

July 30, 2020

**PRESS RELEASE**

**PHILEX REGISTERS PHP402 MILLION CORE NET INCOME IN 1H2020, A SOLID TURN-AROUND  
FROM A CORE NET LOSS OF PHP19 MILLION 1H2019**

**HIGHLIGHTS**

- 2Q2020 Core Net Income of Php300 million from Core Net Income of Php93 million in 2Q2019, sustained by the positive momentum in the business operations beginning 3Q2019.
- 1H2020 Core Net Income at Php402 million is a complete turn-around from a Core Net Loss of 1H2019 amounting to PhP19 million.
- 2Q2020 Core EBITDA increased by 60% to Php708 million from Php443 million in 2Q2019.
- 1H2020 Core EDITDA stands at Php1.127 billion versus Php660 million for the same period last year, an improvement of 71%.
- Unhampered operations and favorable gold prices continue to push operating revenues higher by 22% to Php1.967 billion for 2Q2020 from Php1.613 billion for the same period in 2019, inspite of a 5% decline in realized copper prices. Realized gold prices increased by 30%.
- Despite the effects of pandemic, Philex continued operational improvements reduced cash and non-cash production cost and expenses by Php15 million in 2Q2020 to only Php1.552 billion versus Php1.567 billion in 2Q2019

Manila, Philippines – The Management and the Board of Directors of Philex Mining Corporation (PSE:PX) (the “Company” or “Philex”) today announced that the Company generated another quarter of positive results. Philex recorded a Core Net Income of Php300 million for the quarter, in addition to the Php103 million of core net income it already recorded in 1Q2020, ending the first half of the year with a core net income of Php402 million. Favorable gold prices continue to help boost the operating revenues of the Company for 1H2020. The improvements in the mine and mill operations continue to generate costs efficiencies resulting in an acceptable operating cost and expenses level despite a much higher tonnage milled during the quarter. The Company’s cost and expenses slightly decreased by only 1% in 2Q2020 versus Php1.567 billion in 2Q2019. The Company reported a Net Income of Php322 million for 2Q2020 versus a reported Net Income of Php185 million for the same period in 2019 which however includes a one-time reversal of overprovisions amounting to Php91 million in 2Q2019.

**Production and Revenues**

The Company continue to generate higher tonnage since the first quarter of the year. For 2Q2020, total tonnage milled increased by 1% to 2.002 million tonnes from 1.973 million tonnes during the second quarter of 2019. This brings the Company’s 1H2020 total tonnage milled at 3.971 million tonnes versus 3.805 million tonnes for 1H2019, an increase of 4%.

The continued improvement in the execution of the mining plan and mill operations resulted to higher tonnage and better blended metal grades. As a result, metal output continued to be in favorable trend at 14,173 ounces for 2Q2020 versus 13,182 ounces of gold produced in 2Q2019 while copper output

increased by 8% to 6.803 million pounds in 2Q2020 versus the 6.280 million pounds for 2Q2019. Gold production for 1H2020 reached 28,332 ounces, an increase of 20%, from 23,675 ounces. On the other hand, copper output for 1H2020 topped at 13.541 million pounds, 13% increase from 12.007 million pounds in 1H2019.

Operating revenues, net of smelting charges, increased by 22% to Php1.967 billion in 2Q2020 versus Php1.613 billion in 2Q2019 as a result of significantly favorable realized gold prices though tempered by declining realized copper prices, and lower foreign exchange rates. Operating revenues for 1H2020 is 19% higher at Php3.680 billion versus Php3.089 billion of 1H2019.

### **Operating Costs and Expenses, Core and Net Income**

The Company's operating cost and expenses for 2Q2020 is at par with 1Q2020 at Php1.552 billion, but slightly lower from Php1.567 billion in 2Q2019. The slight decrease is attributable to lower cash and non-cash production costs in 2Q2020 amounting to Php1.358 billion as compared with the cash and non-cash production costs in 2Q2019 amounting to Php1.398 billion.

Reported Net Income for 2Q2020 increased by 216% to Php322 million from Php102 million in 1Q2020, and a 74% increase from reported Net Income of Php185 million in 2Q2019. This brings the Company's 1H2020 reported Net Income to Php425 million from Php391 million of 1H2019.

Core Net Income for 2Q2020 reached Php300 million to close the 1H2020 Core Net Income to Php402 million versus a Core Net Loss of Php19 million in 1H2019.

The Company generated an EBITDA of Php708 million for the 2Q2020 versus Php443 million in 2Q2019, a 60% improvement. This brings the 1H2020 EBITDA to Php1.127 billion versus Php660 million in 1H2019, an increase of 71%.

