



PXP ENERGY CORPORATION
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PRESS RELEASE

AUDITED FINANCIAL AND OPERATING HIGHLIGHTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- FY2017 Consolidated Net Loss Attributable to Equity Holders of the Parent Company at P39.1 million (FY2016: P22.4 million). Reported consolidated net loss at P57.1 million (FY 2016: P36.4 million).

Slightly higher consolidated petroleum revenues at P104.4 million (2016: P101.6 million) resulting from 24% improvement in crude oil price offset by 18% lower crude production.

Consolidated cost and expenses 7.4% lower at P158.2 million (FY2016: P170.8 million) brought about by lower petroleum production cost and depletion, and continuous cost containment of group overhead.

Incurred a higher net loss despite the reduction in Loss from operations due to a Forex loss of P0.1 million (FY2016: Forex gain of P13.4 million), and provision for income tax of P2.3 million (FY2016: Benefit from income tax of P12.3 million).

- On March 7, 2017, Pitkin Petroleum Limited (“Pitkin”), a subsidiary of PXP, repurchased 11,430,000 shares or 12.98% of the total issued shares of Pitkin at a price of US\$0.35 per share, for a total consideration of US\$4.0 million. For its part, PXP sold 6,107,000 or 12.98% of its Pitkin shares and received approximately US\$2.1 million. Minority shareholders also sold 12.98% of their shares and received approximately US\$1.9 million. PXP’s 53.43% interest in Pitkin remains the same following the transaction.
- On March 23, 2017, PXP increased its direct shareholding in Forum Energy Limited (“Forum”) from 48.8% to 69.5%. This increased PXP’s total direct and indirect interest in Forum from 67.2% to 77.5%. The additional interest was acquired through a subscription to 39,350,920 new ordinary shares of Forum. The new shares were issued at approximately US\$0.30 per share for a total consideration of US\$ 11.805 million, which was funded through the conversion into equity of a portion of the Company’s \$18.3 million loan to a subsidiary of Forum.

On May 17, 2017, PXP further increased its direct shareholding in Forum from 69.5% to 71.0%, resulting to an increase in PXP's total direct and indirect interest in Forum from 77.5% to 79.0%. The additional interest was acquired through the purchase of 1.185 million shares held by a subsidiary of First Pacific Company Limited and a shareholder of PXP. The shares were purchased at US\$0.30 per share for a total consideration of US\$0.36 million, which was paid in cash.

Forum's principal asset is a 70% interest in SC 72 Recto Bank. The said increases in PXP's interest in Forum translates to an increase in economic interest in SC 72 from 41.2% to 52.8%.

- On January 10, 2018, Karoon announced that it has executed a Farm-in Agreement with Tullow Peru Limited, a wholly owned subsidiary of Tullow Oil plc ('Tullow'), wherein Tullow will acquire a 35% interest in the block on the following terms:
 1. Fund 43.75% of the cost of the first exploration well, capped at US\$27.5 million (at 100%), beyond which Tullow will pay its 35% share. ⁽¹⁾_(SEP)
 2. Pay US\$2 million upon completion with a further US\$7 million payable upon declaration of commercial discovery and submission of a development plan to Perupetro. ⁽¹⁾_(SEP)

The Agreement remains subject to the satisfaction of certain licensing conditions and regulatory approvals. Following completion of the farm-out well, Tullow will have an option to assume operatorship of the block.

Following the farm-in of Tullow, the resulting participating interests in Z-38 are as follows:

Karoon – 40%
Tullow – 35%
Pitkin – 25%

About PXP Energy Corporation

PXP 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 an exploration asset located in offshore Peru.

For further information, please contact:

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PXP ENERGY CORPORATION
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AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Par Value per Share and Number of Equity Holders)

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	P450,039	P573,341
Trade and other receivables - net	41,585	63,480
Inventories - net	21,727	19,160
Other current assets	12,408	13,231
Total Current Assets	525,759	669,212
Noncurrent Assets		
Property and equipment - net	261,883	307,835
Deferred oil and gas exploration costs - net	5,168,368	5,081,450
Deferred income tax assets	31,651	33,706
Goodwill	1,238,583	1,238,583
Other noncurrent assets	2,368	939
Total Noncurrent Assets	6,702,853	6,662,513
TOTAL ASSETS	P7,228,612	P7,331,725
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	P19,410	P27,937
Advances from related parties	2,906,490	2,931,701
Income tax payable	30	25
Total Current Liabilities	2,925,930	2,959,663
Noncurrent Liabilities		
Deferred income tax liabilities	1,109,853	1,109,848
Other noncurrent liabilities	190,713	203,704
Total Noncurrent Liabilities	1,300,566	1,313,552
Total Liabilities	4,226,496	4,273,215
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - P1 par value	1,700,000	1,700,000
Equity reserves	122,062	128,842
Deficit	(1,294,692)	(1,255,567)
Cumulative translation adjustment on foreign subsidiaries	76,258	70,016
	603,628	643,291
Non-controlling interests	2,398,488	2,415,219
Total Equity	3,002,116	3,058,510
TOTAL LIABILITIES AND EQUITY	P7,228,612	P7,331,725

PXP ENERGY CORPORATION
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CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Loss per Share)

	Years Ended December 31		
	2017	2016	2015
PETROLEUM REVENUES	₱104,445	₱101,579	₱172,250
COSTS AND EXPENSES			
Petroleum production costs	108,851	115,405	97,981
General and administrative expenses	49,376	55,415	228,822
	158,227	170,820	326,803
OTHER INCOME (CHARGES)			
Interest income	3,749	3,316	6,099
Foreign exchange gains - net	(146)	13,341	24,675
Interest expense and other charges	(130)	(120)	—
Reversal of (provision for) impairment and loss on write off of assets - net	(4,578)	4,748	(39,847)
Others - net	—	(748)	19,615
	(1,105)	20,537	10,542
LOSS BEFORE INCOME TAX	(54,887)	(48,704)	(144,011)
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	106	73	14
Deferred	2,150	(12,390)	2
	2,256	(12,317)	16
NET LOSS	(₱57,143)	(₱36,387)	(₱144,027)
NET LOSS ATTRIBUTABLE TO:			
Equity holders of the Parent Company	(₱39,125)	(₱22,362)	(₱87,540)
Non-controlling interests	(18,018)	(14,025)	(56,487)
	(₱57,143)	(₱36,387)	(₱144,027)
BASIC/DILUTED LOSS PER SHARE	(₱0.023)	(₱0.013)	(₱0.051)