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 **September 30, 2019**

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 Streets., Mandaluyong City**
   Postal Code: **1550**

8. Issuer's telephone number, including area code: **(632) 8631-1381**

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	**₱1,960,000,000**
Debt	**739,396,443**

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 nine-month period ended September 30, 2019 are hereto attached.

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

Consolidated petroleum revenues amounted to ₱51.1 million for the first 9 months of 2019 (9M2018: ₱106.1 million).

The lower petroleum revenue resulted from two (2) oil liftings during the period equivalent to a gross volume of 686,209 barrels of oil (9M2018: 1.066 million barrels) and 13.6% drop in average crude oil prices of $62.92 per barrel (9M2018: $74.29 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") 14C-1 Galoc oil field. Forum also has minority interests in oil producing fields, SC14 Nido, Matinloc and North Matinloc.

Production data for the nine-month period ended September 30, 2019 and 2018 were as follows:

	9 months (January to September)	
	2019	2018
Revenues (In millions ₱)		
Oil and gas	**₱51.1**	₱106.1
Sales volume		
Oil (barrels net to Forum)	**16,094**	28,663

Costs and expenses reached ₱94.2 million for the period (9M2018: ₱173.7 million) with production costs amounting to ₱61.4 million (9M2018: ₱140.5 million) resulting from fewer liftings which made a lower depletion rate in SC 14C-1 Galoc and the cessation of operational costs in SC 14A Nido and SC 14B Matinloc wells. On the other hand, general and administrative expenses was lower at ₱32.8 million (9M2018: ₱33.2 million), due to cost control and accrual of expenses.

A net other income of ₱22.2 million was recorded during the current period (2018: ₱20.1 million) resulting from another income of ₱25.5 million (9M2018: other charge of ₱11.9 million).

A consolidated net loss of ₱21.8 million (9M2018: ₱49.1 million) was incurred due to higher other income (charges), decrease in cost and expenses, offset by lower petroleum revenues. As such, net loss attributable to equity holders of the Parent Company amounted to ₱11.2 million (9M2018: net loss of ₱31.4 million), with basic/diluted loss per share amounting to ₱0.0057 (9M2018: basic loss per share of ₱0.0184; diluted loss per share of ₱0.0160). Core net loss during the current period amounted to ₱31.2 million (9M2018: core net loss ₱56.3 million).

During the third quarter of this year, consolidated operating revenue from oil was nil (Q32018: ₱39.4 million). There was no revenue recorded as there was no lifting made during the period following the decline in production in SC14 C-1 Galoc and the plug and abandonment of SC 14A Nido and SC 14B Matinloc.

Production data from oil and gas operations for the 3rd quarter ended September 30, 2019 and 2018 were as follows:

	3rd quarter (3 months)	
	2019	2018
Revenues (In millions ₱)		
Oil and gas	**₱–**	₱39.4
Production		
Oil (barrels)	**–**	9,874

Costs and expenses in the third quarter alone went down to ₱8.3 million (Q32018: ₱63.2 million). Production costs for petroleum went down to ₱857 thousand (Q32018: ₱51.6 million) resulting from the plug and abandonment of SC 14A Nido and SC 14B Matinloc wells. No depletion was recorded as there was no lifting made during the period. General and administrative expenses stood at ₱7.5 million (Q32018: ₱11.6 million), arising from additional depreciation from right-of-use assets.

In terms of other income (charges), an interest income of ₱592 thousand was recorded during the third quarter (Q32018: ₱779 thousand) due to lower interest income from short term cash deposits. Foreign currency exchange gain was lower at ₱4.0 million (Q32018: forex gain of ₱6.8 million) resulting from a weaker Philippine peso.

A consolidated net loss of ₱3.9 million (Q32018: ₱16.3 million) was incurred amidst lower petroleum production costs and depletion offset by the lack of petroleum revenues.

As at September 30, 2019, the Company's total assets stood at ₱7.170 billion from ₱7.247 billion at end-December 31, 2018. Cash and cash equivalents dropped by ₱73.6 million mainly from the exploration costs in SC 74 and the plug and abandonment costs of SC 14A Nido and SC 14B Matinloc wells. Accounts receivables increased, brought about by the advances made by Forum for the plug and abandonment costs of SC 14 Nido and Matinloc wells. Meanwhile, oil lifting made during the previous quarter consequently decreased the Group's inventory. Total current assets declined to ₱ 337.0 million from ₱428.9 million, following the decreases in cash and cash equivalents by ₱73.6 million and oil inventory by ₱21.8 million, offset by the increase in Accounts Receivable by ₱8.3 million.