### **COVID 2019**

The Company being an export-oriented enterprise was allowed to remain operational during the Enhanced Community Quarantine ("ECQ") in accordance with the guidelines of the government Inter-Agency Task Force (IATF) for the Management of Emerging Infectious Diseases.

The Company continue to observe and implement health protocols within the mine camp to prevent COVID19 virus from infecting the employees and their families. As a result of government mandated relaxation of the quarantine status of Baguio City and Itogon municipalities, Philex adjusted its own health protocols to allow limited movement within the Padcal mine community.

Padcal mine continue to implement limited curfew hours, implemented social distancing in our work places and our residential quarters and other guidelines of the IATF. The safety of our constituents inside the camp was our foremost priority.

Beginning April, 2020, the flow of critical materials and supplies, augmented by new suppliers base, has returned to normal and has opened new opportunities for strategic sourcing alternatives that will result to more cost efficient supply chain model. Philex is confident that it has developed reliable and adequate supply sources of its critical materials, supplies and much needed equipment replacements.

"We have adjusted our supply chain model based on new normal in order to mitigate the risk of possible disruptions in the flow of the materials and supplies needed in our mine and mill operations. We also have put in place adequate health protocols to protect our employees, both in Padcal mine and at the Head

Office, as they continue to perform their day to day work in the office, underground mining and mill operations”, emphasized Eulalio B Austin, Jr, President and CEO.

“Given prevailing high gold prices and poor economic prospects for balance year, it looks like Philex is headed towards a better full year performance in 2020 compared with 2019—provided we are able to maintain our production volume and improve mining efficiencies”, concluded M.V. Pangilinan, Chairman.

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

|  | <b>June 30<br/>2020<br/>(Unaudited)</b> | <b>December 31<br/>2019<br/>(Audited)</b> |
|--|---|---|
| <b>ASSETS</b>  |   |   |
| <b>Current Assets</b>  |   |   |
| Cash and cash equivalents  | P 914,126                               | P 795,709                                 |
| Accounts receivable - net  | 326,163                                 | 416,154                                   |
| Inventories - net  | 1,492,279                               | 1,043,748                                 |
| Other current assets -net  | 615,251                                 | 665,768                                   |
| <b>Total Current Assets</b>  | <u>3,347,819</u>                        | <u>2,921,379</u>                          |
| <b>Noncurrent Assets</b>   |   |   |
| Property, plant and equipment - net  | 3,041,165                               | 3,185,283                                 |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 120,898                                 | 120,898                                   |
| Investment in associates - net   | 4,181,122                               | 4,208,339                                 |
| Deferred exploration costs   | 26,959,144                              | 26,616,343                                |
| Pension asset - net  | 207,266                                 | 223,775                                   |
| Other noncurrent assets  | 500,283                                 | 622,710                                   |
| <b>Total Noncurrent Assets</b>   | <u>35,009,878</u>                       | <u>34,977,348</u>                         |
| <b>TOTAL ASSETS</b>  | <u><b>38,357,697</b></u>                | <u><b>37,898,727</b></u>                  |
| <b>LIABILITIES AND EQUITY</b>  |   |   |
| <b>Current Liabilities</b>   |   |   |
| Loans payable  | 2,292,180                               | 2,531,750                                 |
| Accounts payable and accrued liabilities   | 1,643,184                               | 1,608,003                                 |
| Subscription payable   | 186,531                                 | 186,531                                   |
| Income tax payable   | 59,962                                  | 53,284                                    |
| Derivative liability   | 34,136                                  | -   |
| Dividends payable  | 555,175                                 | 549,632                                   |
| <b>Total Current Liabilities</b>   | <u>4,771,168</u>                        | <u>4,929,200</u>                          |
| <b>Noncurrent Liabilities</b>  |   |   |
| Deferred tax liabilities - net   | 2,292,921                               | 2,218,550                                 |
| Loans and bonds payable  | 7,942,890                               | 7,743,020                                 |
| Provision for losses and mine rehabilitation costs                                 | 40,783                                  | 39,029                                    |
| <b>Total Noncurrent Liabilities</b>  | <u>10,276,594</u>                       | <u>10,000,599</u>                         |
| <b>Total Liabilities</b>   | <u>15,047,762</u>                       | <u>14,929,799</u>                         |
| <b>Equity Attributable to Equity Holders of the Parent Company</b>                 |   |   |
| Capital Stock - P1 par value   | 4,940,399                               | 4,940,399                                 |
| Additional paid-in capital   | 1,143,981                               | 1,143,981                                 |
| Retained Earnings  |   |   |
| Unappropriated   | 3,846,424                               | 3,471,281                                 |
| Appropriated   | 10,500,000                              | 10,500,000                                |
| Net unrealized gain on financial assets measured at FVOCI                          | 37,745                                  | 37,745                                    |
| Equity conversion option   | 1,225,518                               | 1,225,518                                 |
| Cumulative loss on hedging instruments   | (34,136)                                | -   |
| Net revaluation surplus  | 1,572,385                               | 1,572,385                                 |
| Effect of transactions with non-controlling interests                              | 77,892                                  | 77,892                                    |
|  | <u>23,310,208</u>                       | <u>22,969,201</u>                         |
| Non-controlling Interests  | (273)                                   | (273)                                     |
| <b>Total equity</b>  | <u><b>23,309,935</b></u>                | <u><b>22,968,928</b></u>                  |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>  | <u><b>P 38,357,697</b></u>              | <u><b>P 37,898,727</b></u>                |

