

**PHILEX MINING  
CORPORATION**

**Investor Briefing  
March 2014**

- **Company Background**
- **Strategy**
- **Operations**
- **Philex Petroleum**
- **Financial Performance**

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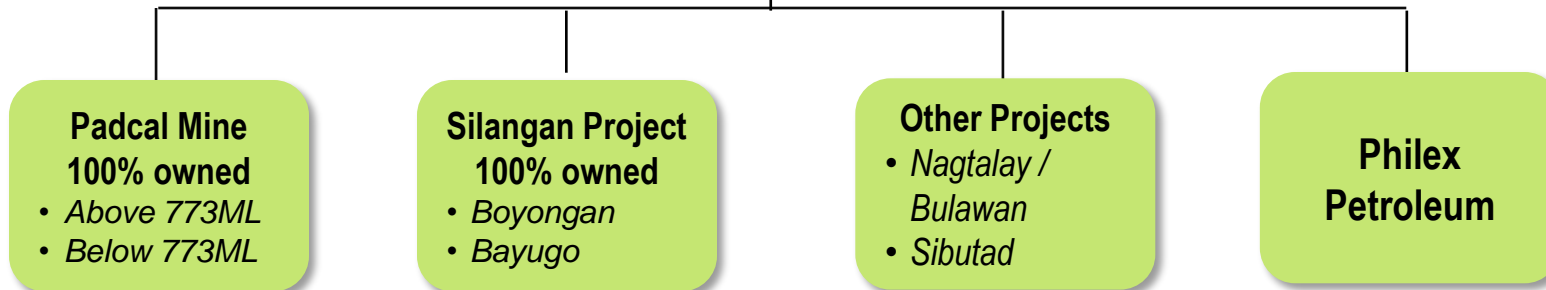
# **COMPANY BACKGROUND**

# Business Structure



## Shareholders

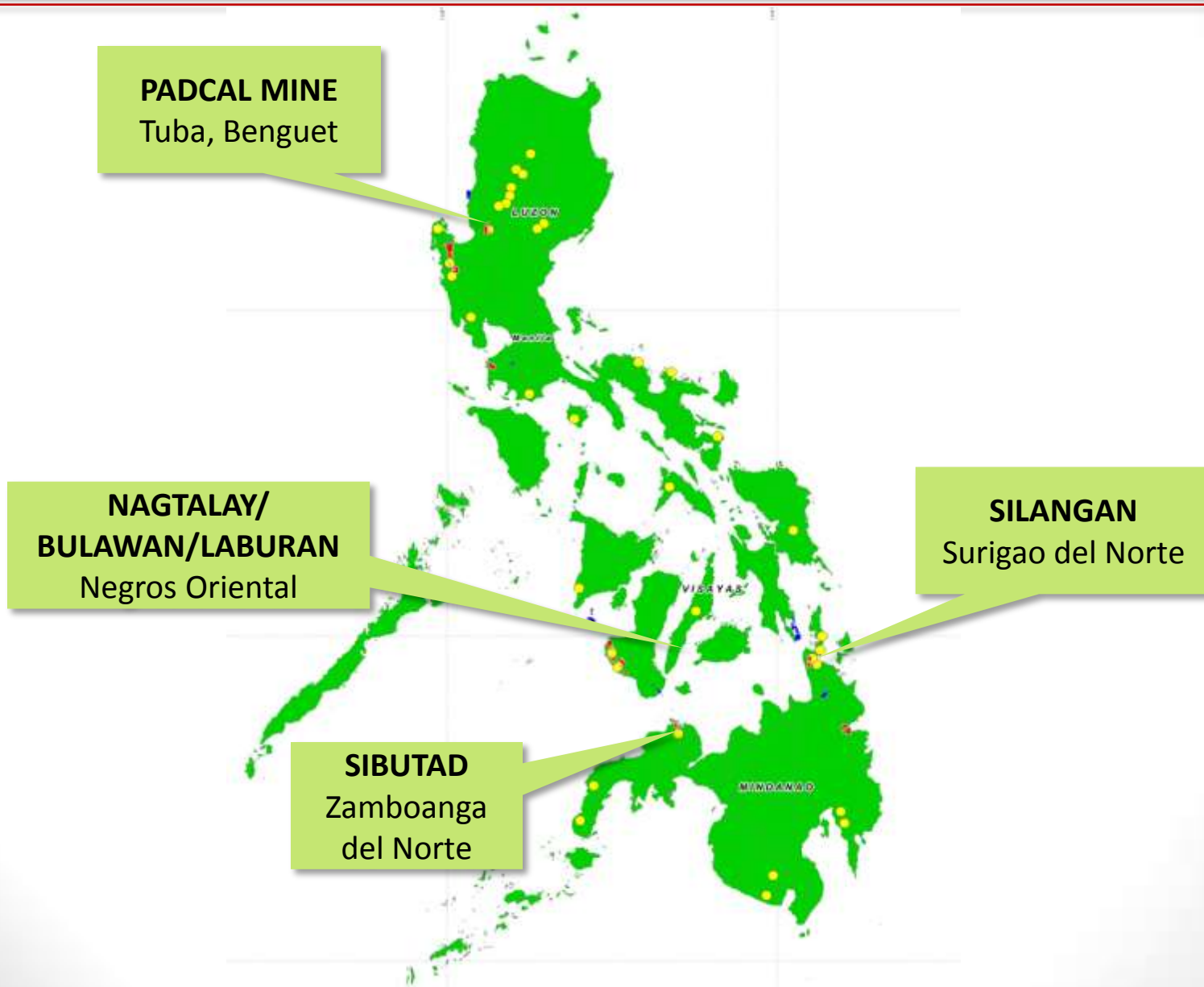
• First Pacific	31.2%
• Social Security System	20.5%
• Two Rivers	15.0%
• Philippine (others)	26.0%
• Foreign (other s)	7.3%



