SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2018**

2. Commission identification number: **CS200719819** 3. BIR Tax Identification No.: **006-940-588-000**

4. Exact name of issuer as specified in its charter: **PXP ENERGY CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office: **2/F LaunchPad, Reliance cor. Sheridan St., Mandaluyong City**
Postal Code: **1550**

8. Issuer's telephone number, including area code: **(632) 631-1381**

9. Former name, former address and former fiscal year, if changed since last report:

N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	**1,700,000,000**
Debt	**₱2,896,216,000**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [/] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange **Common shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [/] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Unaudited Consolidated Financial Statements as of and for the three-month period ended March 31, 2018 are hereto attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Consolidated petroleum revenues amounted to ₱30.7 million for the first three months of 2018 (3M2017: ₱26.0 million).

The slightly higher petroleum revenue resulted from one (1) oil lifting for both periods equivalent to a gross volume of 0.34 million barrels of oil (3M2017: 0.35 million barrels) and 24% higher average crude oil prices of $69.62 per barrel (3M2017: $56.22 per barrel) during the review period. This was contributed by Forum Energy Limited ("Forum"), a 79% directly and indirectly owned subsidiary, from its 2.27% participating interest in Service Contract ("SC") 14C1 Galoc oil field. Forum also has minority interests in oil producing fields, SC14 Nido, Matinloc and North Matinloc.

Production data for the three-month period ended March 31, 2018 and 2017 were as follows:

	3 months (January to March)	
	2018	2017
Revenues (In millions ₱)		
Oil and gas	**₱30.7**	₱26.0
Sales volume		
Oil (barrels net to Forum)	**8,053**	9,819

Costs and expenses reached ₱41.5 million for the period (3M2017: ₱37.0 million) with production costs amounting to ₱32.5 million (3M2017: ₱27.0 million) resulting from higher depletion from the Galoc field. On the other hand, general and administrative expenses fell to ₱8.9 million (3M2017: ₱ 10.1 million), arising from management's continuing cost reduction efforts.

A net other income of ₱4.0 million was recorded in the period (3M2017: ₱2.6 million) resulting from a realized foreign exchange gain of ₱15.5 million (3M2017: ₱1.7 million), due to a lower peso-to-dollar exchange rate in 2018. In addition, an other charge of ₱11.9 million (3M2017: nil) was incurred during the current quarter resulting from the write-off of a receivable in Pitkin.

A consolidated net loss of ₱8.4 million (3M2017: ₱8.5 million) was incurred resulting from a foreign exchange gain of ₱15.5 million (3M2017: ₱1.7 million) offset by an other charge of ₱11.9 million and provision for income tax of ₱1.6 million. As such, net loss attributable to equity holders of the Parent amounted to ₱3.7 million (3M2017: ₱5.3 million), with basic/diluted loss per share amounting to ₱0.0022 (3M2017: ₱0.0031). Core net loss for during the current period amounted to ₱14.2 million (3M2017: ₱6.6 million).

As at March 31, 2018, the Company's total assets stood at ₱7.377 billion from ₱7.229 billion at end-December 31, 2017. Total current assets slightly decreased to ₱509.8 million from ₱525.8 million, primarily due to a decrease in cash and cash equivalents by ₱9.3 million and the decrease in oil inventory by ₱7.5 million following the oil lifting made during the quarter in review.

Noncurrent assets reached to ₱6.867 billion from ₱6.703 billion, largely arising from the increase in Deferred exploration costs to ₱5.273 billion from ₱5.168 billion and Property and equipment from ₱ 261.9 million to ₱320.1 million due to higher foreign currency translation from the Group's dollar denominated assets as at the end of the current quarter.

Current liabilities as at the end of the period decreased to ₱2.928 billion from ₱2.926 billion as at December 31, 2017. This was a result of the increase in trade payables offset by the decrease in Advances from related parties, after PXP partially paid its debt to Philex Mining Corporation ("PMC").

As at end of the period in review, total noncurrent liabilities remained flat at ₱1.302 billion. Total liabilities stood at ₱4.230 billion from the end of the prior year following the increases in current liabilities by ₱1.8 million and in non-current liabilities by ₱1.9 million.

As of March 31, 2018, total equity reached ₱3.146 billion from ₱3.002 billion as at the end of last year. This was due to the increase in Cumulative translation adjustment following the weakening of the peso against the dollar from $1 = ₱49.93 to $1 = ₱52.16.

