COVER SHEET

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SEC Registration Number

P X P E N E R G Y C O R P O R A T I O N

(Company's Full Name)

2 / F L A U N C H P A D
R E L I A N C E C O R N E R S H E R I D A N S T R E E T S
M A N D A L U Y O N G C I T Y

(Business Address: No. Street City/Town/Province)

Mark H. Rilles
(Contact Person)

631-1381
(Company Telephone Number)

1 2 **3 1**
Month *Day*
(Calendar Year)

SEC 17-Q
(Form Type)

3rd Tuesday of May
Month *Day*
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2019**

2. Commission identification number: **CS200719819** 3. BIR Tax Identification No.: **006-940-588-000**

4. Exact name of issuer as specified in its charter: **PXP ENERGY CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office: **2/F LaunchPad, Reliance cor. Sheridan St., Mandaluyong City**
Postal Code: **1550**

8. Issuer's telephone number, including area code: **(632) 631-1381**

9. Former name, former address and former fiscal year, if changed since last report:

N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	**₱1,960,000,000**
Debt	**1,582,563**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [/] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange **Common shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [/] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Unaudited Consolidated Financial Statements as of and for the three-month period ended March 31, 2019 are hereto attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Consolidated petroleum revenues amounted to ₱29.7 million for the first three months of 2019 (3M2018: ₱30.7 million).

The slightly lower petroleum revenue resulted from one (1) oil lifting for both periods equivalent to a gross volume of 380,512 barrels of oil (3M2018: 338,152 million barrels) and 11.8% drop in average crude oil prices of $61.4 per barrel (3M2018: $69.6 per barrel) during the review period. This was contributed by Forum Energy Limited ("Forum"), a 79% directly and indirectly owned subsidiary, from its 2.27% participating interest in Service Contract ("SC") 14C1 Galoc oil field. Forum also has minority interests in oil producing fields, SC14 Nido, Matinloc and North Matinloc.

Production data for the three-month period ended March 31, 2019 and 2018 were as follows:

	3 months (January to March)	
	2019	2018
Revenues (In millions ₱)		
Oil and gas	**₱29.7**	₱30.7
Sales volume		
Oil (barrels net to Forum)	**8,080**	8,053

Costs and expenses reached ₱46.9 million for the period (3M2018: ₱41.5 million) with production costs amounting to ₱35.5 million (3M2018: ₱32.5 million) resulting from increase in depletion due to higher volume lifted from the Galoc field. On the other hand, general and administrative expenses stood at ₱11.4 million (3M2018: ₱8.9 million), arising from additional depreciation from right-of-use assets and accrual of expenses.

A net other income of ₱24.9 million was recorded during the current period (3M2018: ₱4.0 million) resulting from an other income of ₱25.6 million (3M2018: other charge of ₱11.9 million).

A consolidated net income of ₱7.0 million (3M2018: ₱8.4 million) was recorded due to higher other income (charges), partially offset by the increase in cost and expenses and marginally lower petroleum revenues. As such, net income attributable to equity holders of the Parent amounted to ₱11.1 million (3M2018: net loss of ₱3.7 million), with basic/diluted earnings per share amounting to ₱0.0057 (3M2018: basic loss per share of ₱0.0022; diluted loss per share of ₱0.0019). Core net loss during the current period amounted to ₱12.5 million (3M2018: ₱14.2 million).

As at March 31, 2019, the Company's total assets stood at ₱7.255 billion from ₱7.247 billion at end-December 31, 2018. Total current assets slightly decreased to ₱413.4 million from ₱428.9 million, resulting from the decrease in cash and cash equivalents by ₱10.5 million, the decrease in oil inventory by ₱23.8 million following the oil lifting made during the quarter in review, offset by the increase in receivables brought about by the advances made by Forum for the plug and abandonment costs of SC 14 Nido and Matinloc at ₱22.9 million.

Noncurrent assets reached to ₱6.841 billion from ₱6.818 billion, largely arising from the increase in Deferred oil and gas exploration costs to ₱5.321 billion from ₱5.310 billion and Right-of-use assets to ₱10.4 million from nil as at the end of the current quarter. Deferred oil and gas exploration costs increased due to data reprocessing activities in SC 75 and SC 72, while Right-of-use assets was recorded following the lease of the Company's head office space.

Current liabilities as at the end of the period decreased to ₱771.8 million from ₱2.160 billion as at December 31, 2018. This was a result of the decrease in Advances from related parties, after PXP partially paid its debt to Philex Mining Corporation ("PMC").

