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, 2021**

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

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) 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**

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, 2021 are hereto attached.

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

Consolidated petroleum revenues amounted to nil (3M2020: ₱6.1 million) for the first three months of the year.

The absence of petroleum revenue was incurred as the first lifting of the year was recorded during the subsequent month which will be reflected in the 2nd quarter. In 2020, one (1) oil lifting equivalent to a gross volume of 234,148 barrels of oil was recorded at an average crude oil price of $24.50 per barrel. Such revenue was contributed by Forum Energy Limited ("Forum"), a 79% directly and indirectly owned subsidiary, from its 2.28%[1] participating interest in Service Contract ("SC") 14C1 Galoc oil field.

Production data for the three-month period ended March 31, 2021 and 2020 were as follows:

	3 months (January to March)	
	2021	2020
Revenues (In millions ₱)		
Oil and gas	**-**	₱6.1
Sales volume		
Oil (barrels net to Forum)	**-**	3,118

Costs and expenses reached ₱18.0 million for the period (3M2020: ₱26.7 million) with production costs at nil (3M2020: ₱12.3 million) in relation to nil revenues recorded during the period. On the other hand, general and administrative expenses stood at ₱18.0 million (3M2020: ₱14.4 million) following increase in legal expenses that the Group incurred during the ordinary course of business.

A net other charges of ₱2.1 million was recorded during the current period (3M2020: net other charges of ₱19.8 million), wherein impairment charges in SC14 C-1 Galoc amounting to P20.2 million, was incurred due to the lower-than-expected future returns in SC 14C1-Galoc following the recent crash in global crude oil prices in the same period last year.

A lower consolidated net loss of ₱11.0 million (3M2020: ₱40.4 million) was incurred due to lower cost and expenses and other charges, offset by the absence of oil revenues during the current period. As such, net loss attributable to equity holders of the Parent amounted to ₱ 4.3 million (3M2020: ₱32.0 million), with basic/diluted loss per share amounting to ₱0.0022 (3M2020: ₱0.0163). Core net loss during the current period amounted to ₱5.6 million (3M2020: ₱16.9 million).

As at March 31, 2021, the Company's total assets stood at ₱6.769 billion from ₱6.756 billion at end-December 2020. Total current assets decreased to ₱154.0 million from ₱195.3 million. Cash and cash equivalents decreased by ₱33.0 million, following payment of exploration costs in SC72 and overhead expenses, offset by collection of receivables from oil lifted in November

[1] Forum increased its participating interest in Galoc from 2.28% to 3.21% in January 2021.

last year. The collection of said receivables decreased Accounts Receivable to ₱15.2 million from ₱32.8 million as at the end of the prior year. Meanwhile, noncurrent assets reached ₱ 6.615 billion from ₱6.560 billion, largely arising from the increase in deferred exploration costs related to SC 74 and SC 72 which augmented from ₱5.316 billion to ₱5.370 billion.

Current liabilities as at the end of the period decreased by ₱315 thousand to ₱24.5 million from ₱24.9 million as at December 31, 2020, while total noncurrent liabilities dropped to ₱ 1.257 billion from ₱1.262 billion resulting from the decrease in Deferred income tax liabilities effected by the CREATE Law. Total liabilities was reduced to ₱1.281 billion from ₱1.287 billion at the end of the prior year following the decreases in current liabilities by ₱315 thousand and non-current liabilities by ₱4.9 million.

As of March 31, 2021, total equity reached ₱5.488 billion from ₱5.469 billion as at the end of last year. Deficit increased from ₱1.700 billion to ₱1.704 billion, following the net loss attributable to Parent recorded during the period at ₱4.3 million. Cumulative translation adjustment on foreign subsidiaries increased by ₱21.7 million while non-controlling interests improved by ₱1.6 million.

Net Cash used in Operating Activities for the period stood at ₱9.70 million (3M2020: ₱46.0 million) resulting primarily from the payment of accounts payable and accrued liabilities and operating expenses offset by the collection of receivable related to the oil lifting made in Galoc in November 2020 .

Net Cash Used in Investing Activities resulted in a net outflow of ₱22.2 million (3M2020: ₱3.0 million) primarily from the cash paid for the exploration activities in SC 74 and SC 72.