Net Cash provided by Operating Activities for the period was flat year on year at ₱13.2 million (3M2017: ₱14.2 million) resulting from net inflow from the Galoc oil liftings.

Net Cash from Investing Activities resulted in a net outflow of ₱21.3 million (3M2017: ₱69.5 million) resulting from partial payment in the plug and abandonment of production wells in SC 14 Libro/Tara.

Finally, net Cash used in Financing Activities amounted to ₱10.3 million (3M2017: ₱25.2 million) due to partial payment of debt to PMC during both quarters.

TOP FIVE (5) KEY PERFORMANCE INDICATORS

1) Enhance Value of Assets

Maturing assets from the exploration to the development and production phases enhances the value of the Company's assets.

The key activities for 2018, which were aimed at enhancing asset value, include: (1) Ongoing processing and interpretation of marine gravity and magnetic data Phase 2 in SC 74, 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 with the interpretation of Linapacan A and B fields 3D seismic data, Linapacan engineering and market study, and geologic fieldwork and biostratigraphy as the approved work activities under SP 3; (2) Completion of a detailed land gravity survey in SC 40 northern Cebu last 25 April 2018 with a total of 94 gravity stations acquired; (3) Ongoing interpretation of Pre-Stack Depth Migrated 3D seismic data in SC 14C2 West Linapacan and; (4) Completion of the Pre-Stack Depth Migration (PSDM) processing and quantitative interpretation (QI) of the 2013 3D seismic data in SC 6A Octon, to be interpreted in 1H 2018 as part of the work program for the year.

2) Portfolio Management

Selective acquisitions and divestments help mitigate the risks inherent in petroleum exploration, and ensure alignment of resources with the Company's objectives and strategies.

3) Control of Costs and Expenses

The Company's optimization of costs and expenses and its subsidiaries would consequently result in improved net income and better financial stability for the Company.

General and administrative expenses was consistently controlled and slightly reduced to ₱8.9 million (2017: ₱10.1 million) attributed to management's continued cost containment initiatives, resulting to minimization of recurring expenses. Management continuously monitors its general and administrative expenses and looks for opportunities to rationalize and share the resources within the Company and its subsidiaries.

4) Financial Management

Prudent and well-implemented financial management will prolong the Company's ability to finance its activities and thus its corporate life.

PMC provided cash advances for the Company's working capital, exploration activities and acquisition of assets. These advances are covered by a Pledge Agreement, approved by the shareholders on August 11, 2015, whereby such advances shall be payable within nine (9) months from the date of demand. It is not known as to when PMC will be making a repayment demand. Thus, it is important for the Company to develop sources of cash for its funding needs, particularly in Forum, to the extent possible.

5) Health, Safety and Environment

A commitment to undertake activities without endangering the environment and the health and safety of people is key to maintaining the Company's license to operate.

No lost-time injuries, fatalities, or environmental-related incidents were recorded by the Company and its subsidiaries during the year.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that has not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business of which no material claims have been identified.

Other than what have been discussed above, there are no known significant trends, demands, commitments or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way. There are no material commitments for capital expenditures not reflected in the Company's financial statements. There is likewise no significant seasonality or cyclicality in its business operation that would have material effect on the Company's financial condition or results of operation. There were no other significant elements of income or loss that did not arise from the Company's continuing operations. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period. There are no line items in the Company's financial statements not already explained for causes either above or in the Notes to the Consolidated Financial Statements other than due to the usual period-to-period fluctuations in amounts natural in every business operations.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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 thereunto duly authorized.

DANIEL STEPHEN P. CARLOS
President

MARK RAYMOND H. RILLES
Finance Controller

Date: May 15, 2018

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

UNAUDITED CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
March 31, 2018

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

ASSETS		March 31, 2018 (Unaudited)		December 31, 2017 (Audited)
Current Assets				
Cash and cash equivalents	₱	**440,785**	₱	450,039
Accounts receivable		**41,901**		41,585
Inventories		**14,270**		21,727
Other current assets -net		**12,825**		12,408
Total Current Assets		**509,781**		525,759
Noncurrent Assets				
Property and Equipment - net		**320,130**		261,883
Goodwill		**1,238,583**		1,238,583
Deferred oil and gas exploration costs - net		**5,272,848**		5,168,368
Deferred income tax assets		**32,336**		31,651
Other noncurrent assets		**2,846**		2,368
Total Noncurrent Assets		**6,866,743**		6,702,853
TOTAL ASSETS	₱	**7,376,524**	₱	7,228,612

LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	₱	**30,918**	₱	19,410
Advances from related parties		**2,896,216**		2,906,490
Income tax payable		**630**		30
Total Current Liabilities		**2,927,764**		2,925,930
Noncurrent Liabilities				
Deferred income tax liabilities - net		**1,110,924**		1,109,853
Other liabilities		**191,570**		190,713
Total Noncurrent Liabilities		**1,302,494**		1,300,566
Total Liabilities		**4,230,258**		4,226,496
Equity				
Capital Stock - P1 par value		**1,700,000**		1,700,000
Equity reserves		**122,062**		122,062
Deficit		**(1,298,351)**		(1,294,692)
Cumulative translation adjustment on foreign subsidiaries		**186,006**		76,258
		709,717		603,628
Non-controlling Interests		**2,436,549**		2,398,488
Total equity		**3,146,266**		3,002,116
TOTAL LIABILITIES AND EQUITY	₱	**7,376,524**	₱	7,228,612

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, except Earnings or Loss Per Share)

	For the 3-Month Period Ended March 31	
	2018	2017
PETROLEUM	**₱ 30,654**	₱ 25,966
COSTS AND EXPENSES		
Petroleum and other production costs	**32,535**	26,978
General and administrative expenses	**8,931**	10,060
	41,466	37,038
OTHER INCOME (CHARGES)		
Foreign exchange gains (losses) - net	**15,459**	1,683
Interest income (expense) - net	**502**	915
Others - net	**(11,921)**	-
	4,040	2,598
LOSS BEFORE TAX	**(6,772)**	(8,474)
PROVISION FOR (BENEFIT FROM) INCOME TAX	**1,642**	-
NET LOSS	**(₱ 8,414)**	(₱ 8,474)
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	**(₱ 3,659)**	(₱ 5,290)
Non-controlling interests	**(4,755)**	(3,184)
	(₱ 8,414)	(₱ 8,474)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	**(₱ 0.0022)**	(₱ 0.0031)

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	For the 3-Month Period Ended March 31	
	2018	2017
NET LOSS	**(₱ 8,414)**	(₱ 38,465)
OTHER COMPREHENSIVE INCOME		
Gain (Loss) on translation of foreign subsidiaries	**152,564**	107,566
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱ 144,150**	₱ 69,101
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	**₱ 106,089**	₱ 42,373
Non-controlling interests	**38,061**	26,728
	₱ 144,150	₱ 69,101

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent Company						
	Capital Stock	Equity Reserves	Retained Earnings (Deficit)	Cumulative Translation Adjustment on Foreign Subsidiaries	Subtotal	Non-controlling Interests	Total
Balances at December 31, 2016	**₱ 1,700,000**	**₱ 128,842**	**(₱ 1,255,567)**	**₱ 70,016**	**₱ 643,291**	**₱ 2,415,219**	**₱ 3,058,510**
Net Income for the period			(5,290)		(5,290)	(3,184)	(8,474)
Other comprehensive income (loss):							
Loss on transalation of foreign subsidiaries	-	-	-	16,152	16,152	10,712	26,864
Total comprehensive income (loss) for the period	-	-	(5,290)	16,152	10,862	7,528	18,390
Effect of transaction from owners	-	(20,615)	-	-	(20,615)	-	(20,615)
Balance at March 31, 2017	**₱ 1,700,000**	**₱ 108,227**	**(₱ 1,260,857)**	**₱ 86,168**	**₱ 654,153**	**₱ 2,422,747**	**₱ 3,076,900**

	Equity Attributable to Equity Holders of the Parent Company						
	Capital Stock	Equity Reserves	Retained Earnings (Deficit)	Cumulative Translation Adjustment on Foreign Subsidiaries	Subtotal	Non-controlling Interests	Total
Balances at December 31, 2017	**₱ 1,700,000**	**₱ 122,062**	**(₱ 1,294,692)**	**₱ 76,258**	**₱ 603,628**	**₱ 2,398,488**	**₱ 3,002,116**
Net income (loss) for the period	-	-	(3,659)	-	(3,659)	(4,755)	(8,414)
Other comprehensive income (loss):							
Gain on transalation of foreign subsidiaries	-	-	-	109,748	109,748	42,816	152,564
Total comprehensive income (loss) for the period	-	-	(3,659)	109,748	106,089	38,061	144,150
Balance at March 31, 2018	**₱ 1,700,000**	**₱ 122,062**	**(₱ 1,298,351)**	**₱ 186,006**	**₱ 709,717**	**₱ 2,436,549**	**₱ 3,146,266**

