



October 28, 2015

**PHILIPPINE STOCK EXCHANGE, INC.**

Tower Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Attention: **MS. JANET A. ENCARNACION**  
Head - Disclosure Department

Gentlemen:

We submit herewith a copy of Philex Petroleum Corporation's press release on the Company's Financial and Operating Highlights for the Nine Months ended 30<sup>th</sup> September 2015.

Very truly yours,

(SIGNED)

**MARK H. RILLES**  
Finance Controller



October 28, 2015

**PRESS RELEASE**

**FINANCIAL RESULTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

- Philex Petroleum Corporation (“Philex Petroleum” or the “Company”) incurred a consolidated net loss of P118.1 million for the nine-month period ended September 30, 2015, compared to a net loss of P376.9 million during the same period last year. Net loss attributable to equity holders of the Parent Company amounted to P65.9 million compared to a net loss of P188.8 million during the same period last year. The net loss primarily resulted from lower petroleum revenues contributed by its subsidiary, Forum Energy Plc (“Forum”), due to a drop in crude oil prices and a lower production from Service Contract 14C1 Galoc. Net loss decreased year-on-year due to a charge in impairment to Pitkin’s SC6a - Octon during the same period last year.
- During a Special Shareholders’ Meeting held on August 11, 2015, the Pledge of Philex Petroleum’s shareholdings in subsidiaries to Philex Mining Corporation was approved by shareholders, representing at least 2/3 of the outstanding shares of the Company.
- On August 11, 2015 Philex Petroleum confirmed that the Philippine Department of Energy (“DOE”) has granted a Force Majeure on Service Contract 75 (“SC75”). Under the terms of the force majeure, all exploration work at SC75 shall be immediately suspended effective from the end of its first sub-phase (“SP-1”) on 27 December 2015 until the date the DOE notifies the Company to resume petroleum-related activities. As a result, the second sub-phase (“SP-2”) of SC75 has been put on hold until further notice. The terms of SP-2 and all subsequent sub-phases will be extended by the term of the force majeure.
- The Company will continue its efforts to reduce operating expenditures through the rationalization of the Company’s business structure and asset portfolio particularly in the current low oil-price environment.

**About Philex Petroleum Corporation**

Philex Petroleum Corporation is an upstream oil and gas company incorporated in the Philippines whose shares are listed on the Philippine Stock Exchange. The Company directly and indirectly owns oil and gas exploration and production assets located in the Philippines, and indirectly owns exploration assets located in Peru.

**For further information, please contact:**

Mark H. Rilles  
Finance Controller  
Philex Petroleum Corporation  
Telephone: (632) 631 1381  
Email: [mhrilles@philexpetroleum.com.ph](mailto:mhrilles@philexpetroleum.com.ph)

**PHILEX PETROLEUM CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**  
(Amounts in Thousands)

| <b>ASSETS</b>   | <b>SEPTEMBER 30, 2015<br/>(UNAUDITED)</b> | <b>DECEMBER 31, 2014<br/>(AUDITED)</b> |
|---|---|--|
| <b>Current Assets</b>                                     |   |  |
| Cash and cash equivalents                                 | P 537,373                                 | P 1,908,365                            |
| Accounts receivable - net                                 | 74,420                                    | 91,787                                 |
| Inventories - net   | 11,894                                    | 18,550                                 |
| Other current assets -net                                 | 28,486                                    | 42,634                                 |
| <b>Total Current Assets</b>                               | <b>652,173</b>                            | <b>2,061,336</b>                       |
| <b>Noncurrent Assets</b>                                  |   |  |
| Property, Plant and Equipment - net                       | 332,398                                   | 316,430                                |
| Goodwill  | 1,238,583                                 | 1,238,583                              |
| Deferred oil and gas exploration costs - net              | 4,979,186                                 | 4,831,363                              |
| Deferred income tax assets                                | 22,580                                    | 22,302                                 |
| Other noncurrent assets                                   | 25,593                                    | 27,157                                 |
| <b>Total Noncurrent Assets</b>                            | <b>6,598,340</b>                          | <b>6,435,835</b>                       |
| <b>TOTAL ASSETS</b>                                       | <b>P 7,250,513</b>                        | <b>P 8,497,171</b>                     |
| <b>LIABILITIES AND EQUITY</b>                             |   |  |
| <b>Current Liabilities</b>                                |   |  |
| Accounts payable and accrued liabilities                  | P 17,901                                  | P 64,077                               |
| Advances from related parties                             | 2,931,676                                 | 3,421,836                              |
| Income tax payable  | -   | 653                                    |
| <b>Total Current Liabilities</b>                          | <b>2,949,577</b>                          | <b>3,486,566</b>                       |
| <b>Noncurrent Liabilities</b>                             |   |  |
| Deferred income tax liabilities - net                     | 1,112,029                                 | 1,111,937                              |
| Other liabilities   | 206,317                                   | 225,977                                |
| <b>Total Noncurrent Liabilities</b>                       | <b>1,318,346</b>                          | <b>1,337,914</b>                       |
| <b>Total Liabilities</b>                                  | <b>4,267,923</b>                          | <b>4,824,480</b>                       |
| <b>Equity</b>   |   |  |
| Capital Stock - P1 par value                              | 1,700,000                                 | 1,700,000                              |
| Equity reserves   | 120,145                                   | 48,970                                 |
| Deficit   | (1,215,986)                               | (1,145,665)                            |
| Cumulative translation adjustment on foreign subsidiaries | (10,911)                                  | (57,018)                               |
|   | 593,248                                   | 546,287                                |
| <b>Non-controlling Interests</b>                          | <b>2,389,343</b>                          | <b>3,126,404</b>                       |
| <b>Total equity</b>                                       | <b>2,982,591</b>                          | <b>3,672,691</b>                       |
| <b>TOTAL LIABILITIES AND EQUITY</b>                       | <b>P 7,250,514</b>                        | <b>P 8,497,171</b>                     |