Finally, net Cash used in Financing Activities amounted to ₱16 thousand (3M2020: ₱7 thousand). Net effect of exchange rate changes from the conversion of cash and cash equivalents from Philippine Peso vis-à-vis the United States dollar amounted to ₱1.0 million (3M2020: ₱9.0 million).

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 2021, which were aimed at enhancing asset value, include:

In SC 72 (Recto Bank), the conduct of broadband Pre-Stack Depth Migration ("PSDM") reprocessing of 565 sq. km of 3D seismic data with DownUnder GeoSolutions ("DUG") was completed in June 2019. This was followed by an interpretation of the newly-reprocessed seismic data and the formulation of an appraisal program for the Sampaguita gas field. On October 16, 2020, Forum (GSEC 101) Limited ("FGL"), a 100% subsidiary of Forum that operates SC 72, received a letter from the DOE dated October 14, 2020 that the Force Majeure ("FM") over SC 72 has been lifted effective immediately and that exploration activities were to resume over the block. FGL has 20 months from receipt of the notice to drill the two (2) commitment wells under the current Sub-Phase ("SP") 2.

In SC 74 (Linapacan), the gravity modeling exercise with Cosine Global Limited ("Cosine") and seismic interpretation of MC2D data was completed by PXP, with the final report submitted to the DOE in July 2020. The biostratigraphic and geochemistry analyses of rock samples collected in the Calamian Islands were completed in 2020. Initial 12 samples were sent to Core Laboratories, Malaysia in October 2019, and the results were submitted to PXP in December 2019. Additional samples were sent to Malaysia in late July 2020 for further testing. Analysis of the second batch of samples was completed in October 2020 and the draft report was received in late November 2020. The final report is expected to be finalized in 1Q 2021.

The Phase 1 Well Feasibility with Rock Physics and Phase 1A Test Inversion under the joint Quantitative Interpretation ("QI") study of SC 74 and SC 14C-2 (West Linapacan) were completed in October 2019. The said initial phase involved a pilot study covering 30 sq. km of PSDM 3D seismic and data from six (6) vintage wells. From the test, it was concluded that lithology is easier to identify on seismic than fluid type due to the limestone reservoir's overlapping elastic properties. In December 2019, the SC 74 JV decided to proceed to Phase 2 of the project which is an inversion study over a wider, 400 sq. km 3D data. Phase 2 commenced in February 2020 and was completed in June 2020. The QI study was able to predict the different lithological facies at the well, i.e. those with good property such as high porosity versus those that have low porosity and high shale/silt content. However, the study was unable to differentiate the type and distribution of fluids in the limestone reservoirs due to the nature of the rock properties and poor to fair seismic data quality. Further seismic reprocessing has been recommended to preserve the true amplitudes for AVO inversion, and to improve seismic imaging especially in dipping structures. It was also suggested that shear sonic data be acquired in future wells for better correlation of well and seismic data.

An in-house seismic interpretation of the TQ3D data, incorporating QI data, commenced in 2H of 2020 and projected to be completed in 2Q 2021. Mapping of key horizons is underway with Top Galoc Clastic Unit (GCU), Top Linapacan Limestone and three (3) Intra-Nido horizons with relatively good porous zones. All data generated from the QI study were loaded to a computer workstation to be used as guide in the seismic interpretation.

In SC 40 (North Cebu), which Forum operates through its 66.67% subsidiary, Forum Exploration, Inc. ("FEI"), conducted a land gravity survey over the Libertad and Dalingding areas in Bogo City and Daanbantayan Municipality, respectively. The gravity survey aimed to further delineate the carbonate bodies detected in the said areas by the initial 3D gravity modelling exercise. The survey began on February 18, 2020 and was completed on March 14, 2020 with a total of 84 stations acquired at intervals of between 300m and 500m. After completing the correction of meter readings, coordinates, and elevations of gravity stations acquired during the survey, FEI forwarded the data to Cosine for data reduction, processing, and interpretation. The report for the first phase of gravity interpretation was received from Cosine in early December 2020 and is being reviewed by FEI's technical team. The results of the gravity survey will be used to update the current depth model for northern Cebu.