Noncurrent assets increased to ₱6.833 billion from ₱6.818 billion, largely arising from the increase in Property, Plant and Equipment amounting to ₱18.7 million, offset by the decrease in Deferred oil and gas exploration costs from ₱5.310 billion to ₱5.230 billion, in addition to the increase in Right-of-use-asset to ₱8.0 million from nil as at the end of the current quarter. Property, Plant and Equipment increased following the additional acquisition of a condensate recovery unit in SC14 C-1 Galoc. Meanwhile, Deferred oil and gas exploration costs decreased, despite the costs incurred in the data reprocessing activities in SC 74 and SC 72, due to lower foreign exchange conversion rate of dollar denominated assets to peso. Meanwhile, Right-of-use-asset was recorded following the lease of the Company's new head office space.

Current liabilities as at the end of the period decreased to ₱766.0 million from ₱2.160 billion as at December 31, 2018. This was a result of the decrease in Advances from related parties, from ₱2.125 billion to ₱739.4 million, after PXP partially paid its outstanding debt to Philex Mining Corporation ("PMC").

As at end of the period in review, total noncurrent liabilities stood at ₱1.314 billion from ₱1.305 billion following the recognition of a Right-of-use-liability at ₱8.9 million following the lease of the Company's new head office space. Total liabilities stood at ₱2.080 billion from the end of the prior year following the decrease in current liabilities by ₱1.394 billion and increase in non-current liabilities by ₱8.5 million.

As of September 30, 2019, total equity reached ₱5.090 billion from ₱3.782 billion as at the end of last year. Subscription Receivable decreased by ₱1.386 billion following the partial payment of PMC's share subscription payable to the Company. Deficit stood at ₱1.383 billion from ₱1.372 billion, following the net loss recorded during the period of ₱11.2 million. Cumulative translation adjustment on foreign subsidiaries decreased by ₱38.7 million while non-controlling interests declined by ₱24.4 million.

Net Cash provided by Operating Activities for the period stood at ₱28.9 million (9M2018: net outflow of ₱7.7 million) resulting from net inflow from the Galoc oil liftings amounting to ₱21.4 million, the receipt of other income of ₱40.3 million partially offset by the payment of the decommissioning of SC 14 Nido and Matinloc at ₱42.0 million and cash spent for overhead amounting to ₱52.1 million.

Net Cash Used in Investing Activities resulted in a net outflow of ₱82.6 million (9M2018: ₱100.6 million) resulting from the cash paid for the exploration activities in SC 72 and SC 74.

Finally, net Cash used in Financing Activities amounted to ₱4.5 million (9M2018: ₱10.3 million) after the partial payment of debt to PMC amounting to ₱1.386 billion, was offset by the partial collection of subscription receivable from the former, net of expenses, amounting to ₱1.381 billion.

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 2019, which were aimed at enhancing asset value, include:

The conduct of broadband PSDM reprocessing of 565 sq. km 3D seismic data with DownUnder GeoSolutions ("DUG") in SC 72 Recto Bank was completed during the 2nd quarter of 2019. Interpretation of the said reprocessed data has started which is expected to be finished during the 2nd half of the year.

In SC 74 Linapacan, the gravity modeling and seismic interpretation of MC2D data are currently underway. In addition, there is an ongoing paleodating and total organic carbon analysis of rock samples collected during the fieldwork in the Calamian Islands in the previous year by the UP National Institute of Geological Sciences.

The SC 74 and SC 14C-2 West Linapacan consortia have a joint Rock Physics and Quantitative Interpretation ("QI") studies over the Linapacan and West Linapacan areas using existing 3D seismic and well data. The JV will review the initial results during the initial phase of the studies to determine on whether to proceed to the next phase which will involve the seismic inversion of the remaining 370 sq. km area.

In SC 6A Octon, the approved work program for 2019 includes the conduct of seismic attribute analysis of the North Block of SC 6A to map the target reservoirs and determine their distribution in terms of porosity, thickness, and lithology. The work program for 2020 will focus on further geological and geophysical ("G&G") studies in the North Block in support of establishing a final well location over one of the identified prospects in the area.