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amount in Thousands)

	For the 3-Month Period Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(₱ 6,772)**	(₱ 8,474)
Adjustments for:		
Unrealized foreign exchange gains - net	**(15,452)**	(1,691)
Depreciation and depletion	**15,178**	10,300
Interest income	**(502)**	(915)
Operating income (loss) before working capital changes	**(7,548)**	(780)
Decrease (Increase) in:		
Accounts receivable	**1,446**	(6,397)
Inventories	**7,751**	1,397
Other current assets	**(1,004)**	(1,514)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	**11,244**	(12,008)
Provision for losses and other liabilities	**686**	32,543
Net cash generated by operations	**12,575**	13,241
Interest received	**622**	915
Income tax paid	**-**	-
Net cash provided by operating activities	**13,197**	14,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Deferred oil and gas exploration costs	**(20,846)**	(68,881)
Property, plant and equipment	**-**	(5,596)
Acquisition by subsidiary of its own shares	**-**	(94,969)
Equity transaction with owners	**-**	100,320
Decrease (increase) in other noncurrent assets	**(479)**	(364)
Net cash used in investing activities	**(21,325)**	(69,490)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from (payments to) related parties-net	**(10,275)**	(25,203)
Net cash provided by (used in) financing activities	**(10,275)**	(25,203)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**9,149**	1,692
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(9,254)**	(78,845)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**450,039**	573,341
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱ 440,785**	₱ 494,496

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

SCHEDULE OF BANK LOANS PAYABLE

March 31, 2018

(In thousand Pesos)

BN Paribas	
Current portion (Short term)	nil
Non-current portion (Long - term)	nil
Total	nil

SCHEDULE OF SHORT-TERM LOAN

March 31, 2018

Philex Mining Corporation	nil
Total	nil

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLE
March 31, 2018
(In Thousand Pesos)

	0-30 days	31-60 days	61-90 days	over 90 days	Total
The Galoc Production Company	₱ 5,656	₱ -	₱ -	₱ 13,354	₱ 19,010
The Philodrill Corporation	2,236	-	-	-	2,236
Shell Corporation	2,257	-	-	-	2,257
Monte Oro Resources & Energy, Inc.	105	40	-	-	145
Others	50	-	-	18,204	18,254
	₱ 10,304	₱ 40	₱ -	₱ 31,558	₱ 41,901

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Current Ratio	0.17	0.18
Debt-to-equity Ratio	1.34	1.41
Asset-to-equity Ratio	2.34	2.41
Interest Rate Coverage ratio	n/a	n/a
Net Income Ratio	(0.27)	(0.36)

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

1. **Summary of Significant Accounting Policies and Financial Reporting Practices**

Basis of Preparation
The unaudited interim condensed consolidated financial statements of PXP Energy Corporation (formerly Philex Petroleum Corporation) and Subsidiaries (PXP or the Group) as at March 31, 2018 and December 31, 2017 and for the three-month period ended March 31, 2018 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. The unaudited interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2017.

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis. The unaudited interim condensed consolidated financial statements are presented in Philippine Peso (Peso), which is the Parent Company's functional currency. All amounts are rounded to the nearest thousands except when otherwise indicated.

Statement of Compliance
The preparation of the financial statements in compliance with the accounting principles generally accepted in the Philippines requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited interim condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the interim condensed consolidated financial statements. Actual results could differ from such estimates.

Basis of Preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis except for AFS financial assets that are carried at fair value. The consolidated financial statements are presented in Philippine Peso (Peso), which is the Parent Company's functional and reporting currency, rounded to the nearest thousand (₱000) except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The Group has assessed that the adoption of these amendments will not have any impact on the 2018 consolidated financial statements.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity

associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
  The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
  The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The Group is currently assessing the impact of adopting PFRS 9.

- PFRS 16, *Leases*
  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Group is currently assessing the impact of adopting PFRS 16

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

  The Group is currently assessing the impact of adopting PFRS 16

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group is currently assessing the impact of adopting this interpretation.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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2. Management's Use of Significant Judgments, Accounting Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements in accordance with PFRS requires the management of the Group to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of any contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the unaudited interim condensed consolidated financial statements as they become reasonably determinable.

