



— YEARS —
of
RESPONSIBLE MINING

Analyst Briefing

FY2016 Financial and Operating Results

March 03, 2017

2016 Highlights

- DENR Audit: Padcal Mine NOT included in list for suspension
- FY2016 Core Net Income up 83% to P1.66 billion
- Net Income more than doubled to P1.57 billion
- Cost and Expenses down 2% despite 2% rise in tonnage
- US\$8.5 million short-term bank debt retired in FY2016
- Declaration of P0.04/share cash dividends
- Silangan DFS on track for completion; MPSA valid and legal
- P1.9 billion in total taxes, royalties, fees, SDMP and EPEP contributed, 22% higher than net income

Operating Highlights

	2016	2015	<i>Inc (Dec)</i>
Tonnes Milled ('000)	9,359	9,199	2%
Operating Days	362	358	1%
Production			
Gold – ozs	103,304	107,887	-4%
Copper - lbs ('000)	34,961	34,104	3%
Metal Recovery (%)			
Gold	82.35	83.15	-1%
Copper	82.13	82.06	0%
Ore Grade			
Gold - gms/DMT	0.417	0.438	-5%
Copper - %	0.206	0.205	0%
Prices			
Gold (US\$/ounce)	1,254	1,147	9%
Copper (US\$/pound)	2.35	2.29	3%

- Higher tonnage driven by more operating days and better efficiency
- Gold production affected by declining ore grades
- Copper output boosted by improved ore grades

Financial Highlights

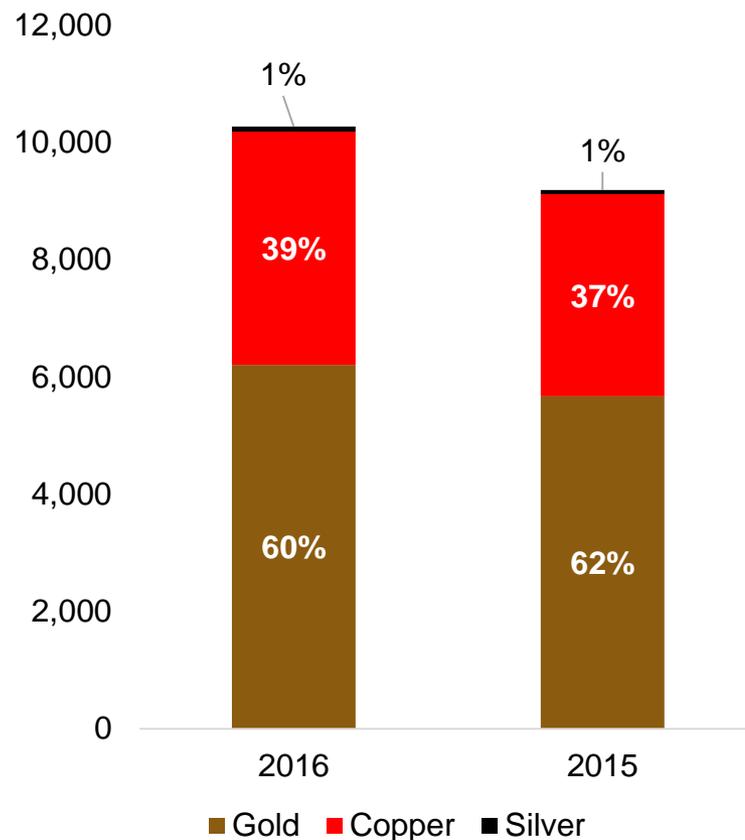
<i>(in PHP million, unless indicated)</i>	2016	2015	Inc/(dec)
Gross Revenue	10,272	9,189	12%
Smelting Charges	893	837	7%
Cost & Expenses	6,900	7,011	-2%
Income from Operations	2,478	1,341	85%
Other Inc / (charges)	(202)	-55	267%
Impairment Provision	(2,505)	-	
Provision for Tax	(697)	(367)	90%
Income (loss) on deconsolidated subsidiary group, net	2,493	(144)	
Net Income	1,568	776	102%
Equity Holders of Parent	1,589	896	77%
Core Net Income	1,657	905	83%
EBITDA	3,854	2,779	39%
Operating margin	24%	15%	65%
EBITDA Margin	38%	30%	24%