In SC 6B Bonita, the Farm-In Agreement ("FIA"), Deed of Assignment and transfer of operatorship from Philodrill to Manta Oil Company Ltd. ("Manta") were approved conditionally by the Department of Energy ("DOE") on October 17, 2019, requiring Manta to submit additional financial documents. Under the FIA, Manta will carry the JV up to First Oil to earn 70% interest. Forum's interest will be reduced to 2.4546% upon completion of the farm-in. A plan of development ("POD") for Cadlao Field & East Cadlao Prospect will be submitted to the DOE within 18 months upon approval of the FIA. Cadlao has estimated Recoverable Reserves (P50) of 6.32 MMBO, while East Cadlao has estimated In-Place Prospective Resource of 3.59 MMBO (Best Case).

On the other hand, preparations are ongoing for the drilling of the first exploration well in Peru Block Z-38, Marina-1X, in January 2020. The Company has a 25% interest in the block through its subsidiary, Pitkin Petroleum Limited ("Pitkin"). Karoon is in the final phase of negotiations with the selected drilling contractor for the provision of a Mobile Offshore Drilling Unit ("MODU"). The Marina prospect has an unrisked best estimate prospective oil resource of 256 mmbbls (64 mmbbls net to Pitkin). Marina-1X will be the first well to be drilled in Block Z-38.

Pitkin is carried in the cost of Marina-1X and a second future well under a Farm-in Agreement signed with Karoon in 2008.

On new ventures, the Company had participated in the Philippine Conventional Energy Contracting Program ("PCECP") of the Department of Energy, which was launched in November 2018 and ended in August 2019. The Company and its partner Philodrill Corporation submitted a joint bid for Area 7, a prospective block located in the Sulu Sea. The consortium's bid remains under evaluation with the DOE.

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 which minimally increased to ₱32.8 million (9M2018: ₱33.2 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.

On February 11, 2019, PMC paid an additional ₱1.386 billion in connection to the Company's announcement last October 26, 2018, of the signing and execution of a Definitive Subscription Agreement, following the share subscription of PMC of 260,000,000 common shares at ₱11.85 per share for a total consideration of ₱3.081 billion. Following the payment, PMC's total paid subscription increased from ₱770.25 million to ₱2.156 billion, representing 70% of its total subscription in PXP. Following this, total group debt to PXP was reduced from ₱2.125 billion to ₱739.4 million as of September 30, 2019.

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

In October 2019, the Philippines and China had officially established an inter-governmental steering committee for the proposed joint oil and gas exploration in certain portions of the West Philippine Sea. The steering committee was established in accordance with the Memorandum of Understanding (MOU) on cooperation on oil and gas development signed on 20 November 2018, and the Terms of Reference that the Philippines and China signed in October 2019. This will pave the way for the establishment of inter-entrepreneurial working groups, which will be headed by representatives authorized by the Philippines and China, to work on the entrepreneurial, technical and commercial aspects of the planned joint exploration. The Company looks forward to the immediate creation of such working groups for the Company's SC 72 Recto Bank and SC 75 NW Palawan blocks, which are both currently under force majeure. SC 72 is being operated by the Company through Forum (GSEC 101) Limited.

On November 11, 2019, the Company submitted an unsolicited proposal to the DOE (the "Unsolicited Proposal") for the strategic development and utilization of an Integrated Gas Hub in Malampaya upon the expiry of Service Contract No. 38 ("SC 38") in 2024 (the "Project").

Under the Unsolicited Proposal, the Malampaya infrastructure and distribution network (the "Malampaya Facilities"), which is strategically positioned in the West Philippine Sea, is envisioned to support the continued development of the Malampaya resources, as well as the economic development of Sampaguita Field and other nearby prospects under SC 72.

