

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. July 26, 2023
Date of Report (Date of earliest event reported)
2. SEC Identification Number 10044 3. BIR Tax Identification No. 000-283-731-000
4. PHILEX MINING CORPORATION
Exact name of issuer as specified in its charter
5. Philippines
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. 2nd Floor LaunchPad, Reliance Street corner Sheridan Street,
Mandaluyong City, Metro Manila
Address of principal office
- 1550
Postal Code
8. (632) 8631-1381 to 88
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|----------------------|--|
| <u>Common Shares</u> | <u>5,782,399,068</u> |
11. Indicate the item numbers reported herein:
Press Release

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILEX MINING CORPORATION
Issuer

July 26, 2023
Date

(Original Signed)
ROMEO B. BACHOCO
 Chief Finance Officer & Chief Compliance Officer



26 July 2023

PRESS RELEASE

**PHILEX MINING REPORTED PHP314 MILLION CORE NET INCOME
FOR 2Q2023;
DEVELOPMENT WORKS IN SILANGAN PROJECT NOW ON HIGH GEAR**

HIGHLIGHTS

- **2Q2023 Core Net Income at Php314 million compared to Php657 million in 2Q2022**
- **2Q2023 EBITDA at Php553 million lower than 2Q2022 EBITDA of Php1.171 billion**
- **Tonnes milled for 2Q2023 was 1.825 million tonnes, slightly lower than the 1.859 million tonnes milled in 2Q2022**
- **Gold prices improved by 6% while Copper dipped by 7% in 2Q2023 versus 2Q2022 levels**
- **Operating revenues are lower at Php2.051 billion in 2Q2023 compared to Php2.485 billion in 2Q2022**
- **Silangan east decline portal completed and tunneling works towards the ore body goes full swing**

(MANILA, PHILIPPINES) – Philex Mining Corporation (PSE: PX) (the “Company” or “Philex”), is one of the oldest and largest gold and copper producers in Southeast Asia, and a leader in right and principled mining. The Company generated an additional of Php314 million in core net income for 2Q2023, reporting a 1H2023 core net income of Php702 million. EBITDA of Php553 million for 2Q2023 increased 1H2023 EBITDA to Php1.188 billion.

Lower tonnage milled for 2Q2023 when compared to 2Q2022 levels resulted in the contraction of gold and copper output by 21% and 13%, respectively. Slight improvement in gold prices continue to mitigate the negative impact of the softening copper prices when compared to the same period in 2022. The combined negative effect of the lower metal production and softening of the copper prices was mitigated by the slight improvement in gold prices resulted to operating revenues of Php2.051 billion in 2Q2023, 17% lower than the Php2.485 billion for the same period in 2022 and 3% lower than the Php2.105 billion in 1Q2023. Realized gold price at US\$1,937 per ounce in the second quarter was higher by 6% when compared to 2Q2022, while realized copper price at US\$3.82 per pound was 7% lower when compared to 2Q2022. Prices for gold and copper for the first half of the year averaged at US\$1,924 per ounce and US\$3.91 per pound, respectively.

Operating costs and expenses for 2Q2023 slightly increased by 2% to Php1.701 billion from Php1.663 billion in 2Q2022.

PRODUCTION

The Company milled a total of 1.825 million tonnes during 2Q2023, 7% higher than the 1.706 million tonnes milled in 1Q2023, but 2% lower than the 1.859 million tonnes in 2Q2022. Total tonnage milled for 1H2023 was at 3.531 million tonnes, lower by 4% than the 3.681 million tonnes in the same period last year, as the Company continues to address the unscheduled breakdowns of the ageing equipment at the mill plant. Ore grades for gold and copper for 2Q2023 declined by 14% and 7%, respectively, when compared to the same period in 2Q2022. Gold output for 2Q2023 was 10,300 ounces, higher by 2% than the 10,062 ounces of 1Q2023, but lower by 21% against the 13,116 ounces in 2Q2022. On the other hand, copper output for 2Q2023 at 5.642 million pounds was higher by 2% than the 5.531 million pounds of 1Q2023, but lower by 13% versus 6.461 million pounds in 2Q2022.

Total gold output for 1H2023 stood at 20,361 ounces while copper output was at 11.173 million pounds, lower by 19% and 12%, respectively when compared to the same period in 2022.

OPERATING EXPENSES

Operating costs and expenses for 2Q2023 at Php1.701 billion was higher than the same period in 2Q2022 at Php1.663 billion, despite lower tonnage milled. The continued implementation of efficiency measures in operations offset the increases in the purchase costs of the materials and supplies as well as equipment parts and repairs. Higher power costs, however, continued to increase operating costs and expenses despite lower production level.

Total operating costs and expenses for 1H2023 at Php3.338 billion was almost the same as the Php3.318 billion in 1H2022.

SILANGAN PROJECT

Despite the current challenges in Padcal mine operations, the Company is still on track with development works on the Silangan Project in Surigao del Norte. The construction of the east decline portal has been completed and the arrival of tunnelling equipment, such as low profile loaders, jumbo drill and accessories allowed for the commencement of tunnelling works as programmed. The ongoing tunnelling works is on its second month and is necessary for the development of the mine production levels as well as ventilation openings. The preparatory works, including permitting works for the tailings storage facility ("TSF") is simultaneously being undertaken. More recently and in line with the project timelines, the tender documents for the construction of the process plant had been issued to potential contractors.