**PHILEX MINING CORPORATION AND SUBSIDIARIES**  
**COMPARATIVE CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE PERIOD ENDED JUNE 30, 2020**

(Amounts in Peso Thousands, except Earnings Per Share)

|  | UNAUDITED        |                  |                    |                  |
|--|------------------|------------------|--------------------|------------------|
|  | 2020             |                  |                    | 2019             |
|  | 1Q               | 2Q               | 1H                 | 1H               |
| <b>REVENUES</b>                                | 1,712,538        | 1,967,411        | 3,679,948          | 3,088,723        |
| <b>COSTS AND EXPENSES</b>                      |                  |                  |                    |                  |
| Production costs                               | 1,064,747        | 1,028,492        | 2,093,239          | 2,113,598        |
| Depletion, depreciation and amortization       | 295,231          | 329,894          | 625,125            | 685,676          |
| General and administrative expenses            | 118,570          | 133,769          | 252,339            | 199,420          |
| Excise taxes and royalties                     | 73,276           | 60,158           | 133,434            | 133,815          |
|  | 1,551,824        | 1,552,313        | 3,104,137          | 3,132,509        |
| <b>INCOME (LOSS) FROM OPERATIONS</b>           | <b>160,714</b>   | <b>415,098</b>   | <b>575,811</b>     | <b>(43,786)</b>  |
| <b>OTHER INCOME(CHARGES)</b>                   |                  |                  |                    |                  |
| Foreign exchange gains (losses) - net          | (594)            | 32,486           | 31,892             | 61,421           |
| Interest income - net                          | 148              | 218              | 366                | 474              |
| Share in net income (losses) of associates     | (13,609)         | (13,609)         | (27,218)           | (9,029)          |
| Others - net                                   | (27,837)         | (27,106)         | (54,943)           | 384,499          |
|  | (41,892)         | (8,011)          | (49,903)           | 437,365          |
| <b>INCOME BEFORE INCOME TAX</b>                | <b>118,822</b>   | <b>407,087</b>   | <b>525,908</b>     | <b>393,579</b>   |
| <b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> |                  |                  |                    |                  |
| Current  | (5,929)          | 65,917           | 59,988             | (9,594)          |
| Deferred                                       | 22,449           | 18,923           | 41,372             | 11,784           |
|  | 16,520           | 84,840           | 101,360            | 2,190            |
| <b>NET INCOME</b>                              | <b>P 102,302</b> | <b>P 322,247</b> | <b>P 424,548</b>   | <b>P 391,389</b> |
| <b>NET INCOME ATTRIBUTABLE TO:</b>             |                  |                  |                    |                  |
| Equity holders of the Parent Company           | 102,302          | 322,247          | 424,548            | 391,389          |
| Non-controlling interests                      | -                | -                | -                  | -                |
|  | <b>P 102,302</b> | <b>P 322,247</b> | <b>P 424,548</b>   | <b>P 391,389</b> |
| <b>CORE NET INCOME (LOSS)</b>                  | <b>P 102,718</b> | <b>P 299,506</b> | <b>P 402,224</b>   | <b>(19,035)</b>  |
| <b>BASIC/DILUTED EARNINGS PER SHARE</b>        | <b>P 0.0207</b>  | <b>P 0.0652</b>  | <b>P 0.0859</b>    | <b>P 0.0792</b>  |
| <b>CORE NET INCOME (LOSS) PER SHARE</b>        | <b>P 0.0208</b>  | <b>P 0.0606</b>  | <b>P 0.0814</b>    | <b>(0.0039)</b>  |
| <b>EBITDA</b>                                  | <b>P 418,684</b> | <b>P 708,459</b> | <b>P 1,127,143</b> | <b>P 659,804</b> |