

**MINUTES OF THE 2013 ANNUAL STOCKHOLDERS' MEETING
OF THE PHILEX MINING CORPORATION
At the Crowne Plaza Galleria Manila
Ortigas Ave. cor. ADB Avenue,
Ortigas Center, Quezon City
On Wednesday, June 26, 2013 at 2:30 p.m.**

Directors Present:

Manuel V. Pangilinan, *Chairman*
Juan B. Santos, *Vice Chairman*
Eulalio B. Austin, Jr., *President and CEO*
Eliza Bettina R. Antonino
Marilyn A. Victorio-Aquino
Oscar J. Hilado, *Independent Director; Chairman, Audit Committee*
Bienvenido E. Laguesma
Robert C. Nicholson
Wilfredo A. Paras, *Independent Director*
Edward A. Tortorici

Officers Present:

Barbara Anne C. Migallos, *Corporate Secretary*
Renato N. Migriño, *SVP Finance and CFO*
Michael T. Toledo, *SVP for Corporate Affairs*
Benjamin Deodato R. Garcia, *SVP for Human Relations*
Redempta P. Baluda, *VP-Exploration*
Enrique C. Rodriguez, Jr., *VP- Legal*
Victor A. Francisco, *VP- Community Relations*
Libby R. Ricafort, *VP- Padcal Resident Manager*

Also Present:

Sycip Gorres Velayo & Company, External Auditors
Represented by:
Jaime F. del Rosario
Jose Pepito E. Zabat

Note: Representatives of Sycip Gorres Velayo & Company were elected by the shareholders as Election Inspectors, to serve as such until the end of the next annual meeting.

CALL TO ORDER

At 2:30 p.m., the Chairman, Mr. Manuel V. Pangilinan, called the meeting to order and presided over the same. Atty. Barbara Anne C. Migallos, Corporate Secretary, recorded the minutes of the meeting.

PROOF OF NOTICE OF MEETING

The Chairman asked the Corporate Secretary if notices of the meeting were properly sent.

The Corporate Secretary certified that notices of the meeting were sent in accordance with the By-laws of the Company and the applicable rules of the Securities and Exchange Commission. The Company also caused the publication of a copy of the Notice and Agenda of the meeting in three (3) newspapers of general circulation. The Corporate Secretary presented a notarized Certification attesting to these facts. The Chairman directed the Corporate Secretary to file the said Certification with the minutes of the meeting.

PROOF OF THE PRESENCE OF A QUORUM

The Chairman then asked the Corporate Secretary if there was a quorum for the transaction of business. The Corporate Secretary answered that there were present, in person or by represented by proxy, holders of **3,425,964,405** shares representing 69.45% of the outstanding capital stock. These figures were based on a certification from the Company's Stock Transfer Agent.

READING OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETINGS AND ACTION THEREON

With legal notices sent and a quorum present, the Chairman proceeded to the reading and approval of the Minutes of the Annual Stockholders Meeting held on June 27, 2012 and the Special Stockholders Meeting held on April 30, 2013.

On motion duly made and seconded by stockholders of the Company, the reading of the said Minutes was dispensed with, and the said Minutes were approved.

READING OF ANNUAL REPORT AND ACTION THEREON

The next item on the agenda was the reading of the Annual Report and the action thereon. The Annual Report contains the Company's financial statements and notes thereto for the year ended December 31, 2012 which were examined by the Company's external auditors, Sycip Gorres Velayo & Company. Copies of the report were previously distributed to the shareholders.

The Chairman requested Mr. Renato N. Migriño, the Company's Treasurer, Chief Financial Officer and Senior Vice President for Finance, to present the highlights of the Annual Report and the Audited Financial Statements for the year ended December 31, 2012, as well as the first quarter 2013 results.

Mr. Migriño reported that from the exhilarating growth years of the Company up to 2011, the year 2012 saw a disappointing downturn brought about by circumstances beyond the Company's control. The August 1, 2012 tailings spill incident in Padcal led to the suspension of the mine's operations. From the highest consolidated Core Net Income reported by the Company thus far in 2011 of P5.6 billion, Core Net Income in 2012 declined by 69% to P1.7 billion. Earnings per share was correspondingly lower from P1.13 in 2011 to 35 centavos in 2012.

From the consolidated Reported Net Income of P5.8 billion in 2011, the results in 2012 was a net loss of P300 million. Earnings per share attributable to equity holders of the Parent Company was down from P1.17 in 2011 to 5 centavos.