- Revenue boosted by improved metal prices
- Smelting charges driven by higher copper output and weaker currency
- Costs and expenses reduced through vigilant cost management

Revenue Breakdown

Revenue per Product			
(PhP million)	2016	2015	Inc (Dec)
Gold	6,209	5,670	10%
Copper	3,976	3,450	15%
Silver	86	70	23%
TOTAL	10,272	9,189	12%

Revenue Performance

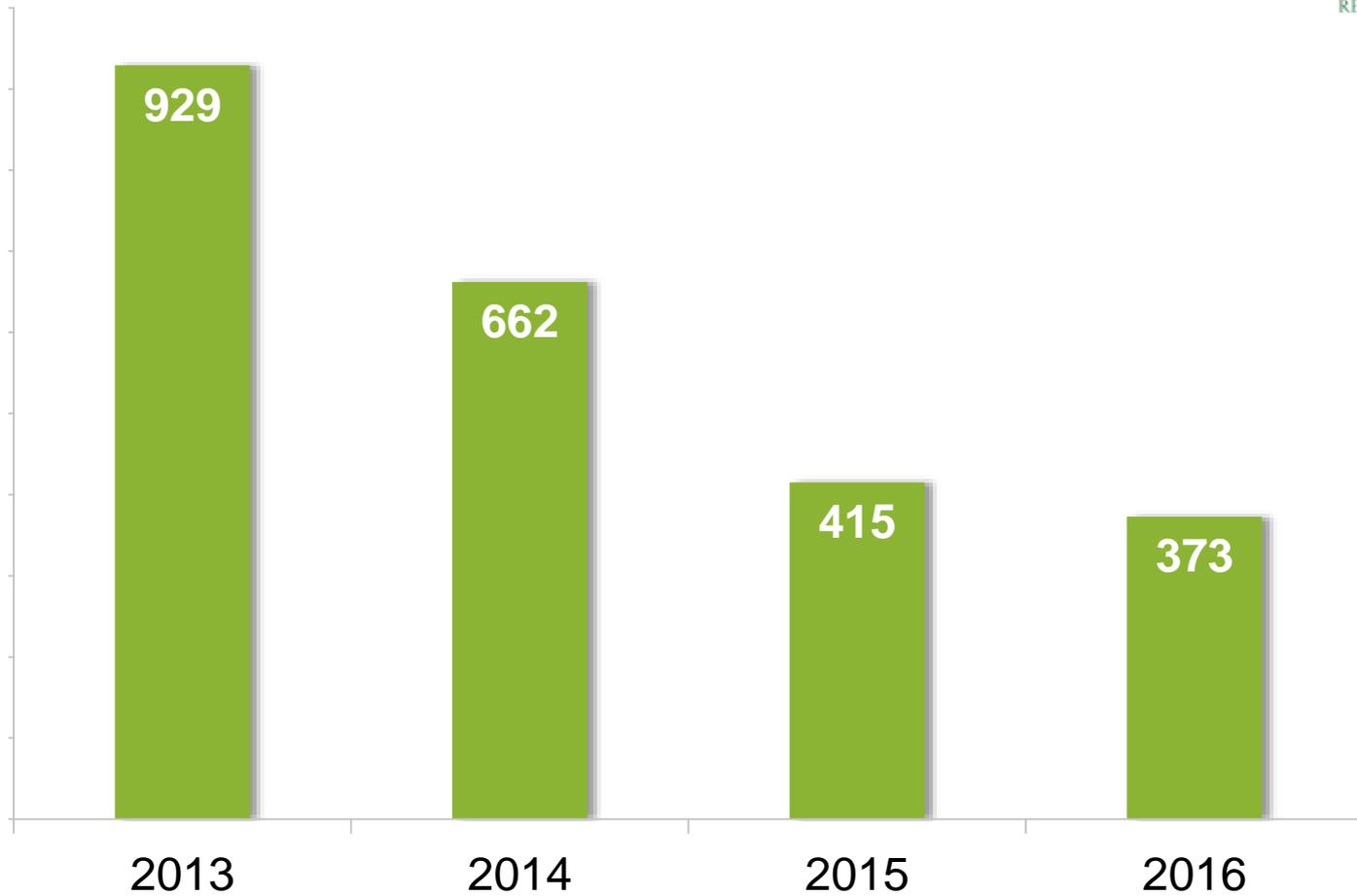


Costs and Expenses

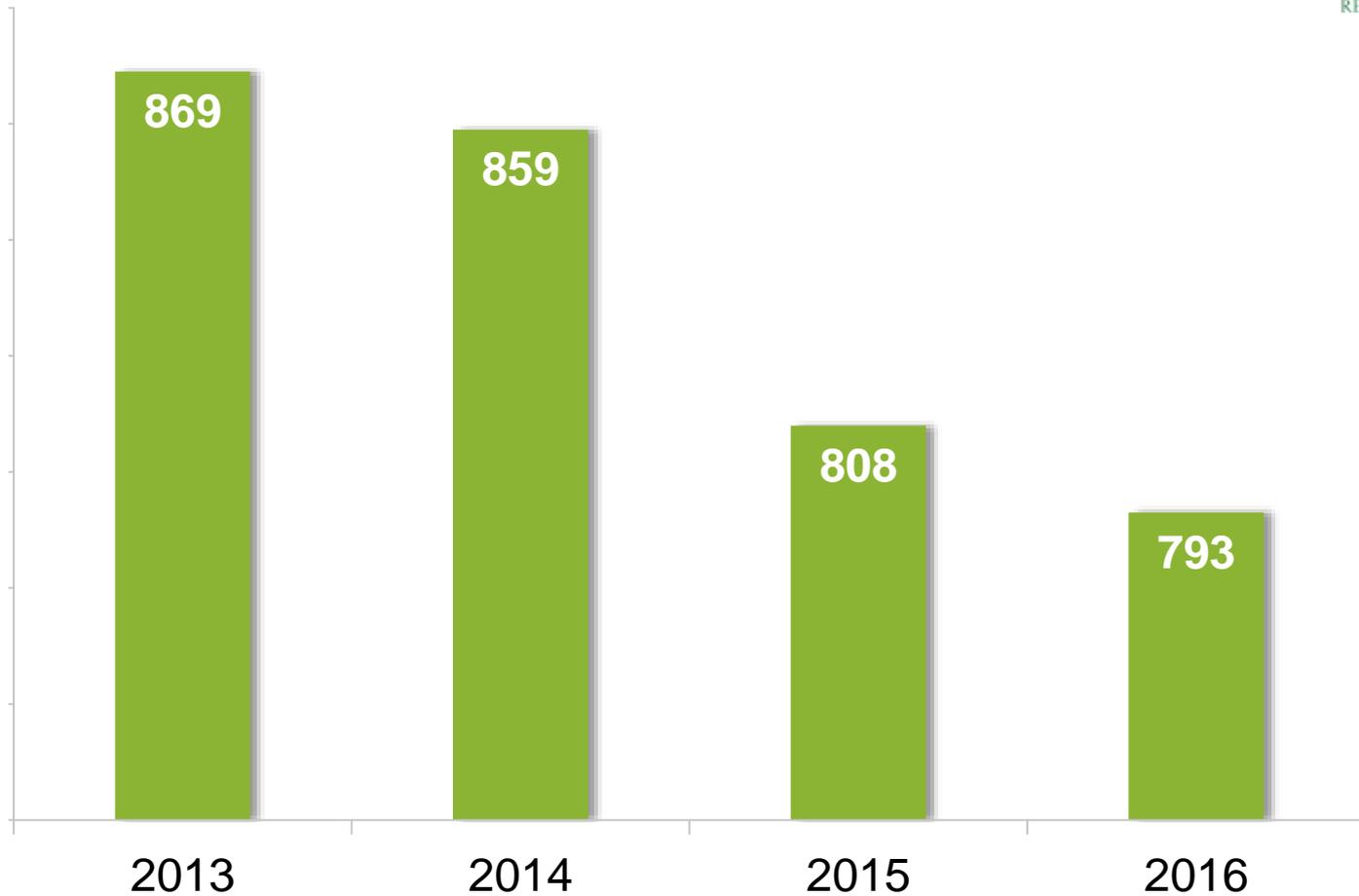
<i>(in PHP million)</i>	2016	2015	<i>Inc (Dec)</i>
Production cost			
Materials & Supplies	1,681	1,605	5%
Power	1,468	1,665	-12%
Labor	893	839	6%
Contracts	306	293	4%
Others	267	212	26%
Cash Production cost	4,614	4,615	0%
Depreciation & Amortization	1,460	1,546	-6%
Total Production Cost	6,075	6,160	-1%
Excise Tax & Royalties	453	436	4%
Operating Cost (Mining)	6,527	6,597	-1%
G&A (Mining)	362	399	-9%
All-in Operating Cost (Mining)	6,890	6,996	-2%
Silangan expenses	11	15	-27%
TOTAL COST AND EXPENSES	6,900	7,011	-2%