## PHILEX MINING CORPORATION

- Incorporated in 1955
- Listed in the Philippine Stock Exchange under code name PX
- Shares issued : 4,936,966,068
- Market Cap.: ~US\$1 billion

# Existing and Prospective Mines



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# STRATEGY

# Strategy

- Enhance and maintain high safety standards

- Increase metal production at Padcal

- Declare additional resources at Padcal (*both within the existing mine and nearby vicinity*)

- Declare additional reserves at Padcal to extend the mine's life

- Complete pre-feasibility study for Silangan Project

- Declare mineral reserves for Nagtalay /Bulawan and Sibutad

- Explore strategic partnerships and pursue value-adding acquisitions

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# OPERATIONS



# Padcal Outlook

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## PRODUCTION:

- >100,000 oz of Gold / year
- 35 million pounds of Copper / year

## OPERATING COST:

- Gold \$840 per oz
- Copper \$2 per pound

## MAJOR INITIATIVES

- Ongoing program to enhance safety performance and awareness
- Improve operational processes and systems
- Implement performance management system

# Padcal Outlook

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## CHALLENGES

- Permanent lifting of the suspension order
- Extending the mine life, which involves addressing a number of complex issues:
  - *Regulatory*
  - *Mining engineering*
  - *Geological*

## OPPORTUNITIES

- Exploration work to date indicates rich presence of additional resources, within the mine site and nearby vicinity, that can be declared in the future

# Silangan Outlook

## CHALLENGES

- First underground mining project in the Philippines with high degree of metallurgic complexity
- Requires significant resources in financing, manpower and technical expertise
- Estimated project capex of ~US\$1.2 billion

## OPPORTUNITIES

- Low cost of production
  - *US\$2.00/lb of copper*
  - *US\$900/oz for gold*
- Annual output of 60Mt/year (~60 years of mine life)
- Conclusion of JV with Manila Mining to add 200Mt of ore