The loss in Reported Net income vis-a-vis the gain in Core Net Income is accounted for by the extraordinary and non-recurring provisions and losses incurred from the suspension of Padcal operations and by the asset write downs made by the Company's 64.79% owned subsidiary, Philex Petroleum Corporation, offsetting the P873 million gain of the Parent Company. Consolidated Earnings before Interest, Depreciation and Amortization or EBITDA signifying the cash flow generated from operations went down 88% from P8.9 billion in 2011 to P1.0 billion in 2012, reflecting a decline in EBITDA per share from P1.80 to 21 centavos.

All these lower financial results in 2012 could be traced to the reduction in Padcal production output as operations was suspended from August 1 to December 31. Total tonnes milled was down 42% from 9.5 million tonnes in 2011 to only 5.5 million tonnes in 2012. This was compounded by lower gold ore grade from 0.564 grams per tonne in 2011 to 0.507 grams per tonne in 2012, gold produced declined 49% from 140,000 ounces to only 70,800 ounces. Copper grade, on the other hand, was slightly higher in 2012 at 0.224% from 0.221%. Metal produced was likewise down in 2012 by 41% to 22.3 million pounds from 38.0 million pounds in 2011 because of the lower tonnage milled.

Average realized metal prices increased to \$1,638 per ounce gold and \$3.99 per pound copper in the first part of the year when the Padcal mine was in production. Metal prices further improved in the second half of the year; but the Company was unable to take advantage due to the suspension of operations. Revenue from metals declined by 43%, from P16.1 billion in 2011 to P9.1 billion in 2012. Gold revenue comprising 54% declined from P9.3 billion to P4.9 billion; while copper comprising 42% declined from P6.1 billion to P3.9 billion.

With the suspension of operations for five months in 2012, operating cost and expenses for the year was reduced to P5.3 billion from P7.2 billion in 2011. However, the P1.4 billion provisions for the mine waste and tailings fee assessment against the Company and the rehabilitation of Padcal's Tailings Storage Facility No. 3 or TSF 3, the P1.0 billion impairment loss reported by Philex Petroleum with the write down of its coal and oil exploration assets, and the P900 million maintenance costs of Padcal, all aggregated to P8.44 billion costs and charges for the year, 17% higher than the P7.2 billion total in 2011.

Capital expenditures for the Padcal mine decreased from P1.3 billion in 2011 to P1.0 billion in 2012. However, P500 million was needed to be spent for the repair and rehabilitation of TSF 3 which were capitalized. And, with the Silangan Project continuing in full steam thereby increasing exploration expenditures by another P500 million to P2.5 billion, total capital expenditures for the year even increased by 19% to P4.0 billion from P3.37 billion a year ago.

The lower revenue, higher operating costs and charges, as well as higher capital expenditures put extreme pressure on the Company's cash position so much so that by the end of the year, cash balance was depleted from P3.9 billion in 2011 to only P1.7 billion in 2012.

The Company was provided a \$200 million short-term loan facility by its biggest single stockholder, First Pacific Company Limited, from which the Company drew down the initial amount of P1.1 billion to augment its cash position. This loan, however, increased the outstanding debt at year-end from the P400 million debt from local banks in 2011 to the total debt of P1.5 billion in 2012. From the net cash position of P3.5 billion a year ago, the balance as of December 31, 2012 was down to P200 million.

In February of 2012, the Company declared cash dividends amounting to a total of P2.1 billion equivalent to 42 centavos per share paid in April 2012, consisting of 14 centavos per share as regular dividend from the second half core income of 2011, and 28 centavos per share special cash dividend in view of the record income that year. In July of 2012, a regular cash dividend amounting to P543 million equivalent to 11 centavos per share was declared. The Company honored its commitment and paid this cash dividend in September 2012 despite the suspension of Padcal operations in August 2012.

The Reported Net Loss and the cash dividends are charges against the Company's Stockholders' Equity account. Thus, the book value of the Company went down by 18% from P27.1 billion at year-end 2011 to P22.2 billion in 2012. Correspondingly book value per share decreased by P1.00 from P5.50 to P4.50.

Mr. Migriño then reported on the 2013 first quarter results. For the first quarter this year, there were net gains of P400 million in Core Net Income and P100 million in Reported Net Income.

In February 2013, the Company received the amount of P1.2 billion or US\$25 million in settlement of its pollution liability insurance claim from the tailings spillage accident. This amount provided the bulk of the income for the quarter period. Although this was later utilized to pay for the Mine Waste and Tailings Fee for about the same amount assessed by the Mines and Geosciences Bureau (MGB) against the Company, the fee had already been provided for in the 2012 accounts.

