



— Y E A R S —
of

RESPONSIBLE MINING



Joint Analyst Briefing

1Q2018 Financial and Operating Results

May 10, 2018

Highlights

- 1Q2018 Core Net Income At P346 Million
- Reported Net Income At P303 Million
- Cash Costs And Expenses At P1.288 Billion
- US\$5.0 Million Short-term Debt Repaid In April-may; Outstanding Short-term Debt Down To US\$44.0 Million Todate
- Mine Life Extension Study Ongoing; Expected Completion In June
- Options for Silangan being Explored
- Value Generation From Investment In And Advances To PXP Energy Under Consideration

Operating Highlights

	1Q2017	1Q2017	Inc (Dec)
Tonnes Milled ('000)	2,197	1,998	10%
Production			
Gold – ozs	17,947	22,451	-20%
Copper - lbs ('000)	7,073	7,752	-9%
Metal Recovery (%)			
Gold	77	83	-7%
Copper	79	84	-6%
Ore Grade			
Gold - gms/DMT	0.329	0.421	-22%
Copper - %	0.185	0.209	-11%
Prices			
Gold (US\$/ounce)	1,338	1,264	6%
Copper (US\$/pound)	3.10	2.77	12%

- **Tonnes milled:** production-related issues addressed
- **Metal production:** affected by low ore grades and metal recovery

Financial Highlights

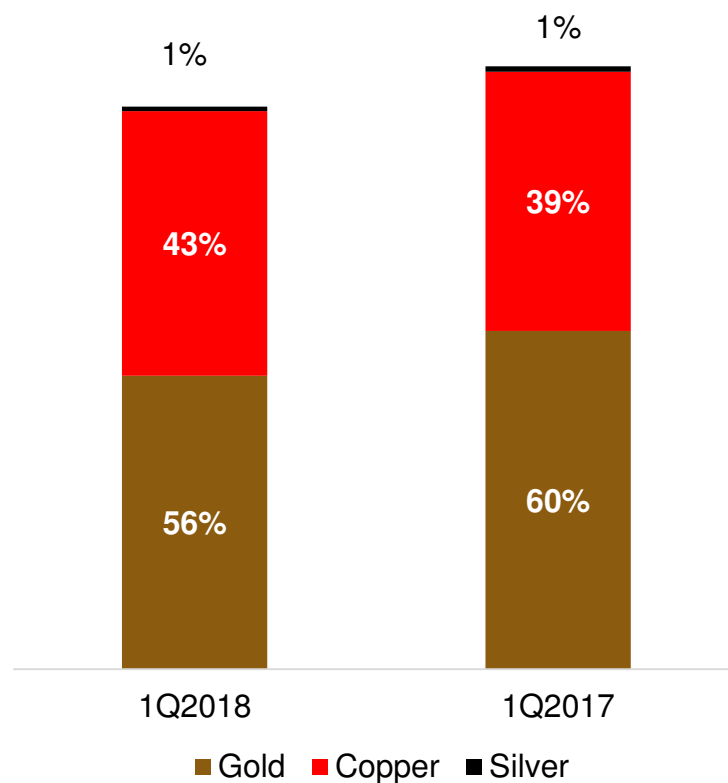
<i>(in PHP million, unless indicated)</i>	1Q2018	1Q2017	<i>Inc/(dec)</i>
Gross Revenue	2,373	2,542	-7%
Smelting Charges	207	207	-
Cost & Expenses	1,697	1,668	2%
Income from Operations	468	668	-30%
Other Inc / (charges)	(35)	(55)	-36%
Provision for Tax	(131)	(180)	-27%
Net Income	303	432	-30%
Income Attributable to Equity Holders of the Parent	303	432	-30%
Core Net Income	346	458	-24%
EBITDA	910	1,007	-10%
Operating margin	20%	26%	-23%
EBITDA margin	38%	40%	-5%

- **Revenue:** affected by low metal production
- **Cost and expenses:** higher due to increase in non-charges and excise taxes due to TRAIN Law
- **Core and Net Income:** lower due to lower revenue, higher non-cash charges, and increase in excise taxes

Revenue Breakdown

Revenue per Product			
(PhP million)	1Q2018	1Q2017	Inc (Dec)
Gold	1,237	1,426	-13%
Copper	1,117	1,094	2%
Silver	19	22	-14%
TOTAL	2,373	2,542	-7%