Accounting assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on amounts recognized in the unaudited interim condensed consolidated financial statements:

Classification of financial instruments
The Group exercises judgment in classifying financial instruments in accordance with PAS 39. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's unaudited interim condensed consolidated balance sheets.

Valuation of financial assets and financial liabilities
The Group carries certain financial assets and financial liabilities (i.e., AFS financial assets) at fair value, which requires the use of accounting estimates and judgment. At initial recognition, the fair value of quoted AFS, financial assets is based on its quoted price in an active market while the value of quoted AFS financial assets is based on its quoted price in an active market while the fair value of unquoted AFS financial assets is based on the latest available transaction price. The amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities would affect the profit and loss or other comprehensive income.

3. Financial Risk Management Objectives and Policies

The Group's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and advances from related parties. The main purpose of these financial instruments is to provide financing for the Group's operations.

Risk Management Structure
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial Risks
The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The market risk exposure of the Group can be further be classified to foreign currency risk and equity price risk. The BOD reviews and approves policies for managing these risks.

Credit risk
Credit risk is such risk where the Group could incur a loss if its counterparties fail to discharge their contractual obligations. The Group manages credit risk by doing business mostly with affiliates and recognized creditworthy third parties.

With respect to credit risk arising from the financial assets of the Group, which comprise of cash in banks and cash equivalents, receivables, deposit and AFS financial assets, the Group's exposure to credit risk could arise from the default of the counterparty, having a maximum exposure equal to the carrying amount of the instrument.

The table below summarizes the Group's maximum exposure to credit risk for the Group's financial assets as of March 31, 2018:

Cash in banks and cash equivalents	
Cash in banks	260,224
Short-term deposits	180,544
Accounts receivable	
Trade	33,400
Accrued interest and others	8,501
	₱537,735

The following tables show the credit quality of the Group's financial assets by class as of March, 31, 2018 based on the Group's credit evaluation process.

	Neither Past Due nor Impaired		Past Due and Individually	
	High-Grade	Standard	Impaired	Total
Cash and cash equivalents, excluding cash on hand:				
Cash in banks	₱260,224	₱–	₱–	₱260,224
Short-term investments	180,544	–	–	180,544
Accounts receivable:				
Trade	–	33,400	–	33,400
Accrued interest and others	–	8,501	–	8,501
Total	₱440,768	₱41,901	₱–	₱482,669

Credit quality of cash and cash equivalents, and AFS financial assets is based on the nature of the counterparty and the Group's evaluation process.

High-grade credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience. Standard-grade credit quality financial assets include quoted and unquoted equity investments that can be readily sold to a third party.

Aside from above, the Group has no past due but not impaired financial assets as of March 31 2018.

Liquidity risk
Liquidity risk is such risk where the Group is unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility, and addresses its liquidity concerns through advances from Philex Mining Corporation, an affiliate.

The following tables summarize the maturity profile of the Group's financial assets that can be used by the Group to manage its liquidity risk and the maturity profile of the Group's financial liabilities, based on contractual undiscounted repayment obligations (including interest) as of March 31, 2017:

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Cash on hand	17				17
Loans and receivables:					
Cash in banks	260,224				260,224
Short-term investments		180,544			180,544
Accounts receivable	10,304	40	31,557		41,901
Total undiscounted financial assets	₱270,545	₱180,584	₱31,557	₱–	₱482,686

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Accounts payable and accrued liabilities:					
Trade	₱6,983	₱–	₱–	₱–	₱6,983
Accrued expenses	–	272	–	–	272
Other nontrade liabilities	–	–	23,663	–	23,663
Advances from related parties	–	–	2,896,216	–	2,896,216
Total undiscounted financial liabilities	₱6,983	₱272	₱2,919,879	₱–	₱2,927,134

Market Risk

Foreign currency risk

Foreign currency risk is the risk where the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from cash in banks. Net foreign exchange gain amounting to ₱7.9 million arising from the translation of these foreign currency-denominated financial instruments were recognized by the Parent Company for the period ended March 31, 2018. As at March 31, 2018, the exchange rate is ₱52.16 to US$1.

