



First Half 2017
Operating and Financial Highlights
03 August 2017

1H2017 Highlights

- **Core net income at P748 million**
- **Net income at P719 million**
- **EBITDA at P1.82 billion**
- **SDMP, EPEP and taxes paid at P884 million
(23% higher than net income of P719 million)**
- **US\$8.0 million debt retired in Jan-June 2017**

Operating Statistics

	1H2017	1H2016	Inc (Dec)
Tonnes Milled ('000)	4,138	4,704	-12%
Operating Days	177	180	-2%
Production			
Gold – ozs	43,251	49,589	-13%
Copper - lbs ('000)	14,992	17,341	-14%
Recovery			
Gold	82%	81%	1%
Copper	83%	81%	2%
Ore Grade			
Gold - gms/DMT	0.399	0.406	-2%
Copper - %	0.199	0.206	-3%
Prices			
Gold (US\$/ounce)	1,258	1,263	0%
Copper (US\$/pound)	2.65	2.14	24%

➤ **Less operating days, equipment availability and bouldery ore**

➤ **Lower grades and tonnage**

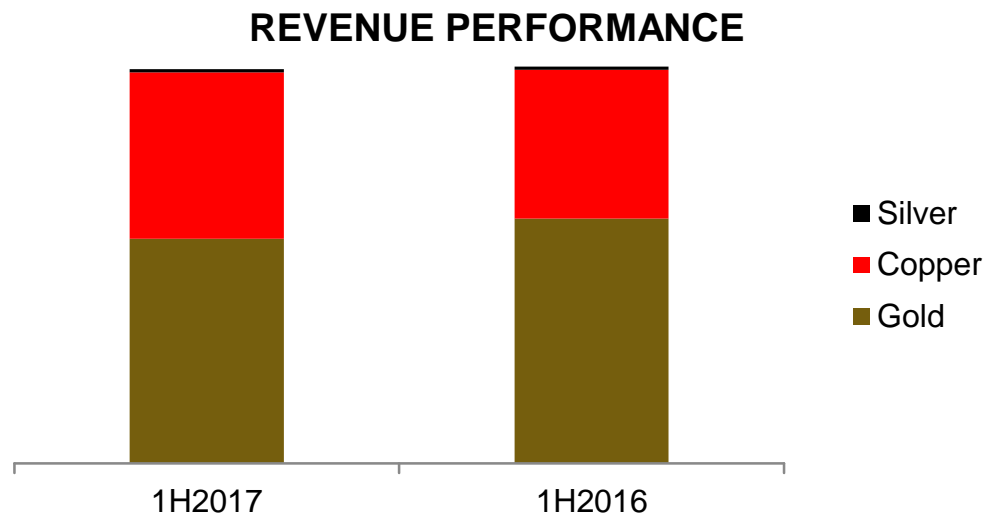
➤ **Depletion of higher ore grades at current draw points**

Financial Highlights

(in PHP million, unless indicated)	1H2017	1H2016	Inc/(dec)
Gross Revenue	4,756	4,788	-1%
Marketing Charges	400	419	-4%
Cost & Expenses	3,291	3,253	1%
Income from Operations	1,062	1,116	-5%
Other Inc / (charges)	(34)	26	-
Provision for Tax	(309)	(355)	13%
Income from PX Operations	719	786	-9%
Loss of PXP	-	(29)	
Net Income	719	757	-5%
Core Net Income	748	774	-3%
EBITDA	1,821	1,697	7%
Operating margin (%)	22%	23%	-4%
EBITDA Margin (%)	38%	35%	9%

- **Lower output offset by higher copper price and favorable exchange rate**
- **Increase in non-cash charges**
- **Impact of weaker peso**
- **Lower output and higher costs**

Revenue Breakdown



REVENUE PER PRODUCT (PhP million)			
	1H2017	1H2016	Inc (Dec)
Gold	2,710	2,955	-8%
Copper	2,007	1,795	12%
Silver	39	37	5%
TOTAL	4,756	4,788	-1%