## MAJOR INITIATIVES

- Declaration of Mine filed with the Philippine mining authorities in February 2013
- Pre-Feasibility Studies to be completed by mid 2014

# Other Gold Mining Projects

## Nagtalay/Bulawan/ Laburan

*(Negros Occidental)*

- Declared resource: 24Mt
- Contained gold: 1.5M ozs

## Sibutad

*(Zamboanga del Norte)*

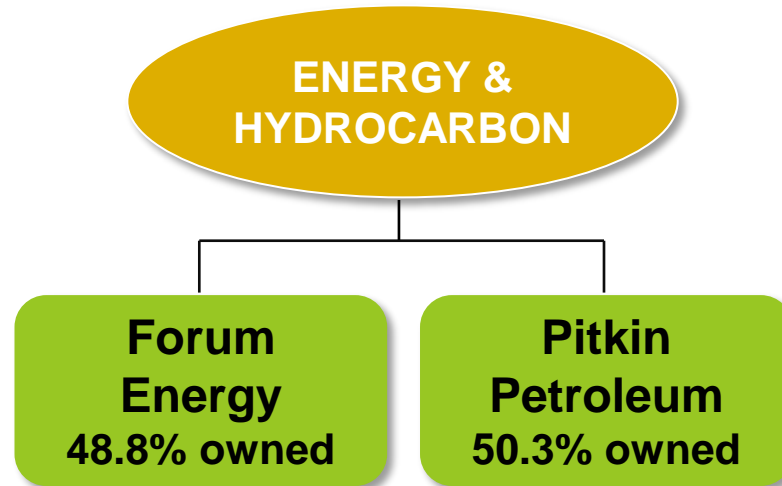
- Declared resource: 17Mt
- Contained gold: 460K ozs



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**PHILEX PETROLEUM**

# Business Structure



## PHILEX PETROLEUM CORPORATION

- Incorporated in 2007
- Listed in the Philippine Stock Exchange under code name PXP
- Shares issued : 1,700,000,000
- Market Cap.: US\$300 million

