating cost and expenses.

With our performance in 2022, the Board declared a cash dividend of 2 centavos (Php0.02) per common share aggregating to Php116 million, to shareholders on record as of March 13, 2023, which will be paid on March 24, 2023, as Philex preserves cash surplus as part of the initial capital for the development of Silangan Project.

OUTLOOK

The change in administration brought about by the 2022 national and local elections and, with it, government pronouncement on support for the mining industry somehow tempered the impact of the continued threat of COVID-19, the disruption to global supply chain with the unprovoked Russian invasion of Ukraine, and the spectre of a global recession.

The volatility of the copper and gold prices and the fluctuation in the foreign exchange rate likewise alleviated the situation. This was also the year that the company continuously implemented maintenance and repairs of its ageing mill equipment, thus, allowing the company to prepare for any eventuality. Resilience was really the name of the game.

Towards the end of the year, the results of confirmatory drilling and technical studies identified additional mineable reserves that can be mined up to December 31, 2027, thus extending the life of mine of Padcal up to 2027.

For 2023, the Company will continue to pursue relentless improvements to sustain this possible mine life extension and will also look for other business opportunities particularly near Padcal mine. The Company will likewise explore more participation in the "green metals space" particularly with nickel and its importance to global energy transition.

At the start of this year, a term sheet was signed between the Company and Macawiwili Gold Mining and Development Co., Inc. ("MGMDCI") that outlined the parties' clear intentions to explore commercial, financial, and technical avenues in preparation for possible shares acquisition by the

Company in MGMDCI primarily focusing on MGMDCI's properties adjacent to the existing Padcal mine.

MGMDCI has over 800 hectares of contract area under its Mineral Production Sharing Agreement ("MPSA") located adjacent to the Company's existing Padcal mine.

In 3Q2022, the Company completed the stock rights offering as part of the funding plan for the financing of the Silangan project. On the other hand, wholly owned subsidiary, Silangan Mindanao Mining Co. Inc. ("SMMCI") is in the final stages of the debt syndication process to raise additional funding to complete the funding requirement of the Silangan project. Further, the development works in the Silangan project is in full swing and the decline portal will be completed by the end of March and its completion will pave the way for the start of the ground works on the access decline to the ore body. The tunnel driving will commence in the beginning of 2Q2023 and will trigger the start of the mine development.

"We went into 2022 knowing fully well what we were up against," says Eulalio B. Austin, Jr., Philex president and CEO. "We did not expect the global uncertainty to wane, but we were cautiously optimistic that 2022 would be another good year for Philex. There had been operational challenges, coupled with the high levels of global inflation, the volatility of currencies and of metal prices, but with careful planning and adaptation to the changes in business conditions, we were able to achieve our targets."

Austin adds that "the untiring efforts and cooperation of the women and men of Philex were greatly appreciated, and we expect the same coming into 2023. The lines were drawn and our agility to adapt to the changing situations will spell the difference. We can change our directions, but never our destination."

"As I keep telling our employees," Austin emphasized, "the best is yet to come for Philex Mining."

"The consensus is that global growth would slow down in 2023," according to Philex chairman, Manuel V. Pangilinan. "This is undoubtedly an impact still of the war in Ukraine and the collateral adverse inflationary effect on food, power, and fuel. Our country will not be spared from this deceleration, but perhaps lesser than other economies. The main hurdles would be inflation and interest rates."

"That being said, we still expect Philex Mining to grow in 2023. The recent signing of the term sheet with MGMDCI coupled with the completed confirmatory drillings that successfully identified additional mineable reserves that extended the Padcal mine life from 2024 to 2027 are both good starts to what looks like a promising year. Add to this the expected developmental milestones in our ongoing Silangan project and the continued government support and it will be an exciting year for all of us."

"We continue to pool our efforts together, do things the right way to the best of our abilities, and keep believing in ourselves and in the Almighty."

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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 (AUDITED)
(Amounts in Peso Thousands, except Par Value Per Share)

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	P 3,925,296	P 2,890,763
Accounts receivable - net	580,621	466,922
Inventories - net	1,151,089	1,926,464
Other current assets - net	765,754	437,585
Total Current Assets	6,422,760	5,721,734
Noncurrent Assets		
Deferred exploration costs	29,491,920	28,099,836
Investment in associates - net	3,605,677	3,632,480
Property, plant and equipment - net	2,729,865	3,428,552
Pension asset - net	340,725	352,609
Financial assets measured at fair value through other comprehensive income (FVOCI)	145,207	125,212
Other noncurrent assets	522,595	495,424
Total Noncurrent Assets	36,835,989	36,134,113
TOTAL ASSETS	P 43,258,749	P 41,855,847
LIABILITIES AND EQUITY		
Current Liabilities		
Loans and bonds payable	P 1,616,895	P 10,131,071
Accounts payable and accrued liabilities	2,670,983	2,556,347
Subscription payable	2,767	2,767
Income tax payable	124,351	181,243
Dividends payable	343,346	452,413
Total Current Liabilities	4,758,342	13,323,841
Noncurrent Liabilities		
Bonds payable	5,907,961	-
Deferred tax liabilities - net	1,720,847	1,816,070
Provision for losses and mine rehabilitation costs	2,342	17,496
Total Noncurrent Liabilities	7,631,150	1,833,566
Total Liabilities	12,389,492	15,157,407
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - P1 par value	5,782,399	4,940,399
Additional paid-in capital	2,885,163	1,143,981
Retained earnings		
Unappropriated	8,493,736	6,943,648
Appropriated	10,500,000	10,500,000
Net unrealized gain on financial assets measured at FVOCI and derivative	54,870	17,319
Equity Conversion option	857,863	1,225,518
Equity Reserves	367,655	-
Net revaluation surplus	1,849,971	1,849,971
Effect of transactions with non-controlling interests	77,892	77,892
	30,869,549	26,698,728
Non-controlling Interests	(292)	(288)
Total Equity	30,869,257	26,698,440
TOTAL LIABILITIES & EQUITY	P 43,258,749	P 41,855,847

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (AUDITED)
(Amounts in Peso Thousands, Except Earnings Per Share)

	Year Ended December 31	
	2022	2021
REVENUES	P 9,261,576	P 9,796,531
COSTS AND EXPENSES		
Production costs	4,864,929	4,488,274
Depletion, amortization and depreciation	1,413,250	1,217,736
Excise taxes and royalties	591,905	639,281
General and administrative expenses	249,640	252,932
	<u>7,119,724</u>	<u>6,598,223</u>
OTHER (CHARGES) INCOME		
Foreign exchange gain (loss) - net	82,703	(46,485)
Interest income	25,044	2,186
Share in net losses of associates	(26,804)	(528,848)
Reversal of (provision for) impairment losses - net of other provisions, reversals and gain	125,664	272,241
Others - net	(19,705)	(97,861)
	<u>186,903</u>	<u>(398,767)</u>
INCOME BEFORE INCOME TAX	2,328,755	2,799,541
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	838,743	559,498
Deferred	(305,501)	(191,165)
	<u>533,242</u>	<u>368,333</u>
NET INCOME	P 1,795,513	P 2,431,208
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Equity holders of the Parent Company	1,795,517	2,431,212
Non-controlling interests	(4)	(4)
	<u>P 1,795,513</u>	<u>P 2,431,208</u>
CORE NET INCOME	P 1,732,741	P 2,532,786
BASIC/DILUTED EARNINGS PER SHARE	P 0.339	P 0.492
CORE NET INCOME PER SHARE	P 0.327	P 0.513
EBITDA	P 3,523,544	P 4,316,836