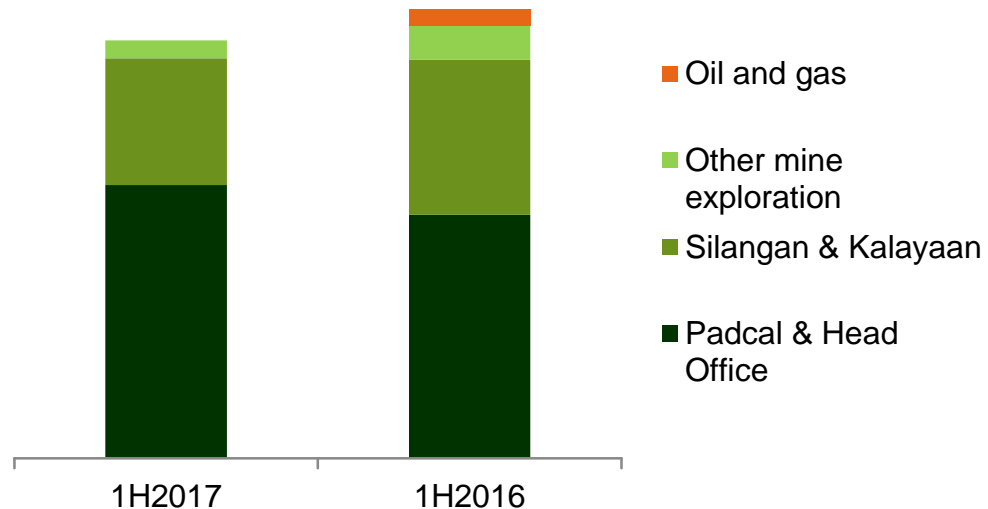
Cost and Expenses

(in PHP million)	1H2017	1H2016	Inc (Dec)
Production cost			
Materials & Supplies	863	806	7%
Power	663	774	-14%
Labor	425	452	-6%
Contracts	100	133	-25%
Others	125	102	23%
Cash Production cost	2,175	2,266	-4%
Depreciation & Amortization	737	585	26%
Total Production Cost	2,912	2,851	2%
Excise Tax & Royalties	208	216	-4%
Operating Cost (Mining)	3,120	3,067	2%
G&A (Mining)	172	183	-6%
All-in Operating Cost (Mining)	3,292	3,249	1%
Silangan	2	4	-50%
TOTAL COST AND EXPENSES	3,294	3,253	1%

- **4% decline in cash production cost due to:**
 - ✓ Lower power rates
 - ✓ Reduced price of labor and contracted work
- **Extension of Padcal mine life**
- **Lower metal output**
- **6% drop in mining G&A due to continued cost management**

Capital Expenditures

CAPITAL EXPENDITURE PERFORMANCE



CAPITAL EXPENDITURE BREAKDOWN

(PhP million)

	1H2017	1H2016	Inc/(dec)
Padcal & Head Office	730	651	12%
Silangan & Kalayaan	339	414	-18%
Other mine exploration	48	90	-47%
Oil and gas	-	58	-
TOTAL	1,117	1,213	-8%

End-June 2017 Financial Position

ASSETS (in PHP million)

	As of June 30, 2017	As of Dec 31, 2016	Inc (Dec)
Cash & cash equivalents	461	458	1%
Receivables & others	6,097	6,437	-5%
Current assets	6,558	6,895	-5%
Property, plant & equipment	6,667	6,736	-1%
Deferred exploration costs	23,775	23,158	3%
Others	1,861	1,873	-1%
Total assets	38,824	38,662	0%

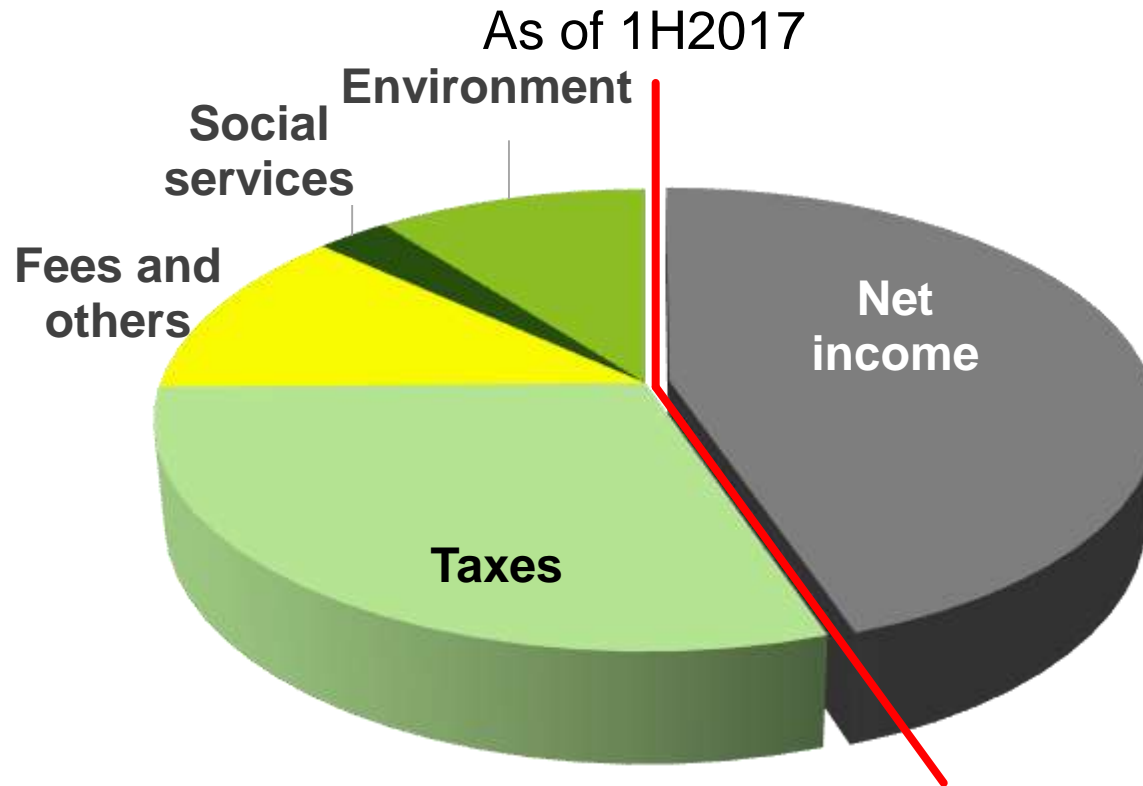
- Increase in deferred exploration due to additional investments in Silangan

