



27 February 2020

PHILEX MINING POSTED CORE NET INCOME OF P156 MILLION FOR FY 2019

HIGHLIGHTS

- **2019 Q4 posted the highest core net income in 2019 of P116 million, 100% higher than core net income in Q3 of P58 million, reversing the negative core net loss position in the first quarter of 2019 and maintaining the positive momentum to end the year with core net income of P156 million versus core net income of P600 million in 2018**
- **Core EBITDA for 2019 reached P1.664 billion, lower than P2.493 billion core EBITDA of 2018**
- **Increasing tonnage and metal prices sustained the positive momentum of both revenue and core net income on a quarter by quarter basis. Gross Revenues of P2.091 billion in Q4 were 8% higher than Q3 revenues of P1.943 billion.**
- **Reported net income in the first three quarters were offset by a net loss in Q4 resulting to a full year net loss of P648 million in 2019 versus a reported net income of P608 million in 2018, primarily due to non-cash impairment provisions in mine and mining assets and associated companies**
- **Search for Silangan financial investors is on going**

(MANILA, PHILIPPINES) – Philex Mining Corporation (the “Company”), one of the oldest and largest gold and copper producers in Southeast Asia, and a leader in right and principled mining, increased its Core Net Income from P39 million for the nine months ended September 30, 2019, to P156 million for the full year 2019.

Tonnage milled continue to improve on a quarterly basis from 1.832 million tonnes in Q1 to 2.174 million tonnes in Q4 to end the year with 8.113 million tonnes for 2019, slightly lower than 8.517 million tonnes in 2018. Gold and copper production improved beginning Q1 to Q4, and ended the full year with 53,064 ounces of Gold and 25.737 million pounds of Copper.

The favorable metal prices that peaked at \$1,508 per ounce for Gold and \$2.96 per pound for Copper contributed to the encouraging quarterly growth of both Revenues and Core Net Income of beginning Q2 to Q4. This brought the full year Gross Revenues to P7.399 billion in 2019 versus P8.314 billion in 2018. The decline in the Revenues is

mainly due to lower tonnage milled and slightly lower ore grades as the operations is optimizing the remaining mineable reserves of the mine.

PRODUCTION

With the continued improvement in the production processes during the year and acquisition of additional mine equipment in Q2, the quarterly metal production output continued to show positive trend beginning Q2 to Q4, with Q4 registering the highest gold and copper output. Q4 production of gold reached 14,939 ounces while copper production reached 6.878 million pounds. Full year gold output reached 53,064 ounces versus 61,977 ounces in 2018, while copper reached 25.737 million pounds versus 26.575 million pounds in 2018. The lower production output in 2019 versus 2018 were primarily due to lower tonnage and lower ore grades during the first two quarters of the 2019.

OPERATING COSTS AND EXPENSES

Full year operating costs and expenses slightly increased by 1% (P96 million) to P6.917 billion from P6.821 billion in 2018. The increase is mainly due to the recognition of higher non-cash charges under Depletion, Depreciation and Amortization. All other cash operating costs and expenses in 2019 were lower than that of 2018 combined as a result of the lower tonnage.

The Company continues to generate positive cash flow from its operations, despite the reported net loss in 2019 which was mainly attributable to the one-time non-cash impairment provisions for mining assets.

The performance allowed the Company to declare a cash dividend of one centavo (P0.01) per share to shareholders on record as of March 13, 2020 and payable on March 27, 2020.

OUTLOOK

The improvement of tonnage, metal outputs and sustained metal prices in 2019 is a jumpstart for a positive outlook for 2020 and will provide a window for the Company to undertake debt reduction program from 2020 onwards.

The business focus for 2020 has been dubbed “Bridging the Gap” as the Company continue to sustain and maximize the potential of Padcal Mine operations while at the same time searching for additional mine assets that can be developed within or at the vicinity of the Padcal Mine area.