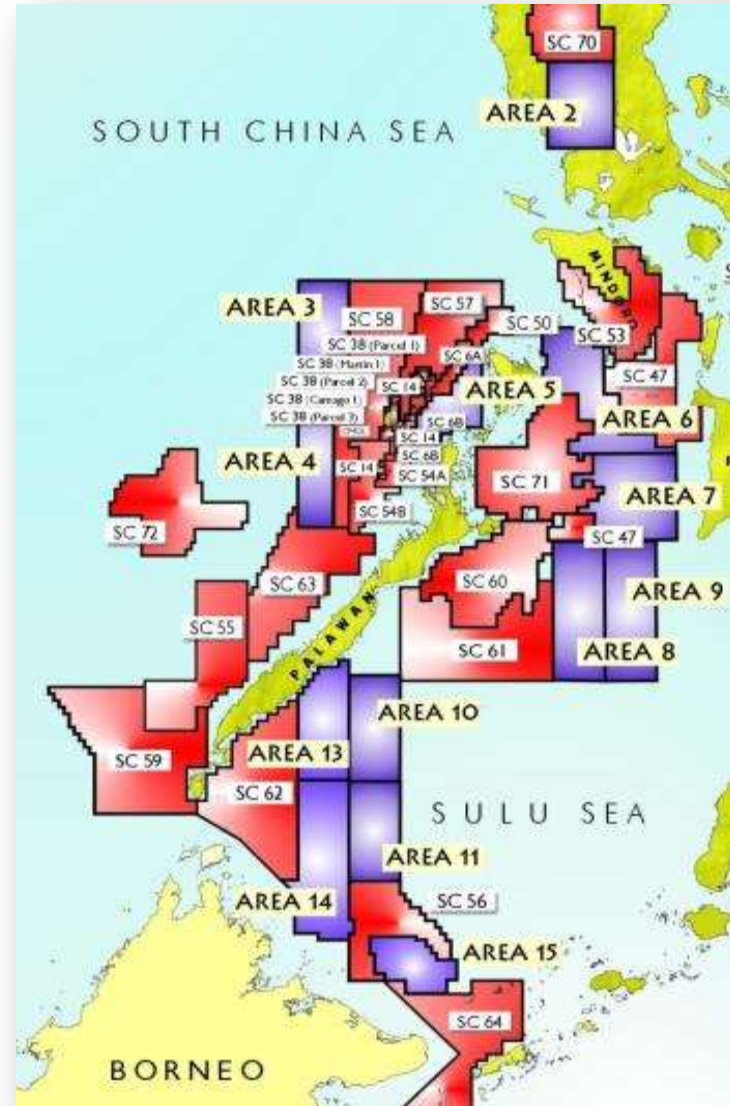
# Philex Petroleum Major Assets

## **SC 72**

- 70% operating interest in SC72 is held by London listed subsidiary, Forum Energy
- Current work has been deferred until 2015 due to maritime dispute between the Chinese and Philippine governments
- A CP report stated a contingent gas resources of 2.6 tcf and prospective gas resources of 8.7 tcf

## **SC 74 (PERC 4 - Area 5)**

- 70% operating interest in SC 74 consortium is held by subsidiary Pitkin Petroleum plc.
- The property is located in Northwest Palawan
- Awarded by the Philippine government in February 2013 during the 4<sup>th</sup> PECR held in July 2012



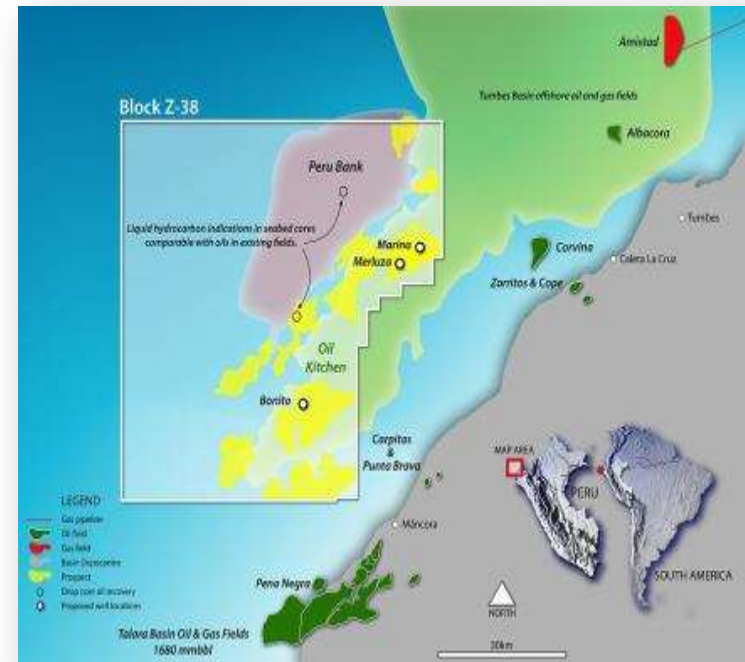
# Philex Petroleum Major Assets

## **SC 75 (PERC 4 - Area 4)**

- 50% operating interest in SC 75 consortium is held by Philex Petroleum
- The property is located in Northwest Palawan basin
- Awarded by the Philippine government last in January 2014 during the 4<sup>th</sup> PECR held in July 2012

## **Peru Block Z – 38**

- 25% participating interest is held by UK subsidiary, Pitkin Petroleum plc.
- Property located in north west Peru
- 16 prospects and leads identified with current Net unrisked mean prospective resources totalling 1.92 billion barrels of oil
- Expected spud date of 2-well program on Sept. 2014