- Lower renegotiated power rates
- Reduced depreciation due to extension of mine life
- Lower G&A due to spend management and cost rationalization

Declining Overhead Expenses



Declining Operating Cost per Tonne



Breakeven Analysis

COST STRUCTURE (excluding G&A)			
	2016	2015	Variance
Cost per Tonne			
Cash Production Cost	493	502	-2%
Depreciation	156	168	-7%
Total	649	670	-3%
Operating cost*	793	808	-2%
Operating Cost per Metal			
Co-production method			
Gold (\$/oz)	919	933	-1%
Copper (\$/lb)	1.72	1.86	-7%
By-product credits method			
Gold (\$/oz)			
Before by-product credits	1,503	1,521	-1%
After by-product credits	689	783	-12%
Copper (\$/lb)			
Before by-product credits	4.44	4.81	-8%
After by-product credits	0.68	1.14	-40%

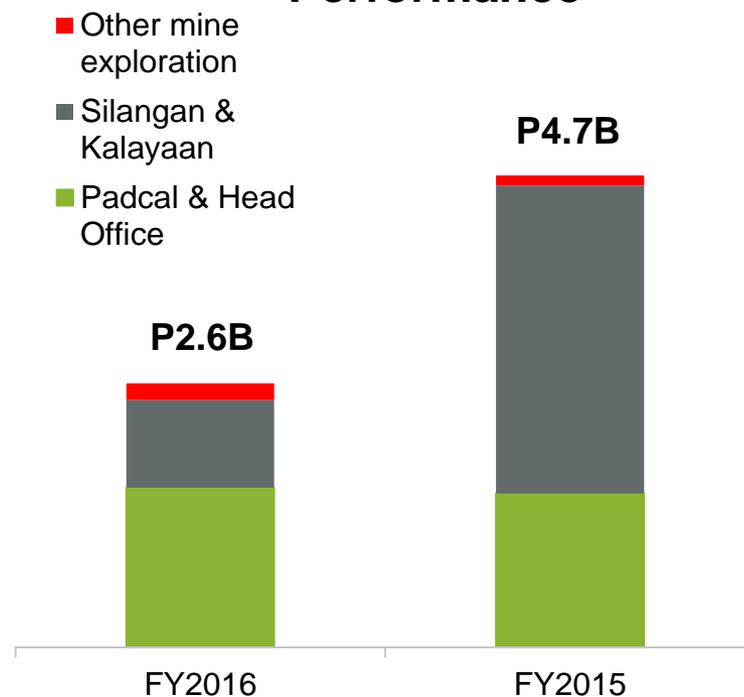
*Includes production cost plus excise tax, royalties and marketing expenses, but excludes Head Office overhead