LIABILITIES AND STOCKHOLDERS' EQUITY (in PHP million)

	As of June 30, 2017	As of Dec 31, 2016	Inc (Dec)
Short-term debt	2,725	3,083	-12%
Others	2,330	2,495	-6%
Current liabilities	5,055	5,577	-9%
Bonds Payable	6,756	6,593	2%
Deferred income tax liability/others	3,089	3,092	0%
Total liabilities	14,900	15,262	-2%
Total equity	23,925	23,401	2%
Total Liabilities and SHE	38,824	38,662	0%

- Repaid US\$8.0 million in short-term loans in 1H2017

1H2017 Contributions vs Net Income



P884M

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P719M



Financial Highlights – Profit and Loss

<i>(in PhP millions)</i>	1H2017	1H2016	% Inc (Dec)
Gross revenue	₱ 53	₱ 59	-11%
Cost and expenses	78	90	-14%
Income (loss) from operations	(25)	(31)	-19%
Other income (charges)	8	-	100%
Reported net income (loss)	₱ (17)	₱ (31)	-45%

- **11% decrease in petroleum revenues due to:**
 - *Higher oil price offset by lower oil output*
- **14% decrease in cost and expenses due to:**
 - *Lower oil output; however, overhead declined by 19%.*
- **45% decrease in net loss due to:**
 - *Foreign currency exchange gain realized in during the current period vs a forex loss incurred last year and continuous containment of overhead*

Financial Highlights – Financial Position

ASSETS (in PHP millions)			
	As of Jun 30, 2017	As of Dec 31, 2016	% Inc (Dec)
Cash & cash equivalents	₱ 465	₱ 573	-18.8%
Receivables and other CA	82	96	-14.7%
<i>Current assets</i>	547	669	-18.2%
Deferred exploration costs & other NCA	6,763	6,663	1.5%
Total assets	₱ 7,311	₱ 7,332	-0.3%
LIABILITIES AND STOCKHOLDERS' EQUITY (in PHP millions)			
	As of Jun 30, 2017	As of Dec 31, 2016	% Inc (Dec)
Due to affiliate	₱ 2,906	₱ 2,932	-0.9%
Accounts payable & others	15	28	-47.2%
<i>Current liabilities</i>	2,921	2,960	-1.3%
Deferred income tax liability	1,110	1,110	0.0%
Others	204	204	0.2%
Non-current liabilities	1,314	1,314	0.0%
Total liabilities	4,235	4,273	-0.9%
Capital stock	1,700	1,700	0.0%
Deficit	(1,267)	(1,256)	0.9%
Others	206	199	3.5%
Non-controlling interest	2,436	2,415	0.9%
Total equity	3,075	3,059	0.5%
Total Liabilities and SHE	₱ 7,311	₱ 7,332	-0.3%

Operational Updates

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

Ongoing discussions with DOE on possible lifting of Force Majeure for both SCs.

SC 74 Linapacan Block (PXP 70%)

- Ongoing interpretation of 2D seismic data that were acquired in June 2016.
- Second phase of gravity and magnetic data processing and interpretation to start in 3Q 2017.

SC 14C2 West Linapacan (Forum 9.1%)

- Seismic interpretation of Pre-Stack Depth Migrated 3D data was approved by DOE as 2017 Work Program. Current plan is to engage the services of a Competent Person Group for the seismic interpretation.

Operational Updates

SC 14C1 Galoc (Forum 2.27%)

- Galoc-7/7 ST well was drilled from 31 March 2017 to 28 April 2017 using the drillship Deepsea Metro I. The main objective was to determine the presence of oil-bearing sands in the Galoc Mid Area, north of Galoc Field.
- Significant cost savings were realized against pre-drill estimates due to lower rig and third party day rates, efficient logistics, and good rig performance
- Target reservoir interval proved hydrocarbons are in communication with the main Galoc Field. However, reservoir Net to Gross interval was lower than anticipated
- Work is ongoing to assess the implications of the well on a potential phase 3 development

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

- Ongoing 3D seismic reprocessing and inversion with DownUnder GeoSolutions (DUG) as contractor.

Peru Block Z-38 (Pitkin 25%)

- Under Force Majeure (FM) since 01 September 2013. Current Third Exploration Period will have 22 months remaining once FM is lifted.
- Approved work program in 2017 includes preparation for possible drilling of Marina and Bonito wells in 2018, subject to rig availability and securing of drilling-related permits from the Peruvian government.
- Pitkin is 100% carried in the cost of the two wells.

Thank you

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