In February and March 2013, the Company was granted permits by the MGB and the Pollution Adjudication Board to temporarily resume its Padcal operations for a period of four (4) months. This allowed Padcal to begin operations on March 8, 2013, generating an operating income of P159 million in the remaining 23 days to the end of the quarter period.

The insurance recovery and the operating income provided the bulk of the earnings for the quarter. These were, however, offset by the Padcal maintenance costs of P440 million and the interest expense of P105 million during the period.

On Padcal's mineral resources and proved reserves as of December 31, 2012, Mr. Migriño reported that there are 187 million tonnes of resources remaining, of which 73.5 million tonnes are considered as reserves. The declared life of mine still stands until 2020.

Mr. Migriño then gave an update on the rehabilitation of TSF 3 and surrounding areas. As previously disclosed by the Company, excessive rainfall from two typhoons at the end of July 2012 dumped an unprecedented volume of water on TSF3 and caused a breach at the tunnel of TSF3's Penstock A. The breach enabled tailings to escape through the tunnel of Penstock A, but there was no overtopping or collapse of the dam.

The spill was effectively contained towards the end of September 2012 after a 9-meter diameter concrete sphere was dropped and rolled on top of the breach. The tunnel was permanently sealed with a reinforced concrete plug in October 2012. Part of the Rehabilitation and Cleanup Plan for TSF 3 submitted by the Company to the MGB is the filling up of the void created by the spill with fresh tails. The beach that would be created would keep water away and allow the reinstatement of the part of the offset dike that was affected. The filling up of

the void with fresh tails was the primary reason of the MGB in granting Padcal the temporary permit to operate.

In place of Penstock A which is no longer serviceable, a spillway through where water can flow is being constructed. Mr. Migriño showed photographs of the decant inlet of the spillway which is 95% finished as of June 17, 2013.

Another part of the Rehabilitation and Cleanup Plan is the cleaning of the Balog Creek affected by the tailings spill which is now almost complete. Mr. Migriño showed photos of Balog creek after the clean up, which is the product of the hard work of all 2,200 plus Padcal employees who conducted daily removal and sandbagging of tailings.

As a long-term measure to address the tailings storage requirement of the Padcal mine, the Company decided to put up a new tailings storage facility, TSF 4. A location for TSF 4 has been selected west of TSF 3. The design, permitting, land acquisition phases are underway. A consultant has been engaged to assist in the design and construction management.

Mr. Migriño then reported on the Company's other projects. Over in Surigao del Norte, in Mindanao, the Silangan Project proceeded in full steam the entire of 2012. The amount of P1.1 was spent during the year, bringing project expenditures to date to P5.1 billion. Driving of the exploration decline or ramp has reached 448 meters. About 2,600 more meters have to be driven to reach the bottom of the Boyongan ore body. The resource estimate of Silangan Project disclosed in July 2011 remains as of this time. Measured and indicated resource stands at almost 400 million tonnes at average grades for copper and gold much better than those of Padcal calculated based on \$900 per ounce gold and \$2.75 per pound copper. A simple calculation of the theoretical value of the metals on the ground at the current price levels of \$1,300 per ounce and \$3.00 per pound would result to the total amount of \$26.5 billion. A major undertaking of the Silangan Project in 2012 was the preparation of the project's Declaration of Mining Project Feasibility or DMPF as a requirement of government. The DMPF was completed and submitted to the MGB on February 27, 2013.

The Kalayaan Project, under a joint venture agreement with Manila Mining signed in 2010, likewise proceeded smoothly in 2012. The Project – contiguous to the Bayugo deposit of Silangan – mobilized 16 rigs for definition and scout drilling, covering in all 88 holes shown in this slide with a total linear depth of 57 thousand meters. An initial resource model has been developed based on the geologic and assay data. A JORC-compliant resource statement is being undertaken, hopefully to be completed by 2013.

Mr. Migriño went on to report on the Company's other achievements for the year. Despite Padcal being in crisis for almost the entire second half of 2012, the Company remained committed to its socio-civic and environmental projects, spending no less than P217 million in its community development and environmental management. For the 10th time, Padcal Operation won the Best Mining Forest, Metallic Category, during the 2012 Annual National Mine Safety and Environment Conference conducted by the Philippine Mine Safety and Environment Association. The Silangan Project garnered the Platinum Award for Exploration given at the 2012 Presidential Mineral Industry Environment Awards. The Silangan Project was also the First Runner Up in the Best Mining Forest, Exploration Category, during the 2012 Annual National Mine Safety and Environment Conference. In November of 2012, the Company was named among the list of Best Under a Billion, conferred by the Forbes Magazine in Singapore.