PHILEX PETROLEUM CORPORATION  
AND SUBSIDIARIES

UNAUDITED CONSOLIDATED  
CONDENSED INTERIM  
FINANCIAL STATEMENTS  
September 30, 2015

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

| Nine-Month Period Ended September 30           |     |              |     |           |
|--|-----|--------------|-----|-----------|
|  |     | 2015         |     | 2014      |
| <b>REVENUE</b>                                 |     |              |     |           |
| Petroleum                                      | P   | 105,509      | P   | 272,331   |
| Coal   |     | -            |     | 3,197     |
|  |     | 105,509      |     | 275,528   |
| <b>COSTS AND EXPENSES</b>                      |     |              |     |           |
| Petroleum production costs                     |     | 73,217       |     | 122,240   |
| Cost of coal sales                             |     | -            |     | 3,197     |
| General and administrative expenses            |     | 187,846      |     | 210,444   |
| Mine product royalties                         |     | -            |     | 606       |
|  |     | 261,063      |     | 336,487   |
| <b>OTHER INCOME (CHARGES)</b>                  |     |              |     |           |
| Provision for impairment of assets             |     | -            |     | (319,852) |
| Interest income - net                          |     | 5,492        |     | 4,644     |
| Foreign exchange gains - net                   |     | 25,465       |     | 1,259     |
| Others - net                                   |     | 6,425        |     | 311       |
|  |     | 37,382       |     | (313,638) |
| <b>LOSS BEFORE TAX</b>                         |     | (118,172)    |     | (374,597) |
| <b>PROVISION FOR INCOME TAX (BENEFIT FROM)</b> |     |              |     |           |
| Current  |     | -            |     | 134       |
| Deferred                                       |     | (36)         |     | 2,139     |
|  |     | (36)         |     | 2,273     |
| <b>NET LOSS</b>                                |     | ( P 118,136) | ( P | 376,870)  |
| <b>Net Loss Attributable to:</b>               |     |              |     |           |
| Equity holders of the Parent Company           | ( P | 65,884)      | ( P | 188,806)  |
| Non-controlling interests                      |     | (52,252)     |     | (188,064) |
|  | ( P | 118,136)     | ( P | 376,870)  |
| <b>BASIC/DILUTED LOSS PER SHARE</b>            |     | ( P 0.0388)  | ( P | 0.1111)   |

**PHILEX PETROLEUM CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, except Earnings Per Share)

|  |     | 3rd Quarter Ended September 30, |                     |
|--|-----|---------------------------------|---------------------|
|  |     | 2015                            | 2014                |
| <b>REVENUE</b>                                 |     |                                 |                     |
| Petroleum                                      | P   | 22,057                          | P 77,286            |
| Coal   |     | -                               |                     |
|  |     | <b>22,057</b>                   | <b>77,286</b>       |
| <b>COSTS AND EXPENSES</b>                      |     |                                 |                     |
| Petroleum production costs                     |     | 19,093                          | 34,682              |
| General and administrative expenses            |     | 62,705                          | 51,670              |
| Cost of coal sales                             |     | -                               |                     |
| Mine product royalties                         |     | -                               |                     |
|  |     | <b>81,798</b>                   | <b>86,352</b>       |
| <b>OTHER INCOME (CHARGES)</b>                  |     |                                 |                     |
| Provision for impairment of assets - net       |     |                                 | (337,974)           |
| Interest income - net                          |     | 3,688                           | 1,120               |
| Foreign exchange gains (losses)                |     | 23,786                          | 4,717               |
| Gain on reversal of impairment loss            |     |                                 |                     |
| Others   |     | 123                             | 6                   |
|  |     | <b>27,597</b>                   | <b>(332,131)</b>    |
| <b>LOSS BEFORE INCOME TAX</b>                  |     | <b>(32,144)</b>                 | <b>(341,197)</b>    |
| <b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> |     |                                 |                     |
| Current  |     | (1)                             | (150)               |
| Deferred                                       |     | -                               | (4,891)             |
|  |     | <b>(1)</b>                      | <b>(5,041)</b>      |
| <b>NET LOSS</b>                                |     | <b>( P 32,143)</b>              | <b>( P 336,156)</b> |
| <b>Net income attributable to:</b>             |     |                                 |                     |
| Equity holders of the Parent Company           | ( P | 17,182)                         | ( P 176,926)        |
| Non-controlling interests                      |     | (14,961)                        | (159,230)           |
|  | ( P | <b>32,143)</b>                  | ( P 336,156)        |
| <b>BASIC/DILUTED EARNINGS PER SHARE</b>        |     | <b>( P 0.0101)</b>              | <b>( P 0.1977)</b>  |