There is no other 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: November 14, 2019

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

UNAUDITED CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
September 30, 2019

PXP ENERGY CORPORATION

(Formerly Philex Petroleum Corporation)

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

ASSETS		**September 30, 2019 (Unaudited)**		December 31, 2018 (Audited)
Current Assets				
Cash and cash equivalents	₱	**268,777**	₱	342,374
Accounts receivable		**49,089**		40,741
Inventories		**10,617**		32,398
Other current assets -net		**8,473**		13,351
Total Current Assets		**336,956**		428,864
Noncurrent Assets				
Property, Plant and Equipment - net		**249,523**		230,798
Goodwill		**1,238,583**		1,238,583
Deferred oil and gas exploration costs - net		**5,298,637**		5,310,477
Deferred income tax assets		**34,017**		35,003
Right-of-use-asset		**7,973**		-
Other noncurrent assets		**4,298**		3,629
Total Noncurrent Assets		**6,833,031**		6,818,490
TOTAL ASSETS	₱	**7,169,987**	₱	7,247,354

LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	₱	**26,539**	₱	33,957
Advances from related parties		**739,396**		2,125,184
Income tax payable		**30**		433
Total Current Liabilities		**765,965**		2,159,574
Noncurrent Liabilities				
Deferred income tax liabilities - net		**1,114,151**		1,113,448
Right-of-use liability		**8,072**		-
Other liabilities		**191,625**		191,914
Total Noncurrent Liabilities		**1,313,848**		1,305,362
Total Liabilities		**2,079,813**		3,464,936
Equity				
Capital Stock - P1 par value		**1,960,000**		1,960,000
Additional paid-in capital		**2,816,545**		2,821,000
Subscription receivable		**(924,300)**		(2,310,750)
Equity reserves		**122,062**		122,062
Deficit		**(1,382,913)**		(1,371,720)
Cumulative translation adjustment on foreign subsidiaries		**115,173**		153,866
		2,706,567		1,374,458
Non-controlling Interests		**2,383,607**		2,407,960
Total equity		**5,090,174**		3,782,418
TOTAL LIABILITIES AND EQUITY	₱	**7,169,987**	₱	7,247,354

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

	For the 9-Month Period Ended September 30	
	2019	2018
PETROLEUM REVENUES	₱ **51,121**	₱ 106,133
COSTS AND EXPENSES		
Petroleum and other production costs	**61,431**	140,508
General and administrative expenses	**32,783**	33,157
	94,214	173,665
OTHER INCOME (CHARGES)		
Foreign exchange gains (losses) - net	**(5,328)**	30,039
Interest income - net	**1,987**	2,009
Others - net	**25,546**	(11,901)
	22,205	20,147
INCOME (LOSS) BEFORE TAX	**(20,888)**	(47,385)
PROVISION FOR INCOME TAX		
Current	**199**	-
Deferred	**732**	1,708
	931	1,708
NET INCOME (LOSS)	**(₱ 21,819)**	(₱ 49,093)
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	**(₱ 11,226)**	(₱ 31,361)
Non-controlling interests	**(10,593)**	(17,732)
	(₱ 21,819)	(₱ 49,093)
BASIC LOSS PER SHARE	**(₱ 0.0057)**	(₱ 0.0184)
DILUTED LOSS PER SHARE	**(₱ 0.0057)**	(₱ 0.0160)

PXP ENERGY CORPORATION

(Formerly Philex Petroleum Corporation)

AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, except Earnings Per Share)

	For the 3rd Quarter Ended September 30	
	2019	2018
PETROLEUM AND OTHER REVENUES	**₱ 0**	₱ 39,430
COSTS AND EXPENSES		
Petroleum producion costs	**857**	51,595
General and administrative expenses	**7,455**	11,600
	8,312	63,195
OTHER INCOME (CHARGES)		
Foreign exchange gains - net	**3,978**	6,772
Interest income	**592**	779
Other income	**(9)**	-
	4,561	7,551
LOSS BEFORE INCOME TAX	**(3,751)**	(16,214)
PROVISION FOR INCOME TAX	**171**	37
NET LOSS	**(₱ 3,922)**	(₱ 16,251)
Net income attributable to:		
Equity holders of the Parent Company	**(₱ 3,660)**	(₱ 11,226)
Non-controlling interests	**(262)**	(5,025)
	(₱ 3,922)	(₱ 16,251)
BASIC/DILUTED EARNINGS PER SHARE	**(₱ 0.0019)**	(₱ 0.0066)
DILUTED EARNINGS (LOSS) PER SHARE	**(₱ 0.0019)**	(₱ 0.0057)

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

	For the 9-Month Period Ended September 30	
	2019	2018
NET INCOME (LOSS)	**(₱ 21,819)**	(₱ 49,093)
OTHER COMPREHENSIVE INCOME		
Gain (Loss) on translation of foreign subsidiaries	**(52,453)**	159,580
TOTAL COMPREHENSIVE INCOME	**(₱ 74,272)**	₱ 110,487
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	**(₱ 49,919)**	₱ 57,599
Non-controlling interests	**(24,353)**	52,888
	(₱ 74,272)	₱ 110,487