On the other hand, the Management, in partnership with its financial advisors, is doubling its efforts to find the strategic partner for the implementation of the Silangan Project in Surigao del Norte wherein all regulatory permits are obtained.

According to Eulalio B. Austin Jr., Philex President and CEO, “Philex should be able to bring Silangan into operation before Padcal mine in Benguet ceases operations projected by end 2022. Vicinity explorations at Padcal however is being pursued relentlessly.”

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

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	795,709	870,967
Accounts receivable - net	416,154	300,016
Inventories - net	1,043,748	1,137,581
Advances to a related party	-	1,387,370
Other current assets - net	665,768	757,292
Total Current Assets	2,921,379	4,453,226
Noncurrent Assets		
Property, plant and equipment - net	3,185,283	5,404,049
Financial assets measured at fair value through other comprehensive income (FVOCI)	120,898	118,033
Investment in associates - net	4,208,339	4,455,668
Deferred exploration costs	26,616,343	25,447,772
Pension asset - net	223,775	359,888
Other noncurrent assets	622,710	472,898
Total Noncurrent Assets	34,977,348	36,258,308
TOTAL ASSETS	37,898,727	40,711,534
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	2,531,750	2,155,780
Accounts payable and accrued liabilities	1,608,003	1,790,939
Subscription payable	186,531	2,312,981
Income tax payable	53,284	18
Dividends payable	549,632	550,995
Total Current Liabilities	4,929,200	6,810,713
Noncurrent Liabilities		
Deferred tax liabilities - net	2,218,550	2,789,813
Loans and bonds payable	7,743,020	7,333,096
Provision for losses and mine rehabilitation costs	39,029	78,707
Total Noncurrent Liabilities	10,000,599	10,201,616
Total Liabilities	14,929,799	17,012,329
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock - P1 par value	4,940,399	4,940,399
Additional paid-in capital	1,143,981	1,143,981
Retained Earnings		
Unappropriated	3,471,281	4,203,947
Appropriated	10,500,000	10,500,000
Net Unrealized gain on financial assets measured at FVOCI	37,745	35,341
Equity conversion option	1,225,518	1,225,518
Net revaluation surplus	1,572,385	1,572,385
Effect of transactions with non-controlling interests	77,892	77,892
	22,969,201	23,699,463
Non-controlling Interests	(273)	(258)
Total equity	22,968,928	23,699,205
TOTAL LIABILITIES & EQUITY	37,898,727	40,711,534

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

	Years Ended December 31	
	2019	2018
REVENUES	6,789,566	7,640,306
COSTS AND EXPENSES		
Production costs	4,387,787	4,407,889
Depletion, amortization and depreciation	1,814,331	1,600,521
Excise taxes and royalties	427,211	506,490
General and administrative expenses	287,334	305,631
	<u>6,916,663</u>	<u>6,820,531</u>
OTHER (CHARGES) INCOME		
Share in net losses of associates	(118,335)	(40,936)
Foreign exchange gains (losses) - net	93,072	(121,176)
Interest income	1,571	2,275
Provisions for impairment losses - net	(848,560)	(67,033)
Others - net	(4,266)	91,160
	<u>(876,518)</u>	<u>(135,710)</u>
(LOSS) INCOME BEFORE INCOME TAX	(1,003,615)	684,065
BENEFIT FROM (PROVISION FOR) INCOME TAX		
Current	(143,019)	(275,408)
Deferred	498,841	199,799
	<u>355,822</u>	<u>(75,609)</u>
NET (LOSS) INCOME	(647,793)	608,456
NET (LOSS) INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	(647,778)	608,456
Non-controlling interests	(15)	-
	<u>(647,793)</u>	<u>608,456</u>
CORE NET INCOME	155,625	599,870
BASIC/DILUTED (LOSS) EARNINGS PER SHARE	(0.131)	0.123
CORE NET INCOME PER SHARE	0.032	0.121