Revenue Performance



Costs and Expenses

(in PHP million)	1Q2018	1Q2017	Inc (Dec)
Production cost			
Materials & Supplies	428	457	-6%
Power	294	324	-9%
Labor	220	224	-2%
Contracts	59	47	26%
Others	63	59	7%
Cash Production cost	1,064	1,112	-4%
Depreciation & Amortization	409	352	16%
Total Production Cost	1,472	1,463	1%
Excise Tax & Royalties	143	111	29%
Operating Cost (Mining)	1,615	1,574	3%
G&A (Mining)	81	92	-12%
TOTAL COST AND EXPENSES	1,697	1,668	2%

- **Materials and supplies and labor:** continued judicious use of resources
- **Power:** lower renegotiated rates
- **Depreciation and amortization:** higher block amortization and increased tonnage
- **Excise tax and royalties:** 100% increase in excise tax rates
- **G&A:** sustained spend management and cost rationalization

Capital Expenditures

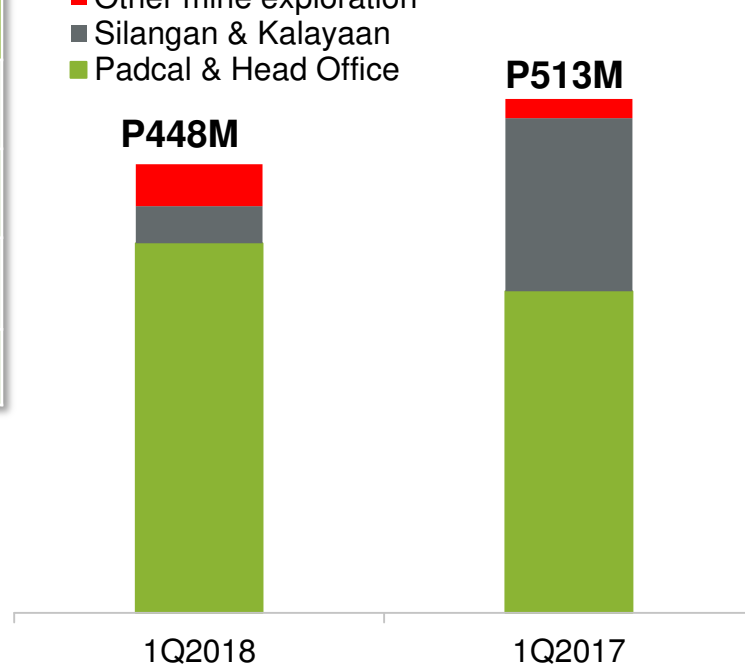
Capital Expenditure Breakdown

(PhP million)	1Q2018	1Q2017	Inc (Dec)
Padcal & Head Office	369	321	15%
Silangan & Kalayaan	37	173	-79%
Other mine exploration	42	19	121%
TOTAL	448	513	-13%

- **Completion of capital-intensive activities in Silangan** (*drilling, metallurgy, pilot-plant testing, PFS, etc.*)

Capital Expenditure Performance

- Other mine exploration
- Silangan & Kalayaan
- Padcal & Head Office



Financial Position

ASSETS (in PHP million)

	As of Mar 31, 2018	As of Dec 31, 2017	Inc (Dec)
Cash & cash equivalents	427	584	-27%
Receivables & others	5,822	5,683	2%
Current assets	6,249	6,267	-
Property, plant & equipment	6,645	6,721	-1%
Deferred exploration costs	24,559	24,361	1%
Others	2,324	2,330	-
Total assets	39,778	39,679	-

LIABILITIES AND STOCKHOLDERS' EQUITY (in PHP million)

	As of Mar 31, 2018	As of Dec 31, 2017	Inc (Dec)
Short-term debt	2,556	2,447	4%
Others	1,994	2,418	-18%
Current liabilities	4,550	4,857	-6%
Bonds Payable	7,031	6,950	1%
Deferred tax liability/others	3,360	3,140	7%
Total liabilities	14,941	14,947	-
Total equity	24,837	24,732	-
Total Liabilities and SHE	39,778	39,679	-

SELECTED FINANCIAL RATIOS

Current Ratio	1.37:1	1.29:1
Debt-to-equity Ratio	38:62	38:62

- **Deferred Exploration costs:** investments in Silangan and sustained exploration in Padcal

- **Short-term debt:** repayment of US\$5 million in Parent Company's debt, balance down to US\$44 million as of May 10, 2018

Recent Developments

- Study on Padcal mine life extension to be completed in July
- Silangan options explored
- Value generation from investments in and advances to PXP Energy Corp. under consideration