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, 2017	**₱ 1,700,000**	**₱ 122,062**	**(₱ 1,294,692)**	**₱ 76,258**	**₱ 603,628**	**₱ 2,398,488**	**₱ 3,002,116**
Net Income for the period	-	-	(31,361)	-	(31,361)	(17,732)	(49,093)
Other comprehensive income (loss):							
Loss on translation of foreign subsidiaries	-	-	-	88,960	88,960	70,620	159,580
Total comprehensive income (loss) for the period	-	-	(31,361)	88,960	57,599	52,888	110,487
Balance at September 30, 2018	**₱ 1,700,000**	**₱ 122,062**	**(₱ 1,326,053)**	**₱ 165,218**	**₱ 661,227**	**₱ 2,451,376**	**₱ 3,112,603**

	Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock	Additional paid in capital	Subscription Receivable	Equity Reserves	Retained Earnings (Deficit)	Cumulative Translation Adjustment on Foreign Subsidiaries	Subtotal	Non-controlling Interests	Total
Balances at December 31, 2018	**₱ 1,960,000**	**₱ 2,821,000**	**(₱ 2,310,750)**	**₱ 122,062**	**(₱ 1,371,720)**	**₱ 153,866**	**₱ 1,374,458**	**₱ 2,407,960**	**₱ 3,782,418**
Net income (loss) for the period	-	-	-	-	(11,226)	-	(11,226)	(10,593)	(21,819)
Other comprehensive income (loss):	-	-	-	-	-	-	-	-	-
Gain (loss) on translation of foreign subsidiaries	-	-	-	-	-	(38,693)	(38,693)	(13,760)	(52,453)
Total comprehensive income (loss) for the period	-	-	-	-	(11,226)	(38,693)	(49,919)	(24,353)	(74,272)
Payment of subscription	-	-	1,386,450	-	-	-	1,386,450	-	1,386,450
Effect of Change in Accounting Policy - Leases	-	-	-	-	33	-	33	-	33
Others	-	(4,455)	-	-	-	-	(4,455)	-	(4,455)
Balance at September 30, 2019	**₱ 1,960,000**	**₱ 2,816,545**	**(₱ 924,300)**	**₱ 122,062**	**(₱ 1,382,913)**	**₱ 115,173**	**₱ 2,706,567**	**₱ 2,383,607**	**₱ 5,090,174**

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

	For the 9-Month Period Ended September 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before tax	**(₱ 20,888)**	(₱ 47,385)
Adjustments for:		
Unrealized foreign exchange loss (gain) - net	**5,328**	(30,039)
Depreciation and depletion	**34,970**	76,089
Interest income - net	**(1,987)**	(2,009)
Operating income (loss) before working capital changes	**17,423**	(3,344)
Decrease (Increase) in:		
Accounts receivable	**(9,227)**	(7,966)
Inventories	**21,611**	13,994
Other current assets	**4,793**	(1,080)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	**(7,141)**	(11,434)
Provision for losses and other liabilities	**(156)**	1,016
Net cash generated by operations	**27,303**	(8,814)
Interest received	**1,987**	2,128
Income tax paid	**(403)**	(980)
Net cash provided by operating activities	**28,887**	(7,666)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Deferred oil and gas exploration costs	**(67,348)**	(86,005)
Increase in other noncurrent assets	**(8,609)**	(14,565)
Net cash used in investing activities	**(82,596)**	(100,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of advances from related parties	**(1,385,788)**	(10,296)
Cash received from collection of subscription from shareholder	**1,381,311**	-
Net cash used in financing activities	**(4,477)**	(10,296)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(15,411)**	36,549
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(73,597)**	(81,983)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**342,374**	450,039
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱ 268,777**	₱ 368,056

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

SCHEDULE OF BANK LOANS PAYABLE

September 30, 2019

(In thousand Pesos)

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

SCHEDULE OF SHORT-TERM LOAN

September 30, 2019

Philex Mining Corporation	nil
Total	nil

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLE
September 30, 2019
(In Thousand Pesos)