As at end of the period in review, total noncurrent liabilities stood at ₱1.316 billion as Right-of-use liability was recorded at ₱9.8 million following the lease of the Company's head office space. Total liabilities stood at ₱2.088 billion from the end of the prior year following the decrease in current liabilities by ₱1.388 billion and increase in non-current liabilities by ₱10.5 million.

As of March 31, 2019, total equity reached ₱5.167 billion from ₱3.782 billion as at the end of last year. Subscription Receivable decreased following the partial payment of ₱1.386 billion from PMC's share subscription to the Company. Deficit was reduced from ₱1.372 billion to ₱1.361 billion, following the income recorded during the year of ₱11.1 million. Cumulative translation adjustment on foreign subsidiaries decreased by ₱4.7 million while non-controlling interests declined by ₱5.8 million.

Net Cash provided by Operating Activities for the period stood at ₱30.8 million (3M2018: ₱13.2 million) resulting from net inflow from the Galoc oil liftings amounting to ₱12.5 million, the receipt of other income of ₱40.3 million partially offset by the advance payment for the decommissioning of SC 14 Nido and Matinloc at ₱22.9 million and cash spent for overhead amounting to ₱22.8 million.

Net Cash Used in Investing Activities resulted in a net outflow of ₱20.6 million (3M2018: ₱21.3 million) resulting from the cash paid for the exploration activities in SC 72 and SC 74.

Finally, net Cash used in Financing Activities amounted to ₱1.9 million (3M2018: ₱10.3 million) after the partial payment of debt to PMC amounting to ₱1.386 billion which was offset by the partial collection of subscription receivable from the former amounting to ₱1.384 billion.

TOP FIVE (5) KEY PERFORMANCE INDICATORS

1) Enhance Value of Assets

Maturing assets from the exploration to the development and production phases enhances the value of the Company's assets.

The key activities for 2019, which were aimed at enhancing asset value, include:

The conduct of broadband PSDM reprocessing of 565 sq. km 3D seismic data with DownUnder Geosolutions (DUG)) in SC 72 which will be completed in 2Q 2019 and; the gravity modeling and seismic interpretation of MC2D data and the ongoing paleodating of rock samples collected during the fieldwork in the Calamian Islands last June 2018 in SC 74 by the UP National Institute of Geological Sciences.

In SC 6A Octon, 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.

Starting May 2019, the SC 74 and SC 14C2 Consortia will jointly conduct a Rock Physics and Quantitative Interpretation program over the Linapacan and West Linapacan blocks, which aims to predict lithology and fluid content in the main carbonate reservoir through the integration of existing seismic, geological, and well data.

On the other hand, preparations are ongoing for the drilling of the first exploration well in Peru Z-38, Marina-1X, not later than 31 March 2020.

On new ventures, the Company is considering participating in the Philippine Conventional Energy Contracting Program ("PCECP") of the Department of Energy, which was launched in November 2018. Under the PCECP, fourteen (14) Pre-Determined Areas ("PDA's") are being offered for bidding, while at the same time allowing oil companies to nominate their own areas of interest outside the PDAs.

2) Portfolio Management

Selective acquisitions and divestments help mitigate the risks inherent in petroleum exploration, and ensure alignment of resources with the Company's objectives and strategies.

3) Control of Costs and Expenses

The Company's optimization of costs and expenses and its subsidiaries would consequently result in improved net income and better financial stability for the Company.

General and administrative expenses was consistently controlled which minimally increased to ₱11.4 million (2018: ₱8.9 million) attributed to management's continued cost containment initiatives, resulting to minimization of recurring expenses. Management continuously monitors its general and administrative expenses and looks for opportunities to rationalize and share the resources within the Company and its subsidiaries.

4) Financial Management

Prudent and well-implemented financial management will prolong the Company's ability to finance its activities and thus its corporate life.

PMC provided cash advances for the Company's working capital, exploration activities and acquisition of assets. These advances are covered by a Pledge Agreement, approved by the shareholders on August 11, 2015, whereby such advances shall be payable within nine (9) months from the date of demand.

