



August 10, 2015

**The Philippine Stock Exchange, Inc.**  
3/F, Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

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

Dear Ms. Encarnacion:

We write with respect to your letter seeking clarification and/or confirmation of the news article entitled "Philex expects more losses" published in the August 10, 2015 issue of the Malaya Business Insight. The article reported in part that:

"MANUEL V. Pangilinan, chairman of listed oil exploration firm Philex Petroleum Corp., said he is not expecting the company to bounce back next year but developments on oil explorations must be noted.

'Crude oil prices are down from more than a hundred dollars per barrel to something like \$60 average. I don't foresee Philex Petroleum going in the black for the next year. You just have to wait for developments on the exploration side,' Pangilinan said.

....

Pangilinan also said the company is prepared to invest in exploration of more prospects though these are located in the disputed areas in the West Philippine Sea, as it holds the rights to service contract 72.

...."

We confirm the above statements of our Chairman, Mr. Manuel V. Pangilinan and as earlier disclosed, Philex Petroleum Corporation ("PXP" or 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.

PXP has a 50% operating interest in Service Contract ("SC") 75 and has a 67.19% total direct and indirect interest in Forum Energy Limited, whose wholly-owned subsidiary, Forum (GSEC 101) Limited, has a 70% operating interest in SC72 Recto Bank, both located in offshore west Palawan.

Very truly yours,

(Signed)  
**Mark H. Rilles**  
Finance controller