Open Forum

The Chairman thanked Mr. Migriño for the report and opened the floor to questions from stockholders.

Stockholder Atty. Pacifico Tacup called on stockholders to rally behind the Company as it recovers from the Padcal accident. He said that the Company is doing its best and should not be blamed for the accident because it was a fortuitous event. Atty. Tacup then asked if there was any truth to news reports that the Company was eyeing a new coal mining investment.

The Chairman thanked Mr. Tacup for his support. He noted that the Company could have reported profitability in 2012 under normal conditions, and is already profitable in 2013 despite resumption of operations only in March. He said that there is no reason why the second half of the year should not also be profitable. On Mr. Tacup's question regarding the new coal mining investment, the Chairman said that there is no truth to the news reports. The Company is not eyeing any coal mining investments and, in fact, just recently shut down its coal mining plant in Zamboanga.

One stockholder expressed concern over the burning of Company equipment by members of the New People's Army in Negros Occidental near the old Bulawan mine. He asked what the Company has done to address this incident. Mr. Eulalio B. Austin, Jr., President and Chief Executive Officer, clarified that the incident occurred at an exploration site 30 kilometers away from the Bulawan mine and far from the military presence in the area. The Company has reinforced security but has decided to pull out employees and equipment from the site for the time being. The Company will also seek to improve its community relations. Mr. Austin said that this is the best that can be done under the circumstances until the peace and order issues of the area are resolved.

The same stockholder asked if an NPA attack similar to the one in Taganaan can also happen to Silangan. Mr. Austin said that the Silangan mine is heavily secured against such an attack with private security and assistance of police and military troops.

One stockholder asked at what gold and copper prices would the Company be at its breakeven point. Mr. Austin explained that the better measure is breakeven grade which is at the copper equivalent cutoff grade of 0.4%.

The stockholder then asked about the interest rate on the \$200 million First Pacific loan. Mr. Austin said that the loan was extended at 6% interest. He confirmed that 6% is a competitive interest rate.

The same stockholder then asked about exploration activities in Padcal. Mr. Austin said that exploration in Padcal is currently limited to underground drilling to prove the depth of the Padcal ore body. Other drill rigs are being used to assist in and speed up the construction of TSF 4.

The same stockholder also asked if the Company has plans to increase its investment in Lepanto or acquire other mining companies. The Chairman said that he cannot comment on a specific company but acknowledged that the softness of metal prices may present opportunities to invest in other mining companies.

The stockholder also asked if the Company plans to file libel cases against the false and malicious allegations hurled against the Company in connection

with the Padcal accident. Atty. Marilyn A. Victorio-Aquino said that rather than suing, the Company's focus is on responding to the malicious allegations with the truth. She said that bringing out the truth will be more effective than any suit.

Two stockholders asked about developments in SC 72. The Chairman said that preliminary discussions are ongoing with China National Offshore Oil Corporation (CNOOC) for a possible joint approach. He clarified that discussions are limited to business and technical matters and do not deal with sovereignty issues.

One stockholder asked the Chairman whether he thinks the Company's share price will go down further. The Chairman said that there may be two major factors affecting the Company's share price: the softness of metal prices and the Company's permit to operate. Metal prices are determined by global economic conditions. The Company currently has a temporary permit that will expire July 7 but is in continuing discussions with the government for authority to operate at a more permanent capacity. The Chairman said that uncertainty over the share price will likely remain until the uncertainty over the permit is resolved.

Stockholder Franklin Go expressed concern over the influx of foreign mining companies. He asked how local mining companies such as Philex can be protected against such foreign companies.

The Chairman said that there is a wide scale of mining investments in any country. There are small mining opportunities; and large opportunities that require significant capital investment. World-class mining projects in the country such as Tampakan and Silangan would require foreign funding. He said that the Philippines is better served when foreign investors take interest in our highly mineralized country and provide funding to develop the mining industry. The Filipino people should therefore not be insecure or paranoid about foreign investors, and should instead regard them as partners in development. Domestic companies like Philex should be open to explore opportunities to partner with foreign companies to co-develop mining projects.

Stockholder Anthony Fernando asked if the Company has a strategy to minimize regulatory risks. He asked if diversifying by investing in mining projects in other countries is part of such strategy. The Chairman said that, at the moment, the focus remains on the rehabilitation of Padcal and development of Silangan. He clarified that if there is interest in offshore investments it will not be an attempt to run away from government. The Company understands that government is an integral part of society which any business has to deal with anywhere in the world. Government regulation is inescapable and must be followed in any jurisdiction. Risks may be managed but businesses must always be run within the policy framework of the government.