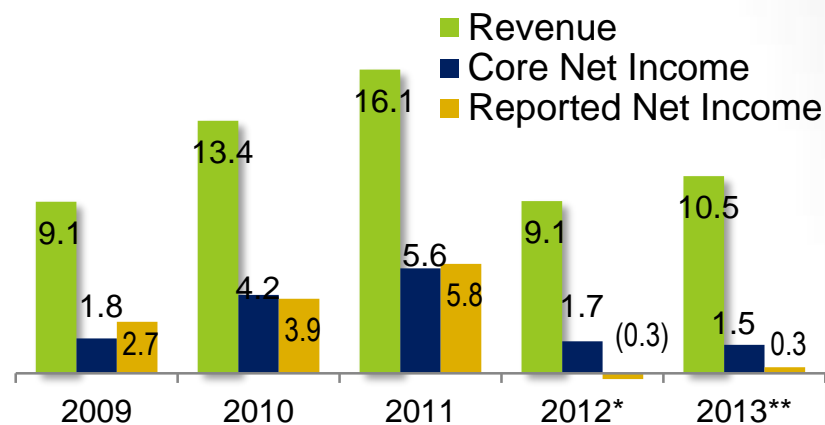
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# **FINANCIAL PERFORMANCE**

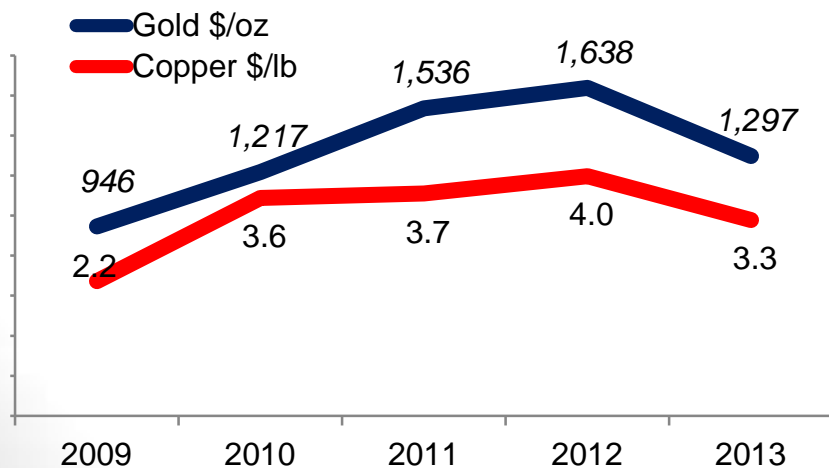
# Revenue, EBITDA and Pricing

- Revenue and EBITDA performance driven by metal prices
- Core net income remains positive

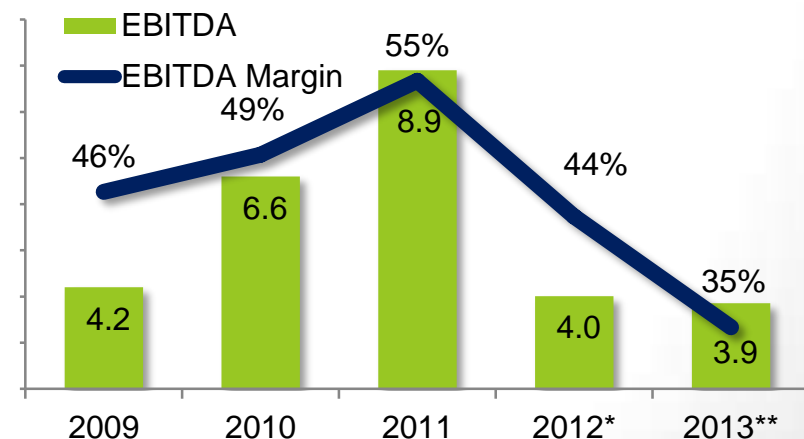
## GROSS REVENUE, CORE AND REPORTED NET INCOME (Pbn)