In SC 6A (Octon), the approved work program for 2020 focused 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 June 2020, LMKR, a private petroleum technology company, completed a pilot QI study on the Malajon area using 3D seismic and well data. The study shows the Malajon structure having a good potential and thus requires further detailed analysis. LMKR is also able to identify four (4) sand packages within the GCU after generating several elastic properties (P-impedance, Vp/Vs, etc.). A full QI/Reservoir Characterization study was approved by the JV aimed at generating pay probability maps and identifying prospective zones that could be targets for any future well. It will also include detailed attribute analysis as several channelized sands within the GCU have been identified during the pilot study. An amended work program for 2020 to cover this additional study was submitted and later approved by the DOE in July 2020.

In SC 6B (Bonita), the Farm-In Agreement ("FIA"), Deed of Assignment, and transfer of operatorship from Philodrill to Manta were approved conditionally by the 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. FEPC's interest will be reduced to 2.4546% from 8.182% upon completion of the farm-in. Manta is currently conducting a remapping of the Cadlao Field based on 2016 PSTM reprocessing of the 3D seismic data. It is also planning to reprocess around 88 sq. km of 3D seismic data over Cadlao Field to improve the mapping of the Cadlao structure and firm-up well locations for the field's redevelopment. A plan of development ("POD") for Cadlao will be submitted to the DOE by the end of 2021. It may include the drilling of the nearby East Cadlao, depending on the results of the technical evaluation.

Cadlao has an estimated Recoverable Reserves (P50) of 6.32 MMBO while East Cadlao has an estimated In-Place Prospective Resources of 3.59 MMBO (Best Case).

In Peru Block Z-38, Karoon, Tullow, and Stena Drilling signed a Rig Assignment Agreement for the use of the drillship, Stena Forth in November 2019. The agreement provided the Z-38 Consortium with a single well slot from the existing rig contract between Tullow and Stena. Soon after, the drillship started its mobilization to Peru. It left Ghana in mid-November 2019 and arrived in Lima, Peru in early January 2020.

The Marina-1X well was spudded on January 26, 2020 in 362m water depth. It reached a total depth of 3,021m MD (2,889m TVD) on February 15, 2020. Logging-While-Drilling results from the primary targets in the Tumbes Formation indicated that the well encountered thin water-bearing sands with no oil and only minor gas shows. In view of the results, the well was plugged and abandoned as a dry well, and the drillship was demobilized before the end of February 2020.

Marina-1X provided a large amount of valuable data on the geological setting for this region of the Tumbes Basin. Several potential reservoir sequences were encountered in the well, unfortunately these sections were water-saturated and provide no prospectivity at this location. The well results will now be thoroughly analyzed to come up with the best way forward for the block. Following the completion of the Marina-1X exploration well drilling campaign during the first quarter 2020, the evaluation of the technical data continued throughout the year. Due to delays in the drilling of the well in the current EP, a six-month extension was requested and granted by Perupetro, extending the end of the current third period to December 31, 2020.

In addition, due to the temporary closure of Karoon's Peru office due to the COVID-19 lockdown and quarantine requirements declared by the Peruvian Government, the Operator applied for FM on Block Z-38, which was granted by the authorities on July 14, 2020. The FM applies from March 16, 2020 until such time as relevant lockdown requirements are removed. On November 27, 2020, Perupetro lifted the FM and advised Karoon that the last day of the Third EP will be on July 27, 2021.

In August 2019, the DOE accepted the sole bid of Philodrill and PXP on Area 7 located in the Sulu Sea. It was one of the fourteen (14) predetermined areas ("PDAs") offered by the DOE in 2018 under its Philippine Conventional Energy Contracting Program ("PCECP"). The area is covered by both 2D and 3D seismic data and around six (6) exploratory wells have been drilled by previous contractors from 1989 to 2008. Area 7 is adjacent to SC 56 where ExxonMobil drilled four (4) wells in 2009-2010, three (3) of which were declared as discovery wells. The DOE's final decision on the acceptance of the JV's bid has been delayed due to ongoing discussions between the DOE and the Bangsamoro Autonomous Region in Muslim Mindanao ("BARMM"). The Consortium's immediate plan once a Service Contract is granted is to reprocess some 1,600 sq. km of 3D data using new technology of Broadband PSDM and to conduct a QI study.

On March 16, 2020, PXP submitted to DOE all technical, legal, and financial documents in support of application for a new Service Contract in offshore West Palawan that is adjacent to SC 72. On September 14, 2020, DOE opened the bid submitted by PXP and found the application documents complete and is thus qualified to undergo further legal, technical, and financial evaluation. The proposed work program for the first SP is the acquisition of at least 2,200 line-km of 2D seismic data as well as marine gravity and magnetic data.

