

July 29 2021

PRESS RELEASE

PHILEX DELIVERS PHP1.149 BILLION CORE NET INCOME IN 1H2021, AN INCREASE OF 186% COMPARED WITH 1H2020

HIGHLIGHTS

- 2Q2021 Core Net Income reached Php610 million from Core Net Income of Php540 million in 1Q2021 on the back of higher revenues and lower operating cost and expenses
- 1H2021 Core Net Income at Php1.149 billion higher by 186% than core net income for the same period in 2020 at Php402 million
- 2Q2021 Core EBITDA of Php1.016 billion higher than 2Q2020 Core EBITDA of Php708 million
- 1H2021 Core EDITDA of Php2.027 billion higher by 80% than the Core EBITDA of 1H2020 at Php1.127 billion
- Sustained higher metal prices and efficient operating costs and expenses propelled Revenues and Core Net Income to new highs

Manila, Philippines –Philex Mining Corporation (PSE:PX) (the “Company” or “Philex”) today announced that the Company achieved another new highs in its revenues and core net income for 2Q2021. Philex recorded a Core Net Income of Php610 million for the 2nd quarter. In addition to the Php540 million core net income it already recorded in 1Q2021, Philex registered a new high core net income for the first half of the year at Php1.149 billion. Satisfactory execution of the mining plan resulted in sustained level of metal output, and optimum operating cost and expenses delivered the higher core net income for the quarter and year-to-date ended June 30, 2021. The Company reported a Net Income of Php600 million for 2Q2021 versus the reported Net Income of Php322 million for the same period in 2020, an 86% increase.

Production and Revenues

The Company milled slightly lower tonnage than the first quarter of 2021 resulting in slightly lower copper output for 2Q2021. Despite the slightly lower copper output, the Company generated higher revenues for 2Q2021 at Php2.377 billion, higher by 21% over the same period in 2020. This brings 1H2021 revenues to Php4.747 billion, ahead by 29% over the same period in 2020, with revenues only at Php3.680 billion. The higher revenues are due mainly to the sustained higher realized metal prices for both Gold and Copper at \$1,807 per ounce and \$4.21 per pound, respectively.

The satisfactory execution of the mining plan and mill operations resulted in the production of 13,612 ounces of Gold and 6.435 million pounds of Copper for 2Q2021, bringing the 1H2021 total metal output at 27,025 ounces of Gold and 13.205 million pounds of Copper.

Operating Costs and Expenses, Core and Net Income

Operating costs and expenses for 2Q2021 at Php1.593 billion are higher than those of 2Q2020 at Php1.552 billion due to slightly higher production expenses and higher excise taxes and royalties attributable to higher revenues. The slight increase was tempered by lower non-cash production costs in 2Q2021 amounting to Php271 million compared with non-cash production costs in 2Q2020 amounting to Php330 million. This brings the 1H2021 operating costs and expenses to P3.240 billion, higher by Php136 million compared with 1H2020. The increase is attributable to increasing production cost brought about by the effects of the pandemic to the supply chain, including logistics and Covid-19 response undertaken by the Company.

Reported Net Income for 2Q2021 increased by 86% to Php600 million from Php322 million in 2Q2020. This brings the Company's 1H2021 reported Net Income to Php1.159 billion from Php425 million of 1H2020.

Core Net Income for 2Q2021 reached Php610 million to close the 1H2021 Core Net Income at Php1.149 billion, higher by 186% versus the Core Net Income of Php402 million in 1H2020.

The Company generated EBITDA of Php1.016 billion for the 2Q2021 versus Php708 million in 2Q2020, a 44% increase. This brings the 1H2021 EBITDA to Php2.027 billion versus Php1.127 billion in 1H2020, an increase of 80%.

COVID 2019

Despite our strict implementation of the IATF-DOH mandated health protocols, the Company was not spared by the spread of the Covid19 virus. Several employees and their dependents were infected by the virus but the infection was immediately contained, preventing widespread transmission, and ensuring the continued operation of both the mine and mill plant. The Company adopted and implemented regular surveillance and contact tracing activities to further strengthen its defense against any transmission to its employees and their dependents.

Silangan Project

The Board of Directors of Philex has approved the In-Phase development of Silangan and the Company will be appointing a financial advisor to assist in the fund raising that will commence as soon as practicable. With the In-Phase development of Silangan, the capital expenditure requirement will be made in stages, and can be funded from a variety of potential resources including internally-generated cash and potentially through equity and debt from investors and creditors. The Company is confident that Silangan development will start by Q22022 with the target of commencing commercial operations in January 2025.

"We will be working with our financial advisor to immediately implement the fund raising activity for the In-Phase development of Silangan. We believe that the recent government pronouncements related to the mining industry will increase the level of interest and confidence of investors and lenders to mining companies. The launch of Silangan will be very timely.", emphasized Eulalio B Austin, Jr, Philex President and CEO.

