



PXP Energy Corporation

Financial Highlights and
Operational Updates

Financial Highlights – Profit and Loss

| <i>(in PhP millions)</i> | FY2018 | FY2017 | % Inc (Dec) |
|--------------------------|---------------|---------------|------------------------|
| Gross revenue | ₱ 108 | ₱ 104 | 3% |
| Cost and expenses | 221 | 158 | 40% |
| Loss from operations | (113) | (54) | 111% |
| Other income (charges) | 17 | (3) | -607% |
| Reported net loss | ₱ (96) | ₱ (57) | 69% |

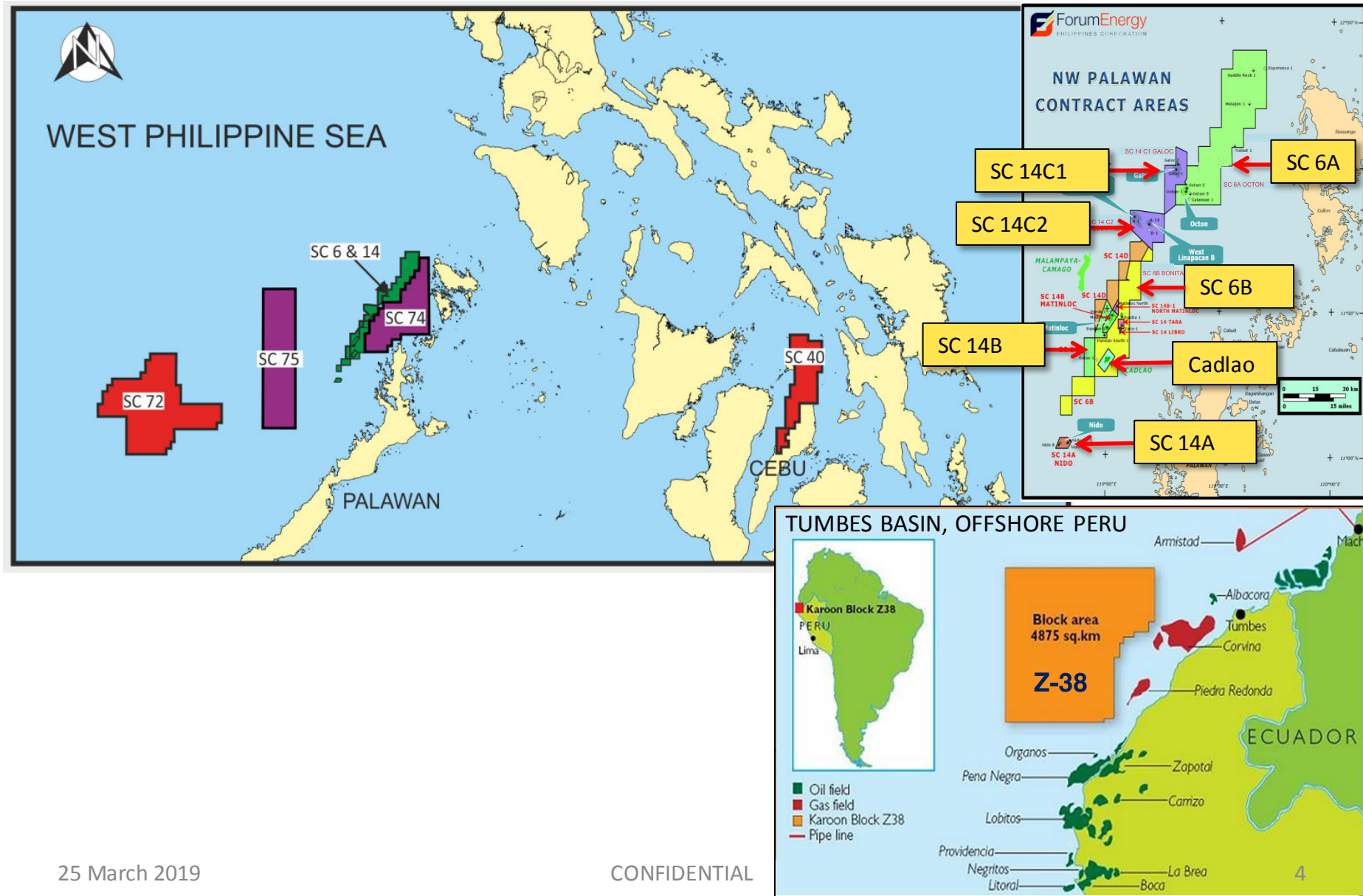
- **3% increase in gross revenue due to:**
 - *Higher crude price offset by lower output*
- **40% increase in cost and expenses due to:**
 - *Decommission of old SC 14 wells and higher depletion charge*
 - *Cost control resulting to flat y/y recurring G&A*
- **69% increase in reported net loss due to:**
 - *Higher petroleum revenues and Forex gain; offset by decommissioning costs and higher depletion*