	0-30 days	31-60 days	61-90 days	over 90 days	Total
The Galoc Production Company	₱ -	₱ -	₱ 3,508	₱ 13,270	₱ 16,778
The Philodrill Corporation	-	-	15,479	-	15,479
Shell Corporation	(1)	-	-	-	(1)
Monte Oro Resources & Energy, Inc.	883	176	-	-	1,059
Others	12,289	-	-	3,486	15,775
	₱ 13,171	₱ 176	₱ 18,987	₱ 16,755	₱ 49,089

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

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Current Ratio	0.44	0.20
Debt-to-equity Ratio	0.41	0.92
Asset-to-equity Ratio	1.41	1.92
Interest Rate Coverage ratio	n/a	n/a
Net Income Ratio	(0.43)	(0.36)

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 September 30, 2019 and December 31, 2018 and for the nine-month period ended September 30, 2019 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, 2018.

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, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at FVOCI, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

  These amendments have no impact on the consolidated financial statements of the Group.

- *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.

  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 applied PFRS 16 using the modified retrospective approach with initial application date of January 1, 2019. The Group also elected to use the exemptions provided by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

On February 1, 2019, PXP entered into a non-cancellable operating lease contract with Silangan Mindanao Mining Corporation, Inc. (SMMC), for a period of one (1) year commencing on February 1, 2019 up to January 31, 2020. The lease agreement has a total annual payment of ₱4,282 and is renewable at the option of either party, subject to mutually agreed upon terms and conditions. The contract requires PXP to pay security deposit amounting to ₱637, which is refundable within 60 days from the termination of the contract.

The Group has lease contracts, as lessee, for office/warehouse space which were accounted for as operating leases under PAS 17. Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for these leases.

The effect of adopting PFRS 16 follows:

- Accrued rent recognized under PAS 17 amounting to ₱33 were adjusted to beginning retained earnings as at January 1, 2019.
- Right-of-use assets and lease liabilities amounting to ₱10,380 and ₱9,813, respectively, were recognized and presented separately in the consolidated balance sheet as at January 1, 2019.

The right-of-use assets are initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date and are subsequently measured at amortized cost using the effective interest method.

Current and non-current portion of lease liabilities on the Group's lease contracts as lessee amounted to ₱3,823 and ₱4,249 as at September 30, 2019.

The related right-of-use-asset on the lease contract amounts to ₱7,973 as at September 30, 2019. Depreciation expense on right-of-use assets amounts to ₱2,269 for the nine-month period ended September 30, 2019.

- *Amendments to PAS 19, Employee Benefits, Plan Amendment, Curtailment or Settlement*
  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income (OCI).

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments have no impact on the consolidated financial statements of the Group.

- *Amendments to PAS 28, Long-term Interests in Associates and Joint Ventures*
  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28.

  The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. The Group is currently assessing the impact of adopting PAS 28.

- *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, Income Taxes, 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.

  This interpretation is not relevant to the Group because there is no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred taxes as of September 30, 2019 and December 31, 2018.

Annual Improvements to PFRSs 2015-2017 Cycle

- *Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements,*
- *Previously Held Interest in a Joint Operation*
- *Amendments to PAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- *Amendments to PAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning on or after January 1, 2020

- *Amendments to PFRS 3, Definition of a Business*
- *Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after January 1, 2021

- *PFRS 17, Insurance Contracts*

Deferred effectivity

- *Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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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 September 30, 2019:

Cash in banks and cash equivalents	
Cash in banks	₱150,550
Short-term deposits	118,215
Accounts receivable	
Trade	44,330
Accrued interest and others	4,760
	₱317,855

The following tables show the credit quality of the Group's financial assets by class as of September 30, 2019 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	₱150,550	₱–	₱–	₱150,550
Short-term investments	118,215	–	–	118,215
Accounts receivable:				
Trade	–	44,330	–	44,330
Accrued interest and others	–	4,760	–	4,760
Total	₱268,765	₱49,090	₱–	₱317,855

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 September 30, 2019.

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 sound financial planning.