The Company is in the final stage of negotiation and documentation of the syndicated debt facility to complete the funding requirement of the Silangan project. The debt syndication is spearheaded by BDO Capital and Investment Corporation and targets to raise a minimum of US\$100 million. This new credit facility completes the full funding requirement for the Silangan Project after the stock rights offering (SRO) last year and the capital infusion from the Company out of its cash reserves.

OUTLOOK

“Cautious optimism is still the name of the game,” according to Philex President and CEO Eulalio B. Austin Jr. “The first half of the year was challenging, no doubt, but we are still confident that, with the Silangan Project and other prospects in the pipeline, the situation would improve. We are all geared up for mining opportunities moving forward.”

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Disclaimer on Forward Looking Statements

This press release may contain forward looking statements with respect to the results of operations and business of Philex Mining Corporation (“PX”). Such forward looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual performance of PX to be different from any future performance implied.

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

	June 30 2023 (Unaudited)	December 31 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P 4,717,096	P 3,925,296
Accounts receivable - net	479,454	580,621
Inventories - net	1,518,972	1,151,089
Derivative assets	22,805	-
Other current assets - net	1,072,902	765,754
Total Current Assets	<u>7,811,229</u>	<u>6,422,760</u>
Noncurrent Assets		
Deferred exploration costs	29,992,103	29,491,920
Investment in associates - net	3,593,614	3,605,677
Property, plant and equipment - net	3,010,974	2,729,865
Pension asset - net	339,340	340,725
Financial assets measured at fair value through other comprehensive income (FVOCI)	145,207	145,207
Other noncurrent assets	545,355	522,595
Total Noncurrent Assets	<u>37,626,593</u>	<u>36,835,989</u>
TOTAL ASSETS	<u>P 45,437,822</u>	<u>P 43,258,749</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	P 1,711,200	P 1,616,895
Accounts payable and accrued liabilities	2,869,415	2,670,983
Subscription payable	2,767	2,767
Income tax payable	53,837	124,351
Dividends payable	290,429	343,346
Total Current Liabilities	<u>4,927,648</u>	<u>4,758,342</u>
Noncurrent Liabilities		
Loans and bonds Payable	7,333,215	5,907,961
Deferred tax liabilities - net	1,691,467	1,720,847
Provision for losses and mine rehabilitation costs	2,342	2,342
Total Noncurrent Liabilities	<u>9,027,024</u>	<u>7,631,150</u>
Total Liabilities	<u>13,954,672</u>	<u>12,389,492</u>
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - P1 par value	5,782,399	5,782,399
Additional paid-in capital	2,885,163	2,885,163
Retained earnings		
Unappropriated	9,078,333	8,493,736
Appropriated	10,500,000	10,500,000
Net unrealized gain on financial assets measured at FVOCI and derivative	84,166	54,870
Equity Conversion option	857,863	857,863
Equity Reserves	367,655	367,655
Net revaluation surplus	1,849,971	1,849,971
Effect of transactions with non-controlling interests	77,892	77,892
	31,483,442	30,869,549
Non-controlling Interests	(292)	(292)
Total Equity	<u>31,483,150</u>	<u>30,869,257</u>
TOTAL LIABILITIES & EQUITY	<u>P 45,437,822</u>	<u>P 43,258,749</u>

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED JUNE 30, 2023

(Amounts in Peso Thousands, Except Earnings Per Share)

	UNAUDITED			
	2023			2022
	1Q	2Q	1H	1H
REVENUES	P 2,105,356	P 2,051,110	P 4,156,466	P 5,013,672
COSTS AND EXPENSES				
Production costs	1,260,757	1,314,474	2,575,231	2,181,005
Depletion, amortization and depreciation	167,081	190,804	357,885	688,896
Excise taxes and royalties	145,168	140,124	285,292	323,787
General and administrative expenses	63,338	55,902	119,240	124,427
	<u>1,636,344</u>	<u>1,701,304</u>	<u>3,337,648</u>	<u>3,318,115</u>
OTHER (CHARGES) INCOME				
Foreign exchange gain - net	26,234	1,255	27,489	88,204
Interest income	5,134	11,517	16,651	2,075
Share in net losses of associates	(5,372)	(6,691)	(12,063)	(8,546)
Others - net	(16,023)	16,002	(20)	(30,020)
	<u>9,973</u>	<u>22,084</u>	<u>32,057</u>	<u>51,713</u>
INCOME BEFORE INCOME TAX	478,985	371,890	850,875	1,747,270
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	121,750	53,846	175,596	435,095
Deferred	(32,338)	3,481	(28,857)	(87,062)
	<u>89,412</u>	<u>57,327</u>	<u>146,739</u>	<u>348,033</u>
NET INCOME	P 389,573	P 314,563	P 704,136	P 1,399,237
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	389,573	314,563	704,136	1,399,237
Non-controlling interests	-	-	-	-
	<u>P 389,573</u>	<u>P 314,563</u>	<u>P 704,136</u>	<u>P 1,399,237</u>
CORE NET INCOME	P 387,897	P 313,621	P 701,518	P 1,333,083
BASIC/DILUTED EARNINGS PER SHARE	P 0.067	P 0.054	P 0.121	P 0.283
CORE NET INCOME PER SHARE	P 0.067	P 0.054	P 0.121	P 0.270
EBITDA	P 634,964	P 553,281	P 1,188,245	P 2,352,992