Financial Highlights – Financial Position

| ASSETS (in PHP millions) | | | |
|--|-----------------------|-----------------------|----------------|
| | As of Dec 31, 2018 | As of Dec 31, 2017 | % Inc (Dec) |
| Cash & cash equivalents | ₱ 342 | ₱ 450 | -23.9% |
| Receivables and other CA | 86 | 76 | 14.2% |
| <i>Current assets</i> | 429 | 526 | -18.4% |
| Deferred exploration costs & other NCA | 6,818 | 6,703 | 1.7% |
| Total assets | ₱ 7,247 | ₱ 7,229 | 0.3% |

| LIABILITIES AND STOCKHOLDERS' EQUITY (in PHP millions) | | | |
|---|-----------------------|-----------------------|----------------|
| | As of Dec 31, 2018 | As of Dec 31, 2017 | % Inc (Dec) |
| Due to affiliate | ₱ 2,125 | ₱ 2,906 | -26.9% |
| Accounts payable & others | 34 | 19 | 76.9% |
| <i>Current liabilities</i> | 2,160 | 2,926 | -26.2% |
| Deferred income tax liability | 1,113 | 1,110 | 0.3% |
| Others | 192 | 191 | 0.6% |
| Non-current liabilities | 1,305 | 1,301 | 0.4% |
| Total liabilities | 3,465 | 4,226 | -18.0% |
| Capital stock | 1,960 | 1,700 | 15.3% |
| Additional Paid-in Capital | 2,821 | - | - |
| Subscription receivable | (2,311) | - | - |
| Deficit | (1,374) | (1,295) | 6.1% |
| Others | 276 | 198 | 39.1% |
| Non-controlling interest | 2,410 | 2,398 | 0.5% |
| <i>Total equity</i> | 3,782 | 3,002 | 26.0% |
| Total Liabilities and SHE | ₱ 7,247 | ₱ 7,229 | 0.3% |

Operations Update



SC 72 Recto Bank (Forum 70%)

- Under Force Majeure (FM) since 15 December 2014.
- Forum will have 20 months upon lifting of the FM to drill the two (2) commitment wells.
- Contracted DownUnder Geosolutions (DUG) to conduct broadband PSDM reprocessing of 565 sq. km 3D seismic data. The reprocessing will be completed in 2Q 2019.

SC 75 NW Palawan (PXP 50%)

- Under FM since 27 December 2015.
- Sub-Phase 2 will have a term of 18 months upon lifting of FM with the acquisition of 1,000 sq km of 3D seismic data as the minimum work commitment.

PXP continues to coordinate with DOE on the immediate lifting of the FM for both SCs.

SC 40 North Cebu (Forum 66.67%)

- Processing and interpretation of gravity data that was acquired in April 2018 is underway.
- Forum has commenced planning for the drilling of an onshore well in 1Q 2020.

SC 74 Linapacan Block (PXP 70%)

- The gravity modeling and seismic interpretation of MC2D data are underway.
- Ongoing paleodating of rock samples collected during the fieldwork in the Calamian Islands last June 2018 by the UP National Institute of Geological Sciences.
- The SC 74 and SC 14C2 (West Linapacan) Consortia will jointly conduct Rock Physics and Quantitative Inversion (QI) studies over the Linapacan and West Linapacan areas. The Consortia has contracted Ikon Science to perform the study starting April 2019.

SC 14C1 Galoc (Forum 2.27%)

- Continued production in Galoc Field. A total of 1.2 million barrels of oil (mmbo) was produced from in 2018. Cumulative production since October 2008 stood at 21.5 mmbo.
- There have been three (3) liftings conducted in 2018. The average Galoc oil price realized for the 3 liftings was 35% higher than last year's average (US\$74.15/barrel in 2018 versus US\$ 54.80/barrel in 2017).
- The revenue sharing with Rubicon was implemented starting October 2018 although final contract is expected to be signed by April 2019.

SC 6A Octon Block (PXP 5.56% / Forum 5.56%)

- 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.
- Upon completion of attribute analysis, Philodrill will perform resource analysis, including computation of reserves, and preliminary well design and cost.

Peru Block Z-38 (Pitkin 25%)

- The FM in Block Z-38, which was imposed on 01 September 2013, was lifted by Perupetro S.A. on 12 September 2018. The current Third Exploration Period will now expire on 01 July 2020.
- The Peruvian government has already approved the farm-in of Tullow Oil to Z-38. A Supreme Decree was signed on 18 March 2019 and published on the official gazette El Peruano on 19 March 2019. The participating interests in Z-38 are now as follows: Karoon – 40%, Tullow – 35%, and Pitkin – 25%.
- Preparations are ongoing for the drilling of the first exploration well in Z-38, Marina-1X not later than 31 March 2020.
- Pitkin is carried in the cost of this well, plus another future well under a farm-in agreement signed with Karoon in 2009.