



**1st HALF 2015 OPERATING
AND FINANCIAL RESULTS**

30 July 2015



Metals

Operating Statistics

	1H2015	1H2014	Inc (Dec)
Tonnes Milled ('000)	4,473	4,775	-6%
Operating Days	178	178	-
Production			
Gold – ozs	53,689	52,286	3%
Copper - lbs ('000)	16,891	18,197	-7%
Recovery			
Gold	84%	78%	8%
Copper	83%	79%	5%
Ore Grade			
Gold - gms/DMT	0.442	0.436	1%
Copper - %	0.206	0.218	-6%
Prices			
Gold (US\$/ounce)	1,190	1,341	-11%
Copper (US\$/pound)	2.61	3.09	-16%

➤ **Tonnage affected by upgrades and power outages**

➤ **Improved efficiencies and process re-engineering to raise recoveries**

➤ **Lower copper grade due to natural depletion of higher grade ore**

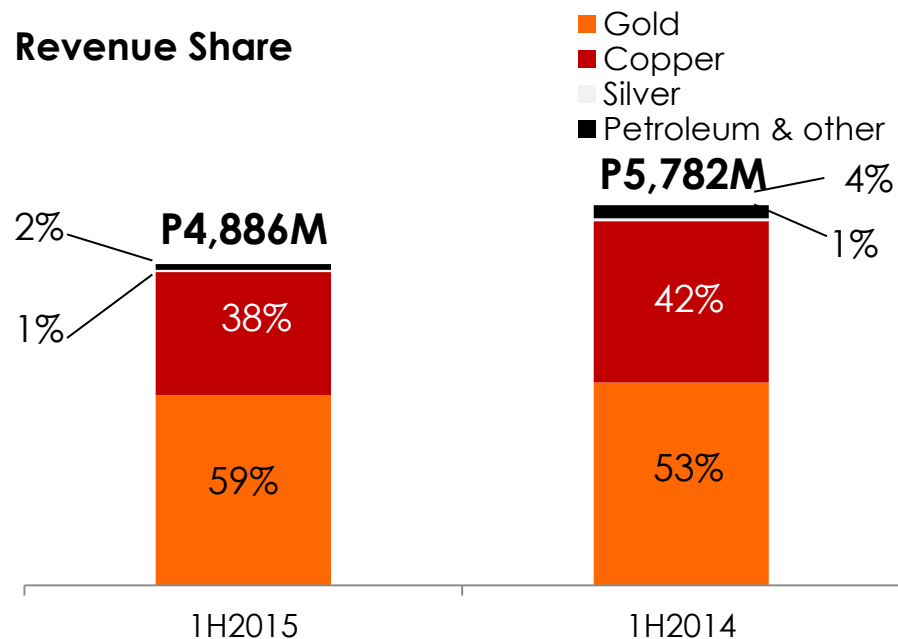
➤ **Drop in copper production due lower ore grade**

Financial Highlights

<i>(in PHP million, unless indicated)</i>	1H2015	1H2014	<i>Inc/(dec)</i>
Gross Revenue	4,886	5,782	-15%
Marketing Charges	403	425	-5%
Cost & Expenses	3,728	4,468	-17%
Income from Operations	755	889	-15%
Other Inc / (charges)	63	(62)	-
Provision for Tax	(252)	(226)	12%
Net Income	565	600	-6%
Equity Holders of Parent	607	627	-3%
Core Net Income	520	559	-7%
EBITDA	1,517	1,746	-13%
Operating margin	17%	17%	-
EBITDA Margin	34%	33%	3%

- **Revenue down due primarily to depressed metal prices**
- **Drop in cost & expenses due to rightsizing and cost containment**
- **Net income dragged by low metal prices despite cost-cutting**

Revenue Breakdown



REVENUE PER PRODUCT (PhP million)			
	1H2015	1H2014	Inc (Dec)
Gold	2,894	3,088	-6%
Copper	1,870	2,453	-24%
Silver	38	43	-13%
Petroleum & others	83	198	-58%
TOTAL	4,886	5,782	-15%

Cost and Expenses

<i>(in PHP million)</i>	1H2015	1H2014	<i>Inc (Dec)</i>
Production cost			
Materials & Supplies	819	829	-1%
Power	880	866	2%
Labor	443	591	-25%
Contracts	121	291	-58%
Others	72	128	-44%
Cash Production cost	2,335	2,706	-14%
Depreciation & Amortization	734	851	-14%
Total Production Cost	3,069	3,557	-14%
Excise Tax & Royalties	241	280	-14%
Operating Cost (Mining)	3,311	3,837	-14%
G&A (Mining)	230	374	-39%
All-in Operating Cost (Mining)	3,541	4,211	-16%
Oil & Gas expenses	179	248	-28%
Silangan	9	9	-
TOTAL COST AND EXPENSES	3,728	4,468	-17%