Capital Expenditures

Capital Expenditure Breakdown			
(PhP million)	2016	2015	Inc (Dec)
Padcal & Head Office	1,589	1,534	4%
Silangan & Kalayaan	921	3,068	-71%
Other mine exploration	183	101	65%
TOTAL	2,631	4,703	-44%

- **Completion of capital-intensive activities in Silangan** (*drilling, metallurgy, pilot-plant testing, PFS, etc.*)

Capital Expenditure Performance



Financial Position

ASSETS (in PHP million)

	As of Dec 31, 2016	As of Dec 31, 2015	Inc (Dec)
Cash & cash equivalents	458	1,009	-55%
Receivables & others	6,437	4,263	51%
Current assets	6,895	5,271	31%
Property, plant & equipment	6,736	6,828	-1%
Deferred exploration costs	23,158	29,153	-21%
Others	1,873	2,275	-18%
Total assets	38,662	43,527	-11%

LIABILITIES AND STOCKHOLDERS' EQUITY

(in PHP million)

	As of Dec 31, 2016	As of Dec 31, 2015	Inc (Dec)
Short-term debt	3,083	3,318	-7%
Others	2,495	2,397	4%
Current liabilities	5,578	5,715	-2%
Bonds Payable	6,593	6,259	5%
Deferred income tax liability/others	3,092	4,269	-28%
Total liabilities	15,263	16,243	-6%
Capital stock, RE & others	23,400	24,563	-5%
Non-controlling interest	(1)	2,721	-100%
Total equity	23,399	27,284	-14%
Total Liabilities and SHE	38,662	43,527	-11%