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 September 30, 2019:

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Cash on hand	₱12	₱–	₱–	₱–	₱12
Loans and receivables:					
Cash in banks	150,550	–	–	–	150,550
Short-term investments	–	118,215	–	–	118,215
Accounts receivable	13,171	19,163	16,755	–	49,089
Total undiscounted financial assets	₱163,733	₱137,378	₱16,755	₱–	₱317,866

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Accounts payable and accrued liabilities:					
Trade	₱6,924	₱–	₱–	₱–	₱6,924
Accrued expenses	–	41	–	–	41
Other nontrade liabilities	–	–	19,604	–	19,604
Advances from related parties	–	–	739,396	–	739,396
Total undiscounted financial liabilities	₱6,924	₱41	₱759,000	₱–	₱765,965

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 loss amounting to ₱5.3 million arising from the translation of these foreign currency-denominated financial instruments were recognized by the Parent Company for the period ended September 30, 2019. As at September 30, 2019, the exchange rate is ₱51.83 to US$1.

The Parent Company's foreign currency-denominated monetary assets as of September 30, 2019 follow:

	US$	Peso Equivalent
Assets		
Cash and cash equivalents	$2,157	₱111,814

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%	₱6,709
Depreciate by (6%)	(6,709)

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 93% of crude oil production from SC 14 during the first 9 months of 2019 was from the Galoc oil field and the balance from the 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 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 September 30, 2019:

	Oil and Gas	**Coal**	**Eliminations**	**Total**
Consolidated Revenue				
External customers	**₱51,121**	**₱–**	**₱–**	**₱51,121**
Results				
EBITDA	**7,965**	**(₱16)**	**₱ 4,148**	**₱12,097**
Depreciation and depletion	**(34,970)**	**–**	**–**	**(34,970)**
Provision for income tax	**(932)**	**–**	**–**	**(932)**
Interest expense - net	**1,993**	**–**	**(7)**	**1,986**
Consolidated net income (loss)	**(25,944)**	**(₱16)**	**₱4,141**	**(₱21,819)**
Core net loss				**(₱31,180)**
Consolidated total assets	**₱7,391,972**	**₱2,153**	**(₱224,138)**	**₱7,169,987**
Consolidated total liabilities	**₱779,507**	**₱737,835**	**₱562,471**	**₱2,079,813**

As of September 30, 2018:

	Oil and Gas	Coal	Eliminations	**Total**
Consolidated Revenue				
External customers	₱106,133	₱–	₱–	₱106,133
Results				
EBITDA	42,426	19	(15,750)	26,695
Depreciation and depletion	(76,089)	–	–	(76,089)
Income tax expense	(1,708)	–	–	(1,708)
Interest income - net	1,767	–	242	2,009
Consolidated net income (loss)	(₱33,604)	₱19	(₱15,508)	(₱49,093)
Core net loss				(₱56,281)
Consolidated total assets	₱7,469,254	₱2,307	(₱133,443)	₱7,338,118
Consolidated total liabilities	₱2,873,085	₱737,734	₱614,696	₱4,225,515

The table below shows the Group's reconciliation of core net loss to the consolidated net loss for the nine-month period ended September 30, 2019 and 2018.

	2019	2018
Core net loss	**(₱31,180)**	(₱56,281)
Non-recurring item:		
Other income	**25,570**	–
Net foreign exchange gain (loss)	**(4,696)**	26,612
Net tax effect of aforementioned adjustment	**(920)**	(1,692)
Net loss attributable to equity holders of the Parent Company	**(11,226)**	(31,361)
Net loss attributable to non-controlling interests	**(10,593)**	(17,732)
Consolidated net loss	**(₱21,819)**	(₱49,093)

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	(₱1,385,788)	₱1,573	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	₱–	₱737,815	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 period ended September 30, 2019 and 2018.

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 period, the Group paid PMC amounting to ₱1,385,788. As at September 30, advances from PMC amounted to ₱1,573.

c. BEMC has significant transactions with related parties involving advances to provide funding on BEMC’s exploration and development activities. As at September 30, 2019, the non-interest-bearing advances from PMC amounted to ₱737,815. The advances are payable on demand.

6. Basic/Diluted Earnings Per Share

Basic/diluted earning (loss) per share for the period ended September 30, 2019 and 2018 is computed as follows:

	2019	2018
Net loss attributable to equity holders of the Parent Company	**(₱11,226)**	(₱31,361)
Divided by weighted average number of common shares issued during the period	**1,960,000**	1,700,000
Basic earnings (loss) per share	**(₱0.0057)**	(₱0.0184)
Diluted earnings (loss) per share	**(₱0.0057)**	(₱0.0160)

As of September 30, 2019, 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.