“The global outlook for metal prices continue to be positive and Philex is poised to benefit as we emphasize on excellent execution of plans in light of the current volatile environment brought about by this pandemic. In the next couple of months, we set to launch our Silangan Project under an In-Phase Development approach. Silangan will be an exciting project for Philex.”, concluded Manuel V. Pangilinan, Philex Chairman.

----- O -----

For Further information, please contact:

Romeo B. Bachoco - Chief Finance Officer
Email: rbbachoco@philexmining.com.ph
Phone: +63 2 8631 1381

PHILEX MINING CORPORATION AND SUBSIDIARIES
COMPARATIVE CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED JUNE 30, 2021

(Amounts in Peso Thousands, except Earnings Per Share)

	UNAUDITED			
	2021		2020	
	1Q	2Q	1H	1H
REVENUES	P 2,370,062	P 2,377,409	P 4,747,471	P 3,679,948
COSTS AND EXPENSES				
Production costs	1,090,526	1,105,788	2,196,314	2,093,239
Depletion, depreciation and amortization	338,818	271,086	609,904	625,125
Excise taxes and royalties	151,965	156,029	307,994	252,339
General and administrative expenses	65,984	59,653	125,637	133,434
	1,647,293	1,592,556	3,239,849	3,104,137
OTHER INCOME(CHARGES)				
Foreign exchange (losses) income	(5,041)	(13,323)	(18,364)	31,892
Interest income - net	266	702	968	366
Share in net losses of associates	(10,100)	(5,576)	(15,676)	(27,218)
Others - net	(194,329)	(38,064)	(232,393)	(54,943)
	(209,204)	(56,261)	(265,465)	(49,903)
INCOME BEFORE INCOME TAX	513,565	728,592	1,242,157	525,908
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	105,918	80,730	186,648	59,988
Deferred	(151,927)	48,335	(103,592)	41,372
	(46,009)	129,065	83,056	101,360
NET INCOME	P 559,574	P 599,527	P 1,159,101	P 424,548
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	559,574	599,527	1,159,101	424,548
Non-controlling interests	-	-	-	-
	P 559,574	P 599,527	P 1,159,101	P 424,548
CORE NET INCOME	P 539,601	P 609,520	P 1,149,121	P 402,224
BASIC/DILUTED EARNINGS PER SHARE	P 0.1132	P 0.1214	P 0.2346	P 0.0859
CORE NET INCOME PER SHARE	P 0.1092	P 0.1234	P 0.2326	P 0.0814
EBITDA	P 1,010,764	P 1,015,872	P 2,026,636	P 1,127,143

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

	June 30 2021 (Unaudited)	December 31 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P 1,249,092	P 1,191,479
Accounts receivable - net	348,150	369,898
Inventories - net	2,233,083	1,343,366
Other current assets -net	419,225	539,950
Total Current Assets	<u>4,249,550</u>	<u>3,444,693</u>
Noncurrent Assets		
Property, plant and equipment - net	2,953,788	3,042,982
Financial assets measured at fair value through other comprehensive income (FVOCI)	113,972	113,973
Investment in associates - net	4,145,652	4,161,328
Deferred exploration costs	27,691,574	27,365,125
Pension asset - net	300,877	310,332
Other noncurrent assets	501,629	500,882
Total Noncurrent Assets	<u>35,707,492</u>	<u>35,494,622</u>
TOTAL ASSETS	<u>39,957,042</u>	<u>38,939,315</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	1,410,538	1,776,851
Accounts payable and accrued liabilities	2,095,308	1,692,763
Subscription payable	99,278	123,345
Income tax payable	80,721	74,300
Derivative liability	26,544	-
Dividends payable	580,807	553,610
Total Current Liabilities	<u>4,293,196</u>	<u>4,220,869</u>
Noncurrent Liabilities		
Deferred tax liabilities - net	1,889,675	2,293,314
Loans and bonds payable	8,396,039	8,182,002
Provision for losses and mine rehabilitation costs	17,496	16,911
Total Noncurrent Liabilities	<u>10,303,210</u>	<u>10,492,227</u>
Total Liabilities	<u>14,596,406</u>	<u>14,713,096</u>
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	5,617,844	4,734,469
Appropriated	10,500,000	10,500,000
Net unrealized gain on financial assets measured at FVOCI	31,859	31,859
Equity conversion option	1,225,518	1,225,518
Cumulative loss on hedging instruments	(26,544)	-
Net revaluation surplus	1,849,971	1,572,385
Effect of transactions with non-controlling interests	77,892	77,892
	<u>25,360,920</u>	<u>24,226,503</u>
Non-controlling Interests	(284)	(284)
Total equity	<u>25,360,636</u>	<u>24,226,219</u>
TOTAL LIABILITIES & EQUITY	<u>P 39,957,042</u>	<u>P 38,939,315</u>