



PXP ENERGY CORPORATION
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PRESS RELEASE

UNAUDITED FINANCIAL AND OPERATING HIGHLIGHTS
FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2018

- 1H 2018 Consolidated Net Loss Attributable to Equity Holders of the Parent Company at P20.1 million (1H 2017: P11.3 million). Reported consolidated net loss at P32.8 million (1H 2017: P17.2 million).

27% higher consolidated petroleum revenues at P66.7 million (1H 2017: P52.6 million) resulting from 33% improvement in crude oil price offset by 2% lower crude production.

Consolidated cost and expenses 42% higher at P110.5 million (1H 2017: P77.8 million) brought about by higher depletion cost in Galoc and the decommissioning of Tara and Libro wells in Service Contract 14, offset by continuous containment of group overhead.

Net loss of P32.8 million (1H 2017: P17.2 million) due to higher depletion cost and decommissioning, Other charge of P11.9 million, and a provision for income tax of P1.6 million; offset by a Forex gain of P23.3 million.

- 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.
 2. Pay US\$2 million to Karoon, upon completion of the first exploration well referred to above, with a further US\$7 million payable upon declaration of commercial discovery and submission of a development plan to Perupetro.

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 Petroleum Limited ("Pitkin") – 25%

Pitkin, a 53.43% owned subsidiary, is carried in the cost of the Marina-1, plus another future well under a separate Farm-In Agreement that Pitkin signed with Karoon in 2009.

- PXP, through Forum Energy Limited, a 78.98% owned subsidiary, will take guidance from the Philippine Government in respect of any future activity in SC 72 and SC 75. The Company is mindful that the Malampaya gas resource, which supplies about 40% of Luzon's power requirements, could be exhausted within the next decade; in that light, resumption of exploration in SC 72 is in the national interest. The Company remains hopeful that the force majeure imposed on SC 72 and SC 75 will be lifted by the Department of Energy soon for the Company to be able to resume exploration works in these SCs.

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
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

ASSETS	June 30, 2018	December 31,
	(Unaudited)	2017 (Audited)
Current Assets		
Cash and cash equivalents	₱ 414,371	₱ 450,039
Accounts receivable	54,770	41,585
Inventories	13,835	21,727
Other current assets -net	13,407	12,408
Total Current Assets	496,383	525,759
Noncurrent Assets		
Property and Equipment - net	300,043	261,883
Goodwill	1,238,583	1,238,583
Deferred oil and gas exploration costs - net	5,281,390	5,168,368
Deferred income tax assets	32,755	31,651
Other noncurrent assets	2,912	2,368
Total Noncurrent Assets	6,855,683	6,702,853
TOTAL ASSETS	₱ 7,352,066	₱ 7,228,612
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LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	₱ 49,792	₱ 19,410
Advances from related parties	2,896,212	2,906,490
Income tax payable	-	30
Total Current Liabilities	2,946,004	2,925,930
Noncurrent Liabilities		
Deferred income tax liabilities - net	1,108,699	1,109,853
Other liabilities	192,254	190,713
Total Noncurrent Liabilities	1,300,953	1,300,566
Total Liabilities	4,246,957	4,226,496
Equity		
Capital Stock - P1 par value	1,700,000	1,700,000
Equity reserves	122,062	122,062
Deficit	(1,314,827)	(1,294,692)
Cumulative translation adjustment on foreign subsidiaries	151,704	76,258
	658,939	603,628
Non-controlling Interests	2,446,170	2,398,488
Total equity	3,105,109	3,002,116
TOTAL LIABILITIES AND EQUITY	₱ 7,352,066	₱ 7,228,612

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

	For the 6-Month Period Ended June 30	
	2018	2017
PETROLEUM REVENUES	₱ 66,703	₱ 52,622
COSTS AND EXPENSES		
Petroleum and other production costs	88,913	52,904
General and administrative expenses	21,557	24,903
	110,470	77,807
OTHER INCOME (CHARGES)		
Foreign exchange gains (losses) - net	23,267	6,336
Interest income (expense) - net	1,230	1,685
Others - net	(11,901)	-
	12,596	8,021
LOSS BEFORE TAX	(31,171)	(17,164)
PROVISION FOR INCOME TAX	1,671	26
NET LOSS	(₱ 32,842)	(₱ 17,190)
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	(₱ 20,135)	(₱ 11,332)
Non-controlling interests	(12,707)	(5,858)
	(₱ 32,842)	(₱ 17,190)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	(₱ 0.0118)	(₱ 0.0067)

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UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
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	For the 2nd Quarter Ended June 30	
	2018	2017
PETROLEUM REVENUES	₱ 36,049	₱ 26,656
COSTS AND EXPENSES		
Petroleum production costs	56,378	25,926
General and administrative expenses	12,626	14,843
	69,004	40,769
OTHER INCOME		
Foreign exchange gains - net	7,808	4,653
Interest income	728	770
Other income	20	-
	8,556	5,423
LOSS BEFORE INCOME TAX	(24,399)	(8,690)
PROVISION FOR INCOME TAX	29	26
NET LOSS	(₱ 24,428)	(₱ 8,716)
Net income attributable to:		
Equity holders of the Parent Company	(₱ 16,476)	(₱ 6,042)
Non-controlling interests	(7,952)	(2,674)
	(₱ 24,428)	(₱ 8,716)
BASIC/DILUTED EARNINGS PER SHARE	(₱ 0.01)	(₱ 0.01)