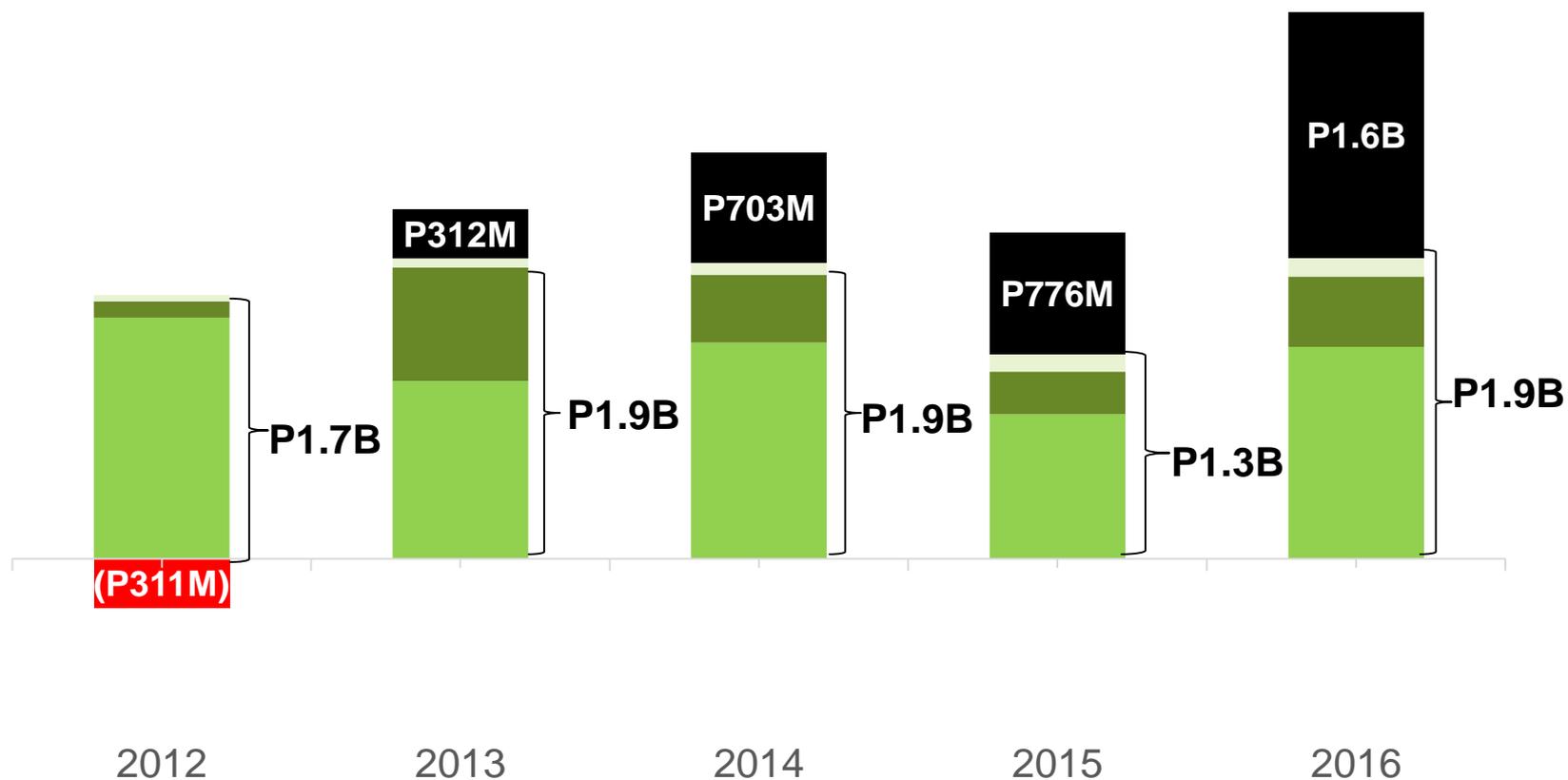
SELECTED FINANCIAL RATIOS

Current Ratio	1.3:1	0.9:1
Debt-to-equity Ratio	39:61	37:63
Net debt/(cash)-to-equity Ratio	63:37	56:44

➤ **Divestment in energy business of PXP Energy Corp.**
(formerly Philex Petroleum Corp.)

Contribution to government, community, and environment vs net income

■ Taxes, royalties and fees ■ EPEP ■ SDMP ■ Net income/loss



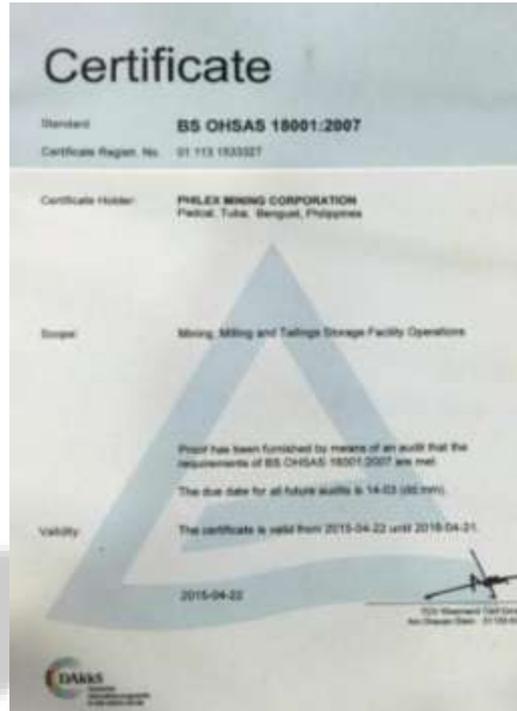
Recipient of International Certifications **60**



Padcal Mine



International Organization for Standardization (ISO 14001:2004) Environmental Management



Occupational Health Safety Management System (OSHAS 18001:2007)

Silangan Project



International Organization for Standardization (ISO 14001:2004) Environmental Management

Silangan Update

- Definitive Feasibility Study (DFS) ongoing and will be completed soon (notwithstanding DENR pronouncement)
- MPSA is valid and legal:
 - not within any proclaimed watershed forest reserves or critical watersheds, where mining is prohibited
 - issued following all relevant legal requirements and procedures, including regulatory clearance, were secured
 - area covered by the MPSA is open to mining



PHILEX MINING
CORPORATION

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PXP Energy Corp.