Thereafter, on motion duly made and seconded by stockholders of the Company, the following resolution was unanimously approved:

“RESOLVED, that the Annual Report, together with the Audited Financial Statements and the Notes thereto of the Corporation for the year ended December 31, 2012, be, as it is hereby approved, ratified and confirmed.”

RATIFICATION AND APPROVAL OF THE ACTS OF THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS FOR 2012

The Chairman then took up the next item on the agenda, which is the ratification and approval of the acts of the Board of Directors and the executive officers of the Company in 2012. An Information Statement containing a summary of the major actions of the Board were distributed to the shareholders before the meeting. All Board actions are reflected in the Minutes of Meetings of the Board which are available for inspection.

On motion duly made and seconded by stockholders of the Company, the following resolution was unanimously approved:

“RESOLVED, that all acts, contracts, proceedings, elections and appointments made or taken by the Board of Directors and/or the officers of the Corporation during the past year, as set forth in the Minutes of the Meetings of the Board of Directors and/or all acts and proceedings performed or taken pursuant thereto, be, as it is hereby ratified, approved and confirmed.”

APPOINTMENT OF INDEPENDENT AUDITORS

The Chairman then proceeded to the appointment of independent auditors of the Company for the year 2013. He said that the Audit Committee recommended, and the Board approved, the appointment of Sycip Gorres Velayo and Company as independent external auditors of the Company for 2012, subject to approval of the shareholders at today’s meeting.

On motion duly made and seconded by stockholders of the Company, the following resolution was unanimously approved:

“RESOLVED, that the auditing firm of Sycip Gorres Velayo and Company be, as it is hereby appointed as the independent auditors of the Company for 2013 and until their successors are duly appointed.”

APPOINTMENT OF ELECTION INSPECTORS TO SERVE UNTIL THE CLOSE OF THE NEXT ANNUAL MEETING

The Chairman then took up the next item on the agenda, which is the appointment of Election Inspectors to serve until the close of the next annual stockholders meeting. On motion duly made and seconded by stockholders of the Company, the following resolution was unanimously approved:

“RESOLVED, that Jose Pepito Zabat and Marc Bonnie Wong be, as they are hereby appointed as Election Inspectors to serve until the close of the next annual meeting.”

ELECTION OF DIRECTORS

The Chairman then proceeded to the election of directors for the ensuing year. There are eleven (11) seats to be filled, and two (2) of the directors must be independent directors. The Corporate Secretary was then requested to read the names of the nominees.

The Corporate Secretary announced that there were eleven (11) nominees for the eleven (11) seats on the Company's Board of Directors. The Nominations Committee screened the eleven (11) nominees, and prepared a final list of candidates, which was incorporated in the Information Statement distributed to the shareholders before the meeting. The following are the eleven (11) nominees nominated to the Board:

1. MANUEL V. PANGILINAN
2. JUAN B. SANTOS
3. EULALIO B. AUSTIN, JR.
4. ELIZA BETTINA R. ANTONINO
5. MARILYN A. VICTORIO-AQUINO
6. OSCAR J. HILADO (*Independent Director*)
7. BIENVENIDO E. LAGUESMA
8. BARBARA ANNE C. MIGALLOS
9. ROBERT C. NICHOLSON
10. WILFREDO A. PARAS (*Independent Director*)
11. EDWARD A. TORTORICI

The Nominations Committee found Mr. Hilado and Mr. Paras to have the qualifications and none of the disqualifications to be independent directors, and were nominated as such.

A stockholder moved that the Corporate Secretary be directed to cast the votes of the shareholders in accordance with their respective proxies submitted to the Company, and that the eleven (11) nominees be declared as duly elected directors of the Company. The motion was duly seconded.

There being no objections, the said motion was approved. The Chairman declared that all of the eleven (11) nominees for the eleven (11) seats on the Company's Board of Directors were duly elected Directors of the Company for the year 2013 - 2014.

ADJOURNMENT

There being no other business to transact, on motion duly made, seconded and approved, the meeting was adjourned at 3:30 p.m.

Prepared By:

BARBARA ANNE C. MIGALLOS
Corporate Secretary

Attest:

MANUEL V. PANGILINAN
Chairman

Minutes of the Annual Shareholders' Meeting
Philex Mining Corporation
26 June 2013