On February 11, 2019, PMC paid an additional ₱1.386 billion in connection to the Company's announcement last October 26, 2018, of the signing and execution of a Definitive Subscription Agreement, following the share subscription of PMC of 260,000,000 common shares at ₱11.85 per share for a total consideration of ₱3.081 billion. Following the payment, PMC's total paid subscription increased from ₱770.25 million to ₱2.156 billion, representing 70% of its total subscription in PXP. Following this, total group debt to PXP was reduced from ₱2.125 billion to ₱739.4 million as of March 31, 2019.

5) Health, Safety and Environment

A commitment to undertake activities without endangering the environment and the health and safety of people is key to maintaining the Company's license to operate.

No lost-time injuries, fatalities, or environmental-related incidents were recorded by the Company and its subsidiaries during the year.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that has not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business of which no material claims have been identified.

Other than what have been discussed above, there are no known significant trends, demands, commitments or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way. There are no material commitments for capital expenditures not reflected in the Company's financial statements. There is likewise no significant seasonality or cyclicality in its business operation that would have material effect on the Company's financial condition or results of operation. There were no other significant elements of income or loss that did not arise from the Company's continuing operations. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period. There are no line items in the Company's financial statements not already explained for causes either above or in the Notes to the Consolidated Financial Statements other than due to the usual period-to-period fluctuations in amounts natural in every business operations.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DANIEL STEPHEN P. CARLOS
President

MARK RAYMOND H. RILLES
Finance Controller

Date: May 15, 2019

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

UNAUDITED CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
March 31, 2019

PXP ENERGY CORPORATION

(Formerly Philex Petroleum Corporation)

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

ASSETS		March 31, 2019 (Unaudited)		December 31, 2018 (Audited)
Current Assets				
Cash and cash equivalents	₱	**331,918**	₱	342,374
Accounts receivable		**64,310**		40,741
Inventories		**8,601**		32,398
Other current assets -net		**8,612**		13,351
Total Current Assets		**413,441**		428,864
Noncurrent Assets				
Property, Plant and Equipment - net		**233,452**		230,798
Goodwill		**1,238,583**		1,238,583
Deferred oil and gas exploration costs - net		**5,321,094**		5,310,477
Deferred income tax assets		**34,242**		35,003
Right-of-use-asset		**10,380**		-
Other noncurrent assets		**3,461**		3,629
Total Noncurrent Assets		**6,841,212**		6,818,490
TOTAL ASSETS	₱	**7,254,653**	₱	7,247,354

LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	₱	**31,947**	₱	33,957
Advances from related parties		**739,406**		2,125,184
Income tax payable		**431**		433
Total Current Liabilities		**771,784**		2,159,574
Noncurrent Liabilities				
Deferred income tax liabilities - net		**1,114,166**		1,113,448
Right-of-use liability		**9,813**		-
Other liabilities		**191,883**		191,914
Total Noncurrent Liabilities		**1,315,862**		1,305,362
Total Liabilities		**2,087,646**		3,464,936
Equity				
Capital Stock - P1 par value		**1,960,000**		1,960,000
Additional paid-in capital		**2,818,400**		2,821,000
Subscription receivable		**(924,300)**		(2,310,750)
Equity reserves		**122,062**		122,062
Deficit		**(1,360,568)**		(1,371,720)
Cumulative translation adjustment on foreign subsidiaries		**149,215**		153,866
		2,764,809		1,374,458
Non-controlling Interests		**2,402,198**		2,407,960
Total equity		**5,167,007**		3,782,418
TOTAL LIABILITIES AND EQUITY	₱	**7,254,653**	₱	7,247,354

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

	For the 3-Month Period Ended March 31	
	2019	2018
PETROLEUM REVENUES	**₱ 29,711**	₱ 30,654
COSTS AND EXPENSES		
Petroleum and other production costs	**35,522**	32,535
General and administrative expenses	**11,363**	8,931
	46,885	41,466
OTHER INCOME (CHARGES)		
Foreign exchange gains (losses) - net	**(1,279)**	15,459
Interest income - net	**607**	502
Others - net	**25,570**	(11,921)
	24,898	4,040
INCOME (LOSS) BEFORE TAX	**7,724**	(6,772)
PROVISION FOR DEFERRED INCOME TAX	**732**	1,642
NET INCOME (LOSS)	**₱ 6,992**	(₱ 8,414)
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	**₱ 11,119**	(₱ 3,659)
Non-controlling interests	**(4,127)**	(4,755)
	₱ 6,992	(₱ 8,414)
BASIC EARNINGS (LOSS) PER SHARE	**₱ 0.0057**	(₱ 0.0022)
DILUTED EARNINGS (LOSS) PER SHARE	**₱ 0.0057**	(₱ 0.0019)