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.

The Company participated in the PCECP of the DOE, which was launched in November 2018 and ended in August 2019. The Company and its partner, Philodrill, 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.

Additionally, the Company nominated a frontier block close to SC 72 under PCECP guidelines which was accepted by the DOE in September 2020. The application for a new Service Contract is undergoing further processing.

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, though minimally increased to ₱18.0 million from ₱14.4 million, following increase in legal consultation expenses that the Group incurred during the ordinary course of business, is being kept to a minimum. Management continuously monitors its overhead 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.

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.

In compliance with the SEC's Notice dated March 12, 2020, below is the report on the risk and impact of the COVID-19 on business operations and the mitigation measures.

The Company is taking the necessary measures to mitigate potential impact on its business operations, in accordance with government guidelines.

Risk: Exposure to and contraction of COVID-19

Mitigation: Communicate and enforce preventive measures within the work area against COVID-19 such as:

- Remote working or work from home scheme with departmental skeletal force, if needed.
- Teleconference or online messaging for internal communication and for communication with JV partners and third party contractors.
- Implement a No Visitors Policy (including relatives and friends).
- Maintain at least two (2) meters distance and no physical contact (e.g. no shaking of hands).
- Maintain sanitary essentials like alcohol / hand sanitizers at entry points (e.g. lobby, comfort rooms, etc.).
- Thermal scanning of all employees at the entrances of the office. Personnel with temperature above 37.8 degrees Celsius will not be allowed to enter the office and should seek medical attention, if possible.
- Accomplish health declaration forms upon arrival in the office.
- Self-quarantine of employees with travel history to identified places with confirmed/suspected COVID-19 cases.
- Encourage employees to do initial self-assessment on symptoms and advise management when symptoms are present.
- Report to top management regularly any employee contracting the virus.

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

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 17, 2021

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

UNAUDITED CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
March 31, 2021

PXP ENERGY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

ASSETS		March 31, 2021		December 31, 2020
Current Assets				
Cash and cash equivalents	₱	**110,040**	₱	143,008
Accounts receivable		**15,175**		32,838
Inventories		**12,148**		2,925
Other current assets -net		**16,595**		16,567
Total Current Assets		**153,958**		195,338
Noncurrent Assets				
Property, Plant and Equipment - net		**7,443**		6,169
Goodwill		**1,234,387**		1,234,387
Deferred oil and gas exploration costs - net		**5,369,852**		5,316,062
Other noncurrent assets		**3,665**		3,631
Total Noncurrent Assets		**6,615,347**		6,560,249
TOTAL ASSETS	₱	**6,769,305**	₱	6,755,587

LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	₱	**23,951**	₱	24,287
Advances from related parties		**16**		-
Income tax payable		**14**		14
Lease liability - current portion		**558**		553
Total Current Liabilities		**24,539**		24,854
Noncurrent Liabilities				
Deferred income tax liabilities - net		**1,064,426**		1,069,412
Right-of-use liability		**4,696**		4,654
Other liabilities		**187,752**		187,716
Total Noncurrent Liabilities		**1,256,874**		1,261,782
Total Liabilities		**1,281,413**		1,286,636
Equity				
Capital Stock - P1 par value		**1,960,000**		1,960,000
Additional paid-in capital		**2,816,545**		2,816,545
Subscription receivable		**(121,114)**		(121,114)
Equity reserves		**139,319**		139,319
Deficit		**(1,704,311)**		(1,699,966)
Cumulative translation adjustment on foreign subsidiaries		**79,609**		57,954
		3,170,048		3,152,738
Non-controlling Interests		**2,317,844**		2,316,213
Total equity		**5,487,892**		5,468,951
TOTAL LIABILITIES AND EQUITY	₱	**6,769,305**	₱	6,755,587