The Parent Company's foreign currency-denominated monetary assets as of March 31, 2018 follow:

	US$	Peso Equivalent
Assets		
Cash and cash equivalents	$3,708	₱193,389

The table below summarizes the impact on income (loss) before income tax of reasonably possible changes in the exchange rates of US dollar against the Peso:

US Dollar (Depreciates) Appreciates	Effect on Income (Loss) Before Income Tax
Appreciate by 6%	₱11,603
Depreciate by (6%)	(11,603)

There is no other impact on the Parent Company's equity other than those already affecting profit or loss.

Equity price risk
There is no equity price risk as the Group does not own investment in quoted shares of stock.

4. Segment Information

The Group currently has two reportable segments namely oil and gas activities and coal mining activities.

Operating results of the Group is regularly reviewed by the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income (loss) for the year, and earnings or losses before interest, taxes and depreciation and depletion (EBITDA).

Net income (loss) for the year is measured consistent with the consolidated net income (loss) in the consolidated statements of income. EBITDA is measured as net income (loss) excluding financing costs, interest income, provision for income tax, and depreciation and depletion of property and equipment.

EBITDA is not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. The Group relies primarily on the results in accordance with PFRS and uses EBITDA only as supplementary information.

Core income is the performance of the operating segment based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company excluding the effects of non-recurring items, net of their tax effects. Non-recurring items represent gains (losses) that, through occurrence or size, are not considered usual operating items, such as foreign exchange gains (losses), gains (losses) on disposal of investments, and other non-recurring gains (losses).

The Group's capital expenditures include acquisitions of property and equipment, and the incurrence of deferred oil and gas exploration costs.

The Group has only one geographical segment as the Group operates and derives all its revenue from domestic operations. The Group's assets are principally located in the Philippines. Thus, geographical business operation is not required.

For the Group's oil and gas activities, over 84% of crude oil production from SC 14 during the first 3 months of 2018 was from the Galoc oil field and the balance from the Nido, Matinloc and North Matinloc fields. Crude oil liftings from the Galoc field were sold to customers in South Korea, while all crude oil liftings from the Nido Matinloc and North Matinloc fields were sold to a customer in the Philippines.

The following tables present revenue and profit, including the computation of EBITDA as derived from the consolidated net income, and certain asset and liability information regarding the Group's operating segments.

As of March 31, 2018:

	Oil and Gas	**Coal**	**Eliminations**	**Total**
Consolidated Revenue				
External customers	**₱30,654**			**₱30,654**
Results				
EBITDA	**₱24,317**	**(₱58)**	**(₱16,356)**	**₱7,903**
Depreciation and depletion	**(15,178)**			**(15,178)**
Provision for income tax	**(1,642)**			**(1,642)**
Interest expense - net	**510**		**(7)**	**503**
Consolidated net income (loss)	**₱8,007**	**(₱58)**	**(₱16,363)**	**(₱8,414)**
Core net loss				**(₱14,229)**
Consolidated total assets	**₱7,363,531**	**₱2,336**	**₱10,657**	**₱7,376,524**
Consolidated total liabilities	**₱2,843,318**	**₱737,839**	**₱649,101**	**₱4,230,258**

As of March 31, 2017:

	Oil and Gas	Coal	Eliminations	Total
Consolidated Revenue				
External customers	₱25,966	₱–	₱–	₱25,966
Results				
EBITDA	(₱136,057)	₱–	₱136,969	₱912
Depreciation and depletion	(10,300)	–	–	(6,590)
Benefit from income tax	–	–	–	–
Interest expense - net	908	–	7	1,261
Consolidated net income (loss)	(₱31,616)	₱–	₱16,656	(₱14,960)
Core net loss				(₱6,613)
Consolidated total assets	₱7,236,619	₱2,441	₱82,762	₱7,321,822
Consolidated total liabilities	₱ 2,798,457	₱737,867	₱703,247	₱4,239,571

The table below shows the Group's reconciliation of core net loss to the consolidated net loss for the three-month period ended March 31, 2018 and 2017.

	2018	2017
Core net loss	**(₱14,229)**	(₱6,613)
Non-recurring item:		
Net foreign exchange gain (loss)	**12,212**	1,323
Net tax effect of aforementioned adjustment	**(1,642)**	–
Net loss attributable to equity holders of the Parent Company	**(3,659)**	(5,290)
Net loss attributable to non-controlling interests	**(4,755)**	(3,184)
Consolidated net loss	**(₱8,414)**	(₱8,474)

5. **Related Party Transactions**

Related party relationships exist when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Companies within the Group in the regular conduct of business, enters into transactions with related parties which consists of advances, loans, reimbursement of expenses, regular banking transactions, leases and management and administrative service agreements.