Financial Highlights

<i>(in PhP millions)</i>	2016	2015	% Inc (Dec)
Gross revenue	P101.6	P172.3	(41.0)
Cost and expenses	170.8	326.8	(47.7)
Income (loss) from operations	(69.2)	(154.5)	(55.1)
Other income (charges)	20.5	10.5	95.2
Reported net income (loss)	(P36.4)	(P144.0)	(74.7)

- **41.0% decline in petroleum revenues due to:**
 - *Prevailing low crude oil prices*
 - *Declining output in SC 14 C-1 Galoc production*

- **47.7% decline in cost and expenses due to:**
 - *Continuous cost containment*

Financial Position

ASSETS (in PHP millions)			
	As of Dec 31, 2016	As of Dec 31, 2015	% Inc (Dec)
Cash & cash equivalents	₱573	₱526	8.9%
Receivables and other CA	96	144	(33%)
<i>Current assets</i>	669	670	(0.2%)
Deferred exploration costs & other NCA	6,663	6,558	1.6%
Total assets	₱7,332	₱7,228	1.4%

LIABILITIES AND STOCKHOLDERS' EQUITY (in PHP millions)			
	As of Dec 31, 2016	As of Dec 31, 2015	% Inc (Dec)
Due to Parent	₱2,932	₱2,932	0.0%
Accounts payable & others	28	15	87.1%
<i>Current liabilities</i>	2,960	2,947	0.4%
Deferred income tax liability	1,110	1,112	(0.2%)
Others	204	202	0.9%
<i>Non-current liabilities</i>	1,314	1,314	0.0%
Total liabilities	4,273	4,261	0.3%
Capital stock	1,700	1,700	0.0%
Deficit	(1,256)	(1,233)	(1.8%)
Others	199	116	71.1%
Non-controlling interest	2,415	2,384	1.3%
Total equity	3,059	2,967	3.1%
Total Liabilities and SHE	₱7,332	₱7,228	1.4%

Operational Updates

SC 72 Recto Bank (Forum 70%)

- Under Force Majeure (FM) since 15 December 2014
- Forum will have 20 months upon lifting of the FM to drill the two (2) commitment wells

SC 75 NW Palawan (PXP 50%)

- Under FM since 27 December 2015
- Sub-Phase 2 will have a term of 18 months upon lifting of FM with the acquisition of 1,000 sq km of 3D seismic data as the minimum work commitment

Ongoing discussions with DOE on possible lifting of Force Majeure for both SCs.

SC 74 Linapacan Block (PXP 70%)

- Transferred from Pitkin to PXP in 2016; sub-Phase 2 started on 13 February 2016
- Completed acquisition of 1,614 km of 2D seismic data last 10 June 2016, together with marine gravity and magnetic data
- Processing of seismic data was completed in December 2016. Currently conducting seismic interpretation, which will take 3-4 months to complete
- Initial phase of gravity and magnetic data processing and interpretation was completed in January 2017.

Operational Updates

SC 14C1 Galoc (Forum 2.27%)

- Target drilling of Galoc- 7 well is in March 2017, to appraise the Mid-Galoc Prospect (north of the producing Galoc Field)
- Full field development (Phase 3) will be contingent on the outcome of appraisal well
- Expected to add 8 mmbo of proven reserves and extend the life of Galoc Field

SC 14C2 West Linapacan (Forum 9.1%)

- Seismic interpretation of Pre-Stack Depth Migrated 3D data was approved by DOE as 2017 Work Program

Peru Block Z-38 (Pitkin 25%)

- Proposed work program in 2017 includes preparation for possible drilling of marina and Bonito wells in 2018, subject to rig availability and securing of drilling-related permits from the Peruvian government.
- Pitkin is 100% carried in the cost of the two wells.

SC 53 Mindoro (Pitkin 70%)

- Transfer of Pitkin's 70% participating interest to Mindoro-Palawan Oil and Gas, Inc. (MPOGI) was approved by the Department of Energy on 24 October 2016.

Thank you
End of presentation