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

	For the 3-Month Period Ended March 31	
	2021	2020
PETROLEUM REVENUES	**₱ 0**	₱ 6,139
COSTS AND EXPENSES		
Petroleum and other production costs	**-**	12,292
General and administrative expenses	**18,017**	14,416
	18,017	26,708
OTHER INCOME (CHARGES)		
Provision for impairment of assets	**-**	(20,161)
Foreign exchange gains (losses) - net	**2,048**	118
Interest income - net	**76**	247
Others - net	**(13)**	-
	2,111	(19,796)
INCOME (LOSS) BEFORE TAX	**(15,906)**	(40,365)
PROVISION FOR INCOME TAX		
Current	**21**	(1)
Deferred	**(4,911)**	-
	(4,890)	(1)
NET INCOME (LOSS)	**(₱ 11,016)**	(₱ 40,364)
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	**(₱ 4,345)**	(₱ 31,963)
Non-controlling interests	**(6,671)**	(8,401)
	(₱ 11,016)	(₱ 40,364)
BASIC AND DILUTED LOSS PER SHARE	**(₱ 0.0022)**	(₱ 0.0163)

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

	For the 3-Month Period Ended March 31	
	2021	2020
NET INCOME (LOSS)	**(₱ 11,016)**	(₱ 40,364)
OTHER COMPREHENSIVE INCOME		
Gain (Loss) on translation of foreign subsidiaries	**29,957**	(9,261)
TOTAL COMPREHENSIVE INCOME	**₱ 18,941**	(₱ 49,625)
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	**₱ 17,310**	(₱ 46,296)
Non-controlling interests	**1,631**	(3,329)
	₱ 18,941	(₱ 49,625)

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

	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, 2019	**₱ 1,960,000**	**₱ 2,816,545**	**(₱ 184,300)**	**₱ 122,250**	**(₱ 1,643,864)**	**₱ 87,713**	**₱ 3,158,344**	**₱ 2,358,217**	**₱ 5,516,561**
Net Income for the period	-	-	-	-	(31,963)	-	(31,963)	(8,401)	(40,364)
Other comprehensive income (loss):									
Loss on translation of foreign subsidiaries	-	-	-	-	-	(14,333)	(14,333)	5,072	(9,261)
Total comprehensive income (loss) for the period	-			-	(31,963)	(14,333)	(46,296)	(3,329)	(49,625)
Balance at March 31, 2020	**₱ 1,960,000**	**₱ 2,816,545**	**(₱ 184,300)**	**₱ 122,250**	**(₱ 1,675,827)**	**₱ 73,380**	**₱ 3,112,048**	**₱ 2,354,888**	**₱ 5,466,936**

	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, 2020	**₱ 1,960,000**	**₱ 2,816,545**	**(₱ 121,114)**	**₱ 139,319**	**(₱ 1,699,966)**	**₱ 57,954**	**₱ 3,152,738**	**₱ 2,316,213**	**₱ 5,468,951**
Net income (loss) for the period	-	-	-	-	(4,345)	-	(4,345)	(6,671)	(11,016)
Other comprehensive income (loss):	-	-	-	-	-	-	-	-	-
Gain (loss) on translation of foreign subsidiaries	-	-	-	-	-	21,655	21,655	8,302	29,957
Total comprehensive income (loss) for the period	-	-	-	-	(4,345)	21,655	17,310	1,631	18,941
Balance at March 31, 2021	**₱ 1,960,000**	**₱ 2,816,545**	**(₱ 121,114)**	**₱ 139,319**	**(₱ 1,704,311)**	**₱ 79,609**	**₱ 3,170,048**	**₱ 2,317,844**	**₱ 5,487,892**

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

	For the 3-Month Period Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(₱ 15,906)**	(₱ 40,365)
Adjustments for:		
Provision for impairment of assets	**-**	20,158
Unrealized foreign exchange gain - net	**(2,048)**	(118)
Depreciation and depletion	**142**	1,090
Interest income - net	**(205)**	(247)
Operating loss before working capital changes	**(18,017)**	(19,482)
Decrease (Increase) in:		
Accounts receivable	**17,662**	3,013
Inventories	**(9,223)**	4,320
Other current assets	**(28)**	(2,591)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	**(331)**	(28,441)
Provision for losses and other liabilities	**35**	(3,048)
Net cash used in operations	**(9,902)**	(46,229)
Interest received	**205**	247
Net cash used in operating activities	**(9,697)**	(45,982)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in Deferred oil and gas exploration costs and other noncurrent assets	**(22,238)**	(2,998)
Net cash used in investing activities	**(22,238)**	(2,998)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in advances from related parties	**16**	7
Net cash provided financing activities	**16**	7
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(1,049)**	(9,039)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(32,968)**	(58,012)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PEF	**143,008**	245,954
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱ 110,040**	₱ 187,942