## REALIZED PRICES



## EBITDA & EBITDA MARGINS



\*operated for 7 months  
\*\*operated for 10 months

# Income Statement

➤ Increase in production partially offset by the fall in metal prices

➤ FY2013 net income a turn around from FY2012 net loss

➤ Core income slightly below FY2012

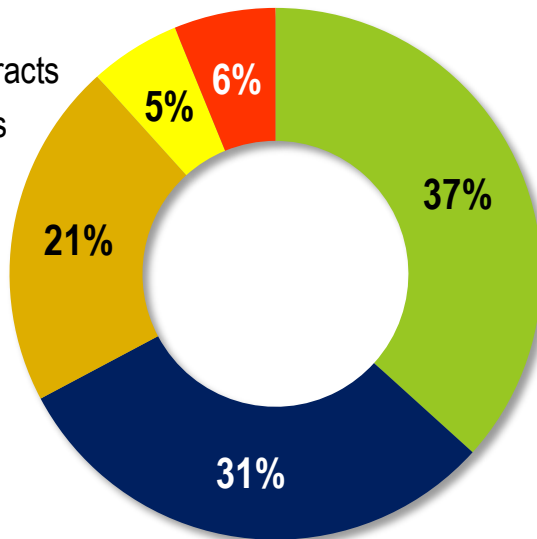
## INCOME STATEMENT HIGHLIGHTS *(million pesos)*

	2013	2012	Inc / (dec)	Amount (Pm)
Gross Revenue	10,462	9,137	15%	1,325
Marketing Charges	660	440	50%	220
Cost & Expenses	7,480	5,269	42%	2,211
Income from Operations	2,322	3,428	(32%)	(1,106)
Provision for Tax	(763)	(548)	(39%)	(215)
Net Income	312	(311)	-	623
Core Net Income	1,508	1,689	(11%)	(181)
Reported EPS <i>(Php)</i>	0.069	0.042	64%	-
Core EPS <i>(Php)</i>	0.305	0.342	(11%)	-

# Production Cost\* Breakdown

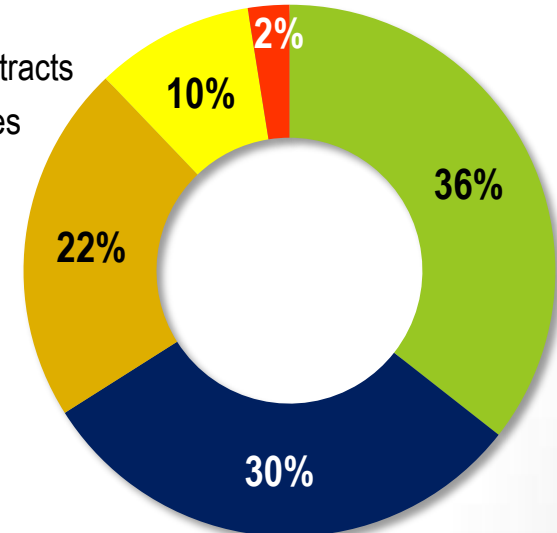
**2013**

- Materials and Supplies
- Power
- Labor
- Purchase Contracts
- Other expenses



**2012**

- Materials and Supplies
- Power
- Labor
- Purchase Contracts
- Other expenses



*\*excludes excise taxes, royalties and HQ expenses*

# Prices and Costs

- Gold spot prices\* in the world market fell 32%\*\* in 2013 after 12-year bull run

- Higher costs related to remediation and rehabilitation expenses

PRICE AND COST PER UNIT				
	2013	2012	Inc / (dec)	Amount
<b>Realized Prices</b>				
Gold (\$/oz)	1,297	1,638	(21%)	(341)
Copper (\$/lb)	3.27	3.99	(18%)	(1)
<b>Production Cost (P/tonne)</b>				
	714	647	10%	67
<b>Operating Cost (P/tonne)</b>				
	869	809	7%	60
<b>Break-even</b>				
Gold (\$/oz)	858	817	5%	41
Copper (\$/lb)	2.16	1.99	9%	0.17
<b>Average exchange rate</b>				
	43.14	42.58	1%	0.56

\*Source: BusinessWorld 02 January 2014

\*\*31 Dec 2013 vs 31 Dec 2012

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End of Presentation

**THANK YOU**