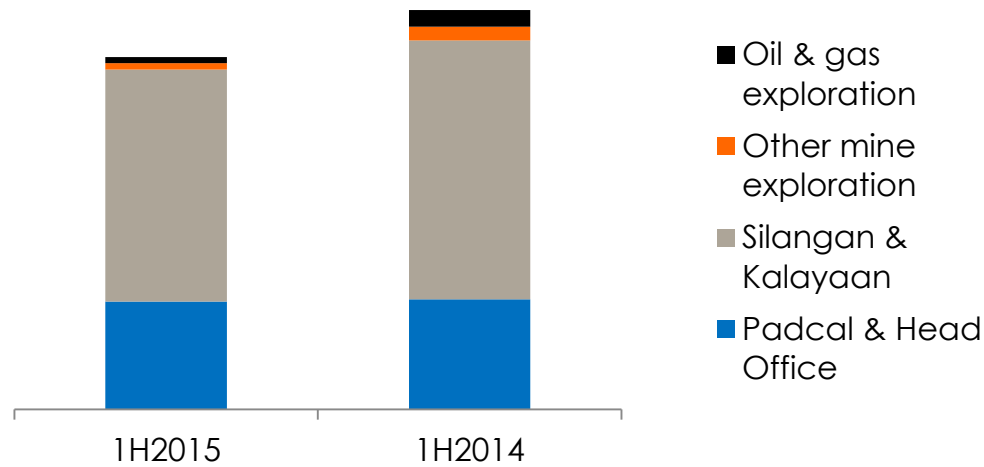
➤ **Decline in production cost due to:**

- ✓ More efficient use of ball mills and reagents
- ✓ Drop in fuel costs
- ✓ Manpower rightsizing program
- ✓ Reduction in overhead expenses

➤ **39% drop in Parent G&A due to manpower rightsizing and stringent cost control measures**

Capital Expenditures

CAPITAL EXPENDITURE PERFORMANCE



CAPITAL EXPENDITURE BREAKDOWN

(PhP million)

	1H2015	1H2014
Padcal & Head Office	780	798
Silangan & Kalayaan	1,682	1,873
Other mine exploration	46	81
Oil & gas exploration	32	121
TOTAL	2,540	2,873

Breakeven Analysis

COST STRUCTURE (excluding G&A)			
	1H2015	1H2014	Variance
Cost per Tonne			
Cash Production Cost	522	567	-8%
Depreciation	164	178	-8%
Total	686	745	-8%
Operating cost*	830	893	-7%
Operating Cost per Metal			
Co-production method			
Gold (\$/oz)	918	1,021	-10%
Copper (\$/lb)	2.05	2.35	-13%
By-product credits method			
Gold (\$/oz)			
Before by-product credits	1,552	1,839	-16%
After by-product credits	715	745	-4%
Copper (\$/lb)			
Before by-product credits	4.93	5.28	-7%
After by-product credits	1.10	1.38	-20%

*Includes production cost plus excise tax, royalties and marketing expenses, but excludes Head Office overhead

Financial Position

ASSETS (in PHP million)

	As of June 30, 2015	As of Dec 31, 2014	Inc (Dec)
Cash & cash equivalents	3,103	5,232	-41%
Receivables & others	3,889	4,299	-10%
Current assets	6,993	9,530	-27%
Property, plant & equipment	7,477	7,139	5%
Deferred exploration costs/others	29,466	27,971	5%
Total assets	43,936	44,640	-2%

- Sustained investments in Silangan and Padcal increased deferred exploration costs

LIABILITIES AND STOCKHOLDERS' EQUITY

(in PHP million)

	As of June 30, 2015	As of Dec 31, 2014	Inc (Dec)
Short-term debt	3,630	4,308	-16%
Others	2,837	3,215	-12%
Current liabilities	6,467	7,523	-14%
Bonds Payable	6,100	5,947	3%
Deferred income tax liability/others	4,595	4,128	11%
Total liabilities	17,161	17,599	-2%
Capital stock, RE & others	24,001	23,599	2%
Non-controlling interest	2,774	3,442	-19%
Total equity	26,775	27,042	-1%
Total Liabilities and SHE	43,936	44,640	-2%

- Repayment of P713 million in local bank loans reduced Parent Company debt to P3.6B

SELECTED FINANCIAL RATIOS

Current Ratio	1.08:1	1.27:1
Debt-to-equity Ratio	39:61	39:61
Net debt/(cash)-to-equity Ratio	53:47	46:54