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	For the 3-Month Period Ended March 31	
	2019	2018
NET INCOME (LOSS)	**₱ 6,992**	(₱ 8,414)
OTHER COMPREHENSIVE INCOME		
Gain (Loss) on translation of foreign subsidiaries	**(6,286)**	152,564
TOTAL COMPREHENSIVE INCOME	**₱ 706**	₱ 144,150
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	**₱ 6,468**	₱ 106,089
Non-controlling interests	**(5,762)**	38,061
	₱ 706	₱ 144,150

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent Company						
	Capital Stock	Equity Reserves	Retained Earnings (Deficit)	Cumulative Translation Adjustment on Foreign Subsidiaries	Subtotal	Non-controlling Interests	Total
Balances at December 31, 2017	**₱ 1,700,000**	**₱ 122,062**	**(₱ 1,294,692)**	**₱ 76,258**	**₱ 603,628**	**₱ 2,398,488**	**₱ 3,002,116**
Net Income for the period	-	-	(3,659)	-	(3,659)	(4,755)	(8,414)
Other comprehensive income (loss):	-	-	-	-	-	-	-
Loss on translation of foreign subsidiaries	-	-	-	109,748	109,748	42,816	152,564
Total comprehensive income (loss) for the period	-	-	(3,659)	109,748	106,089	38,061	144,150
Balance at March 31, 2018	**₱ 1,700,000**	**₱ 122,062**	**(₱ 1,298,351)**	**₱ 186,006**	**₱ 709,717**	**₱ 2,436,549**	**₱ 3,146,266**

	Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock	Additional paid in capital	Subscription Receivable	Equity Reserves	Retained Earnings (Deficit)	Cumulative Translation Adjustment on Foreign Subsidiaries	Subtotal	Non-controlling Interests	Total
Balances at December 31, 2018	**₱ 1,960,000**	**₱ 2,821,000**	**(₱ 2,310,750)**	**₱ 122,062**	**(₱ 1,371,720)**	**₱ 153,866**	**₱ 1,374,458**	**₱ 2,407,960**	**₱ 3,782,418**
Net income (loss) for the period	-	-	-	-	11,119	-	11,119	(4,127)	6,992
Other comprehensive income (loss):	-	-	-	-	-	-	-	-	-
Gain on translation of foreign subsidiaries	-	-	-	-	-	(4,651)	(4,651)	(1,635)	(6,286)
Total comprehensive income (loss) for the period	-	-	-	-	11,119	(4,651)	6,468	(5,762)	706
Payment of subscription	-	-	1,386,450	-	-	-	1,386,450	-	1,386,450
Effect of Change in Accounting Policy - Leases	-	-	-	-	33	-	33	-	33
Others	-	(2,600)	-	-	-	-	(2,600)	-	(2,600)
Balance at March 31, 2019	**₱ 1,960,000**	**₱ 2,818,400**	**(₱ 924,300)**	**₱ 122,062**	**(₱ 1,360,568)**	**₱ 149,215**	**₱ 2,764,809**	**₱ 2,402,198**	**₱ 5,167,007**

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amount in Thousands)

	For the 3-Month Period Ended March 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before tax	**₱ 7,724**	(₱ 6,772)
Adjustments for:		
Unrealized foreign exchange loss (gain) - net	**1,279**	(15,452)
Depreciation and depletion	**18,807**	15,178
Interest income - net	**(607)**	(502)
Operating income (loss) before working capital changes	**27,203**	(7,548)
Decrease (Increase) in:		
Accounts receivable	**(23,712)**	1,446
Inventories	**23,778**	7,751
Other current assets	**4,730**	(1,004)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	**(1,937)**	11,244
Provision for losses and other liabilities	**125**	686
Net cash generated by operations	**30,187**	12,575
Interest received	**607**	622
Income tax paid	**(2)**	-
Net cash provided by operating activities	**30,792**	13,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Deferred oil and gas exploration costs	**(20,236)**	(20,846)
Increase in other noncurrent assets	**(537)**	(479)
Net cash used in investing activities	**(20,773)**	(21,325)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of advances from related parties	**(1,385,778)**	(10,275)
Cash received from collection of subscription from shareholder	**1,383,850**	-
Net cash used in financing activities	**(1,928)**	(10,275)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(18,547)**	9,149
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(10,456)**	(9,254)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**342,374**	450,039
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱ 331,918**	₱ 440,785