Intercompany transactions are eliminated in the consolidated financial statements. The Group's significant related party transactions, which are under terms that are no less favorable than those arranged with third parties, are as follows:

	Amount/ Volume	Outstanding Balance	Terms	Conditions
Affiliate – Philex Mining Corporation				
Advances: increase (decrease)				
PXP Parent	(₱10,321)	₱2,158,354	Payable 9 months from the date of demand; non-interest bearing	Secured with a pledge of PXP shareholdings in Forum and Pitkin, no impairment

	Amount/ Volume	Outstanding Balance	Terms	Conditions
Advances: increase (decrease)				
Brixton Energy & Mining Company	₱4	₱737,819	On demand; non-interest bearing	Unsecured, no impairment

a. On November 24, 2010, Forum Philippine Holdings Limited (FPHL) entered into a US$10,000 loan facility agreement with PMC. The facility agreement will be available for a three-year period and funds can be borrowed at an annual interest rate of US London Interbank Offered Rate (LIBOR) + 4.5% for the drawn portion and a commitment fee of 1% for the undrawn portion. The facility agreement will enable FPHL to fund its 70% share of a first SP work program over SC 72. Obligations arising from funds drawn under this facility agreement are not convertible into FEL's or FPHL's ordinary shares.

   In June 2012, an amendment to the original loan agreement has been made to extend the loan facility to US$15,000.

On November 21, 2013, PMC assigned its rights and obligations under the facility agreement to the Parent Company. On the same date, the loan facility was increased to US$18,000 and has been extended for an additional three (3) years. The loans receivable from FPHL and loan payable to PMC recorded in the Parent Company amounted to ₱674,804 in 2013.

In 2015, a transfer agreement has been entered into by FPHL (the “Original Borrower”) and GSEC 101 - Jersey (the “New Borrower”). This states that all the rights and obligations under the Finance Documents of the Original Borrower will be transferred by way of novation to the New Borrower and the Original Borrower will be released from its obligations and will cease to own any rights under the Facility Agreement.

On March 23, 2017, PXP, FEL and GSEC 101 - Jersey agreed the conversion of US$11,805 loan to equity, by subscribing to 39,350,920 new ordinary shares of FEL. The loan payable consisted of total drawdowns from the loan facility of US$15,500 and interest accrued of US$2,828. Of the remaining balance, US$1,000 was paid through cash received from subscription of Tidemark to 6,666,667 new ordinary shares of FEL.

On the same date, PXP and GSEC entered into a new loan facility amounting to US$6,000. of which US$5,522 was drawn out to fully settle the remaining portion of the long term loan.

The interest expense and commitment fees were recorded under ‘Interest expense and other charges’ in the consolidated statements of income while these were eliminated upon consolidation for the year ended March 31, 2018 and 2017.

b. PMC made cash advances to be used as additional working capital of the Parent Company and acquisition of investments.

   On August 11, 2015, the BOD has agreed that a pledge agreement with PMC (pledgee) be entered into by PXP (pledgor). In order to secure the balance of ₱2,200,000 as of pledge date, the Parent Company has pledged its shares in its subsidiaries, Pitkin and Forum to PMC. The contract was formally executed on August 17, 2015.

   During the quarter, the Group paid PMC amounting to ₱10,321. As at March 31, 2018, advances from PMC amounted to ₱2,158,354

c. BEMC has significant transactions with related parties involving advances to provide funding on BEMC’s exploration and development activities. As at March 31, 2018, the non-interest-bearing advances from PMC amounted to ₱737,819. The advances are payable on demand.

6. **Basic/Diluted Earnings Per Share**

Basic/diluted loss per share for the period ended March 31, 2018 and 2017 is computed as follows:

	2018	2017
Net loss attributable to equity holders of the Parent Company	**(₱3,659)**	(₱5,290)
Divided by weighted average number of common shares issued during the period	**1,700,000**	1,700,000
Basic/diluted income per share	**(₱0.0022)**	(₱0.0031)

As of March 31, 2018, the Parent Company does not have any potentially dilutive stocks.

7. **Seasonality and Cyclicality of Interim Operation**

There is no significant seasonality or cyclicality in its business operation that would have material effect on the Company's financial condition or results of operation.