PXP ENERGY CORPORATION AND SUBSIDIARIES

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AGING OF ACCOUNTS RECEIVABLE
March 31, 2021
(In Thousand Pesos)

	0-30 days	31-60 days	61-90 days	over 90 days	Total
The Galoc Production Company	₱ 1,777	₱ -	₱ -	₱ -	₱ 1,777
The Philodrill Corporation	7,068	-	-	-	7,068
Monte Oro Resources & Energy, Inc.	227	-	-	-	227
Forum Pacific, Inc.	-	-	-	4,019	4,019
Others	67	465	48	1,503	2,084
	₱ 9,140	₱ 465	₱ 48	₱ 5,522	₱ 15,175

PXP ENERGY CORPORATION AND SUBSIDIARIES
March 31, 2021 and 2020

FINANCIAL SOUNDNESS INDICATORS

	2021	2020
Current Ratio	6.27	7.86
Debt-to-equity Ratio	0.23	0.24
Asset-to-equity Ratio	1.23	1.24
Interest Rate Coverage ratio	n/a	n/a
Net Income Ratio	-	(0.36)

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

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

Basis of Preparation
The unaudited interim condensed consolidated financial statements of PXP Energy Corporation and Subsidiaries (PXP or the Group) as at March 31, 2021 and December 31, 2020, and for the three-month period ended March 31, 2021 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, 2020.

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, 2021.

Unless otherwise indicated, adoption of these new standards did not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- 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*

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, 2021:

Cash in banks and cash equivalents	
Cash in banks	₱102,902
Short-term deposits	7,135
Accounts receivable	
Trade	10,382
Accrued interest and others	4,793
	₱125,212

The following tables show the credit quality of the Group's financial assets by class as of March, 31, 2021 based on the Group's credit evaluation process.

	Neither Past Due nor Impaired		Past Due and Individually Impaired	
	High-Grade	Standard		Total
Cash and cash equivalents, excluding cash on hand:				
Cash in banks	₱102,902	₱–	₱–	₱102,902
Short-term investments	7,135	–	–	7,135
Accounts receivable:				
Trade	–	10,382	–	10,382
Accrued interest and others	–	4,793	–	4,793
Total	₱110,037	₱15,175	₱–	₱125,212

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 2021.

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, 2021:

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Cash on hand	₱3	₱–	₱–	₱–	₱3
Loans and receivables:					
Cash in banks	102,902	–	–	–	102,902
Short-term investments		7,135	–	–	7,135
Accounts receivable	9,140	513	–	5,522	15,175
Total undiscounted financial assets	₱112,045	₱7,648	₱–	₱5,522	₱125,215

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Accounts payable and accrued liabilities:					
Trade	₱14,998	₱–	₱–	₱–	₱14,998
Accrued expenses	–	384	–	–	384
Other nontrade liabilities	–	–	8,568	–	8,568
Advances from related parties	–	–	16	–	16
Total undiscounted financial liabilities	₱14,998	₱384	₱8,584	₱–	₱23,966

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 ₱169 thousand arising from the translation of these foreign currency-denominated financial instruments were recognized by the Parent Company for the period ended March 31, 2021. As at March 31, 2021, the exchange rate is ₱48.47 to US$1.

The Parent Company's foreign currency-denominated monetary assets as of March 31, 2021 follow:

	US$	Peso Equivalent
Assets		
Cash and cash equivalents	$844	₱40,943

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%	₱2,457
Depreciate by (6%)	(2,457)

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, 100% of crude oil production included under Inventories during the first 3 months of 2021 was from the Galoc oil field. There was nil crude oil liftings from the Galoc field during the quarter.