Financial Highlights and Operational Updates

Profit and Loss

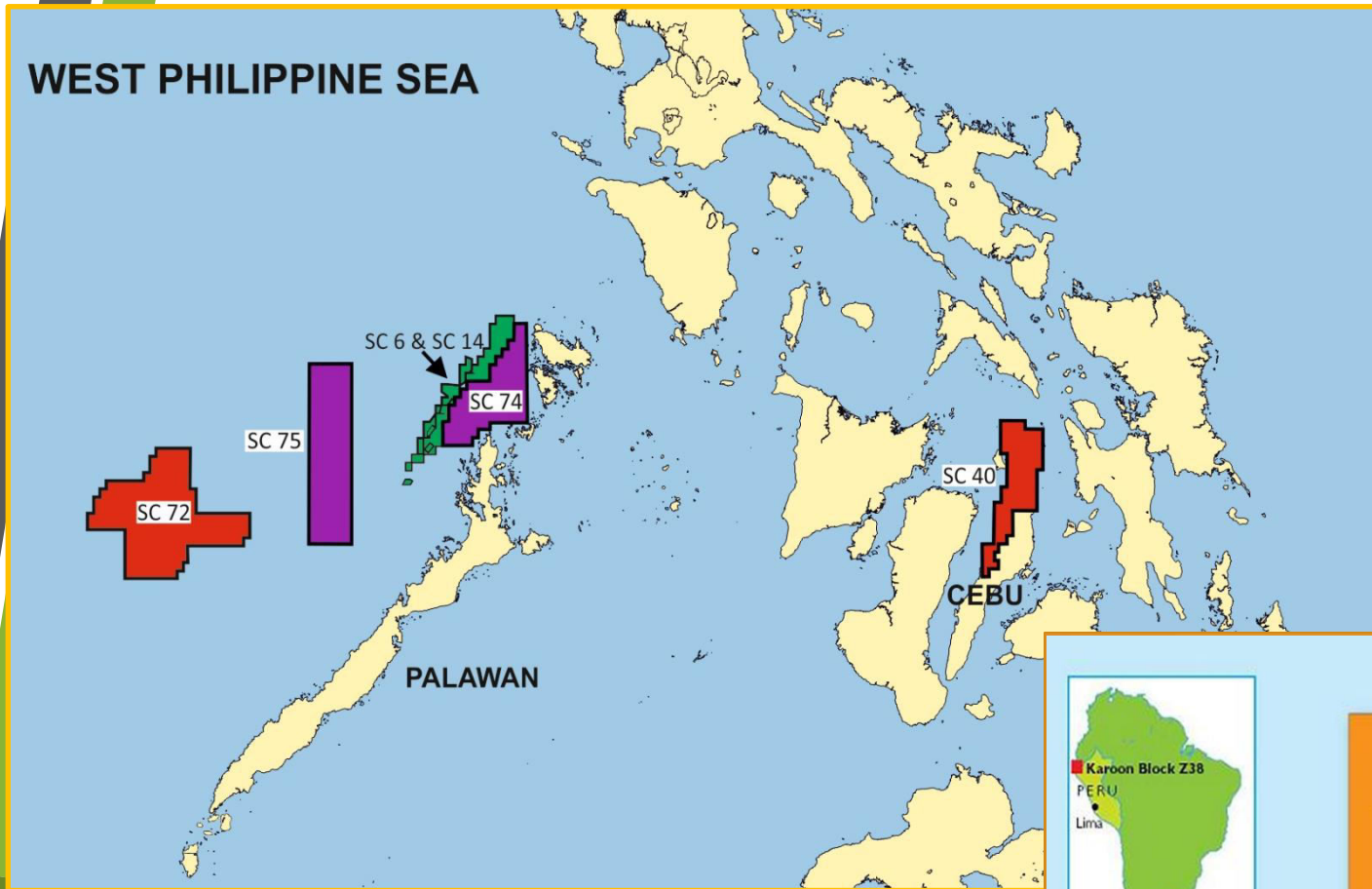
<i>(in PhP millions)</i>	Q1 2018	Q1 2017	% Inc (Dec)
Gross revenue	₱ 31	₱ 26	18%
Cost and expenses	41	37	12%
Loss from operations	(11)	(11)	-2%
Other income (charges)	2	3	-8%
Reported net loss	₱ (8)	₱ (8)	-1%