Cash Flows

(In PHP millions)	1H2015	1H2014	Inc/(dec)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	817	826	-1%
Adjustments for:			
Depletion and depreciation	743	861	-14%
Gain on sale of asset	(107)	-	
Others	181	(226)	-180%
Change in working capital	(71)	(456)	-84%
Net cash flows from operating activities	1,563	1,005	56%
CASHFLOWS FROM INVESTING ACTIVITIES			
Deferred exploration costs/other noncurrent assets	(1,682)	(2,075)	-19%
Property, plant and equipment	(858)	(798)	8%
Net proceeds from sale of AFS financial asset	297	-	
Share buyback	(615)	-	
Net cash flows used in investing activities	(2,857)	(2,873)	-1%
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans	(1,466)	(55)	2564%
Availment of loans	753	822	-8%
Dividends paid	(99)	(247)	-60%
Net cash from (used in) financing activities	(812)	521	-256%
EFFECT OF EXCHANGE RATE CHANGES	(23)	(35)	-36%
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,128)	(1,383)	54%
CASH AND CASH EQUIVALENTS (BEGINNING)	5,232	4,081	28%
CASH AND CASH EQUIVALENTS (END OF PERIOD)	3,103	2,698	15%



Silangan Mindanao Mining Company Inc.

Silangan Project Update

Pilot Plant Update



- **Flotation stage**
 - *High grade copper concentrates produced*
- **Acid leaching process**
 - *Successful initial copper cathode output*
- **Process plant location identified**

Power Supply Update

- **Power Purchase Agreement Tenders issued to 6 Parties:**
 - *San Miguel, Alsons, Aboitiz and FDC are confirmed bidders*
 - *Meralco/Global Power has yet to confirm their participation*
 - *Bids will close 31 August 2015*
- **SMMCI-dedicated Power Station EPC tenders issued to 4 Parties:**
 - *Wartsila, Hyundai Heavy Industry, IHI and GE are confirmed bidders*
 - *Bids will close 8 August 2015*
 - *Power station will be capable of burning gas (LNG) or HFO with gas as the primary source*

Land banking Update

<i>In hectares</i>				
Project	Area Required	Secured	% Secured	Balance
PRIORITY AREAS				
Mine and Subsidence Area	255	219	86%	36
Mill Plant Project	58	2	3%	56
TSF	1,155	509	44%	646
TSF Road	66	43	65%	23
WRD 2 Area	186	97	52%	89
SUBTOTAL	1,720	870	51%	850
NON-PRIORITY AREAS				
WRD 3 Area	71	-	0%	71
Port Project	35	22	63%	13
Alternative Water Sources	4	2	50%	2
TSF	398	292	73%	106
Others	62	31	50%	31
SUBTOTAL	570	347	61%	223
TOTAL	2,290	1,217	53%	1,073

Balance of Plant

- **Community Water**

- *Aquadyne survey well underway on potential bore location*
- *First location currently being drilled, with encouraging results*
- *Placer Water District Board and SMMCI agreed on July 10, 2015 to a cooperative approach to resolve potential water supply issues*

The background is a solid green color with a pattern of faint, light green hexagons. The hexagons are arranged in a grid-like fashion, with some overlapping and some slightly offset, creating a subtle, textured effect. The overall aesthetic is clean and modern, typical of a corporate or academic presentation.

Energy and Hydrocarbon

Financial Highlights

<i>(in PhP million)</i>	1H2015	1H2014	% Inc (Dec)
Gross revenue	83	198	(58%)
Cost and expenses	179	250	(28%)
Income (loss) from operations	(96)	(52)	(85%)
Other income (charges)	10	18	(47%)
Reported net income (loss)	(86)	(41)	(111%)

- **58% decline in petroleum revenues due to:**
 - ✓ *Slowdown in Galoc Phase II production*
 - ✓ *Drop in crude oil prices*

- **28% decline in cost and expenses due to:**
 - ✓ *Lower output*
 - ✓ *Continued cost containment*

Financial Position

ASSETS (in PHP million)			
	As of Jun 30, 2015	As of Dec 31, 2014	% Inc (Dec)
Cash & cash equivalents	778	1,908	(59%)
Others	150	153	(2%)
<i>Current assets</i>	927	2,061	(55%)
Deferred exploration costs & other NCA	6,479	6,436	1%
Total assets	7,406	8,497	(13%)

LIABILITIES AND STOCKHOLDERS' EQUITY (in PHP million)			
	As of Jun 30, 2015	As of Dec 31, 2014	% Inc (Dec)
Due to Parent	3,158	3,422	(8%)
Accounts payable	13	65	(79%)
<i>Current liabilities</i>	3,171	3,487	(9%)
Deferred income tax liability & others	1,112	1,112	-
Others	202	226	(11%)
<i>Non-current liabilities</i>	1,314	1,338	(2%)
Total liabilities	4,485	4,824	(7%)
Capital stock, RE & others	1,700	1,700	-
Deficit	(1,199)	(1,146)	(5%)
Others	59	(8)	838%
Non-controlling interest	2,361	3,126	(24%)
Total equity	2,922	3,673	(20%)
Total Liabilities and SHE	7,406	8,497	(13%)



Thank you

End of Presentation