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, 2021:

	Oil and Gas	**Coal**	**Eliminations**	**Total**
Consolidated Revenue				
External customers				**₱29,711**

	Oil and Gas	**Coal**	**Eliminations**	**Total**
Results				
EBITDA	**(₱12,013)**	**(₱13)**	**(₱3,813)**	**(₱15,839)**
Depreciation and depletion	**(142)**	**–**	**–**	**(142)**
Provision for income tax	**4,890**	**–**	**–**	**4,890**
Interest income (expense) - net	**76**	**–**	**–**	**607**
Consolidated net loss	**(₱7,189)**	**(₱13)**	**(₱3,813)**	**(₱11,015)**
Core net loss				**(₱5,567)**
Consolidated total assets	**₱6,467,624**	**₱2,068**	**₱299,612**	**₱6,769,304**
Consolidated total liabilities	**₱301,299**	**₱737,826**	**₱242,288**	**₱1,281,413**

As of March 31, 2020:

	Oil and Gas	Coal	Eliminations	Total
Consolidated Revenue				
External customers	₱6,139	₱–	₱–	₱6,139
Results				
EBITDA	₱ (19,064)	(₱13)	(₱20,445)	(₱39,522)
Depreciation and depletion	(1,090)	–	–	(1,090)
Provision for income tax	1	–	–	1
Interest expense - net	247	–	–	247
Consolidated net income (loss)	(₱19,906)	(₱13)	(₱20,445)	(₱40,364)
Core net loss				(₱16,887)
Consolidated total assets	₱7,854,392	₱2,115	(₱1,071,989)	₱6,784,518
Consolidated total liabilities	₱820,454	₱37,836	(₱240,708)	₱1,317,582

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, 2021 and 2020.

	2021	2020
Core net loss	**(₱5,567)**	(₱16,887)
Non-recurring items:		
Provision for impairment of assets	**–**	(15,194)
Net foreign exchange gain	**1,629**	117
Net tax effect of aforementioned adjustment	**(407)**	1
Net loss attributable to equity holders of the Parent Company	**(4,345)**	(31,963)
Net loss attributable to non-controlling interests	**(6,671)**	(8,401)
Consolidated net loss	**(₱11,016)**	(₱40,364)

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	(₱16)	₱16	Payable on demand	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 common 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 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 FGSECL (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 FGSECL agreed to the conversion of US$11,805 loan to equity, by subscribing to 39,350,920 new common 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 common shares of FEL.

On the same date, PXP and FGSECL 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.

On April 16, 2020, FGL made a partial repayment of the maturing loan principal amounting to US$431 together with the full payment of accrued interest from March 16, 2017 to April 15, 2020 amounting to US$958. In addition, a further extension of the then reduced outstanding loan principal of US$5,091, was made from April 16, 2020 to December 31, 2021 and quarterly payments of accrued interest is to be made from April 16, 2020 onwards.

On August 7, 2020, FEC has agreed to purchase 6.8% of the loan currently due by FGL to PXP amounting to US$346 plus accrued interest. This loan is unsecured, due on December 31, 2021 and bears interest at an annual rate of 3.5% plus LIBOR which is payable on a quarterly basis.

Total drawdown from the new loan facility amounted to US$5,522 as at March 31, 2021 and December 31, 2020. Interest expense incurred for the quarter ended March 31, 2021 and 2020 amounted to ₱2,244 and ₱3,532 respectively. The new loan facility does not include an agreement for commitment fee.

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 March 31, 2021 and 2020.

Loans receivable of PXP as at March 31, 2021 and December 31, 2020 amounted to ₱230,275 and ₱279,621, respectively which was eliminated upon consolidation.

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.

   In 2018, the Group paid PMC amounting to ₱781,334 while in 2019, PXP fully paid the cash advances from PMC. As a result, the related pledge was extinguished.

   As at March 31, 2021 and December 31, 2020, advances from PMC amounted to ₱ 16 and ₱nil, respectively.

c. BEMC has significant transactions with related parties involving advances to provide funding for BEMC's exploration and development activities.

   On August 5, 2019, a deed of assignment was entered by BEMC and PXP transferring BEMC's advances from PMC to PXP amounting to ₱737,815.

   On December 19, 2019, PXP paid the advances from PMC amounting ₱737,815.

6. Basic/Diluted Earnings Per Share

Basic/diluted earnings (loss) per share for the period ended March 31, 2021 and 2020 is computed as follows:

	2021	2020
Net loss attributable to equity holders of the Parent Company	**(₱4,345)**	(₱31,963)
Divided by weighted average number of common shares issued during the period	**1,960,000**	1,960,000
Basic earnings (loss) per share	**(₱0.0022))**	(₱0.0163)
Diluted earnings (loss) per share	**(₱0.0022)**	(₱0.0163)

As of March 31, 2021, 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.