- **18 % increase in petroleum revenues due to:**
 - *3.4 % lower output offset by 24% higher crude price*
- **12% increase in cost and expenses due to:**
 - *41% higher depletion cost and continuous cost containment*
- **1% decrease in net loss due to:**
 - *Flat year on year operating cost and other income charges*

Financial Position

ASSETS (in PHP millions)			
	As of Mar 31, 2018	As of Dec 31, 2017	% Inc (Dec)
Cash & cash equivalents	₱ 441	₱ 450	-2.1%
Receivables and other CA	69	76	-8.9%
<i>Current assets</i>	510	526	-3.0%
Deferred exploration costs & other NCA	6,867	6,703	2.4%
Total assets	₱ 7,377	₱ 7,229	2.0%
LIABILITIES AND STOCKHOLDERS' EQUITY (in PHP millions)			
	As of Mar 31, 2018	As of Dec 31, 2017	% Inc (Dec)
Due to affiliate	₱ 2,896	₱ 2,906	-0.4%
Accounts payable & others	32	19	62.3%
<i>Current liabilities</i>	2,928	2,926	0.1%
Deferred income tax liability	192	191	0.4%
Others	1,111	1,110	0.1%
Non-current liabilities	1,302	1,301	0.1%
Total liabilities	4,230	4,226	0.1%
Capital stock	1,700	1,700	0.0%
Deficit	(1,298)	(1,295)	0.3%
Others	308	198	55.3%
Non-controlling interest	2,437	2,398	1.6%
Total equity	3,146	3,002	4.8%
Total Liabilities and SHE	₱ 7,377	₱ 7,229	2.0%
	-	-	

Operations Update



SC 72 Recto Bank (Forum 70%)

- Under Force Majeure (FM) since 15 December 2014.
- Forum will have 20 months upon lifting of the FM to drill the two (2) commitment wells.

SC 75 NW Palawan (PXP 50%)

- Under FM since 27 December 2015.
- Sub-Phase 2 will have a term of 18 months upon lifting of FM with the acquisition of 1,000 sq km of 3D seismic data as the minimum work commitment.

SC 74 Linapacan Block (PXP 70%)

- Ongoing processing and interpretation of marine gravity and magnetic data Phase 2 with expected completion in May 2018.
- On 27 March 2018, the DOE approved the Consortium's entry to Sub-Phase (SP) 3 starting 13 December 2017 until 13 December 2019. The interpretation of Linapacan A and B fields 3D seismic data, Linapacan engineering and market study, and geologic fieldwork and biostratigraphy are the approved work activities under SP 3.

SC 40 North Cebu (Forum 66.67%)

- Completed the plugging and abandonment (P&A) of L95-1 well in Libertad Field last November 2017.
- Completed a detailed land gravity survey in northern Cebu last 25 April 2018 with a total of 94 gravity stations acquired.

SC 14 Matinloc and Tara Blocks (Forum 12.406% & 10%, respectively)

- Continued production in Nido and Matinloc Fields.
- P&A of Libro-1 and Tara South-1 to be undertaken during the second quarter of 2018.

SC 14C1 Galoc (Forum 2.27%)

- Continued production in Galoc Field. It produced a total of 1.46 million barrels of oil (mmbo) in 2017, and 20.6 mmbo since production started in October 2008.
- A total of 4 liftings are scheduled for 2018 with the first one completed last 23 January 2018. The second lifting is scheduled this month (May 2018).

SC 14C2 West Linapacan (Forum 9.103%)

- Ongoing interpretation of Pre-Stack Depth Migrated 3D seismic data.

SC 6A Octon Block (PXP 5.56% / Forum 5.56%)

- Completed the Pre-Stack Depth Migration (PSDM) processing and quantitative interpretation (QI) of the 2013 3D seismic data.
- The work program for 1H 2018 includes 3D seismic interpretation, which will integrate the results of the QI work.

Peru Block Z-38 (Pitkin 25%)

- Under Force Majeure (FM) since 01 September 2013. The current Third Exploration Period will have 22 months remaining once the FM is lifted.
- On 10 January 2018, Karoon announced the farm-in of Tullow Oil plc (UK) to Z-38, wherein Tullow has agreed to partially carry Karoon in the cost of one well, Marina-1, to earn 35% interest. The well is expected to be drilled in 2019.
- Under a previous farm-in agreement with Karoon, Pitkin will be carried in the cost of two wells, including Marina-1.
- Karoon will remain as Operator of Z-38 with 40% interest.