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

SCHEDULE OF BANK LOANS PAYABLE
March 31, 2019
(In thousand Pesos)

BN Paribas	
Current portion (Short term)	nil
Non-current portion (Long - term)	nil
Total	nil

SCHEDULE OF SHORT-TERM LOAN
March 31, 2019

Philex Mining Corporation	nil
Total	nil

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLE
March 31, 2019
(In Thousand Pesos)

	0-30 days	31-60 days	61-90 days	over 90 days	Total
The Galoc Production Company	₱ 6,306	₱ -	₱ -	₱ 13,441	₱ 19,747
The Philodrill Corporation	9,843	-	13,085	1,681	24,608
Shell Corporation	1,549	-	-	-	1,549
Monte Oro Resources & Energy, Inc.	1,286	973	-	-	2,259
Others	12,661	-	-	3,486	16,147
	₱ 31,645	₱ 973	₱ 13,085	₱ 18,608	₱ 64,310

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Current Ratio	0.54	0.20
Debt-to-equity Ratio	0.40	0.92
Asset-to-equity Ratio	1.40	1.92
Interest Rate Coverage ratio	n/a	n/a
Net Income Ratio	0.24	(0.36)

PXP ENERGY CORPORATION
(Formerly Philex Petroleum Corporation)
AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019

1. **Summary of Significant Accounting Policies and Financial Reporting Practices**

Basis of Preparation
The unaudited interim condensed consolidated financial statements of PXP Energy Corporation (formerly Philex Petroleum Corporation) and Subsidiaries (PXP or the Group) as at March 31, 2019 and December 31, 2018 and for the three-month period ended March 31, 2019 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. The unaudited interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2018.

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis. The unaudited interim condensed consolidated financial statements are presented in Philippine Peso (Peso), which is the Parent Company's functional currency. All amounts are rounded to the nearest thousands except when otherwise indicated.

Statement of Compliance
The preparation of the financial statements in compliance with the accounting principles generally accepted in the Philippines requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited interim condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the interim condensed consolidated financial statements. Actual results could differ from such estimates.

Basis of Preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis except for AFS financial assets that are carried at fair value. The consolidated financial statements are presented in Philippine Peso (Peso), which is the Parent Company's functional and reporting currency, rounded to the nearest thousand (₱000) except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at FVOCI, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

  These amendments have no impact on the consolidated financial statements of the Group.

- *PFRS 16, Leases*
  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Group applied PFRS 16 using the modified retrospective approach with initial application date of January 1, 2019. The Group also elected to use the exemptions provided by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

On February 1, 2019, PXP entered into a non-cancellable operating lease contract with Silangan Mindanao Mining Corporation, Inc. (SMMC), for a period of one (1) year commencing on February 1, 2019 up to January 31, 2020. The lease agreement has a total annual payment of ₱4,282 and is renewable at the option of either party, subject to mutually agreed upon terms and conditions. The contract requires PXP to pay security deposit amounting to ₱637, which is refundable within 60 days from the termination of the contract.

The Group has lease contracts, as lessee, for office/warehouse space which were accounted for as operating leases under PAS 17. Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for these leases.

The effect of adopting PFRS 16 follows:

- Accrued rent recognized under PAS 17 amounting to ₱33 were adjusted to beginning retained earnings as at January 1, 2019.
- Right-of-use assets and lease liabilities amounting to ₱10,380 and ₱9,813, respectively, were recognized and presented separately in the consolidated balance sheet as at January 1, 2019.

The right-of-use assets are initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date and are subsequently measured at amortized cost using the effective interest method.

Current and non-current portion of lease liabilities on the Group’s lease contracts as lessee amounted to ₱3,521 and ₱6,154 as at March 31, 2019.

The related right-of-use assets on the lease contracts amounts to ₱ 4,022 as at March 31, 2019. Depreciation expense on right-of-use assets amounts to ₱852 for the three-month period ended March 31, 2019.

- *Amendments to PAS 19, Employee Benefits, Plan Amendment, Curtailment or Settlement*
  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income (OCI).

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments have no impact on the consolidated financial statements of the Group.

- *Amendments to PAS 28, Long-term Interests in Associates and Joint Ventures*
  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28.

  The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. The Group is currently assessing the impact of adopting PAS 28.

- *Philippine Interpretation IFRIC-23, Uncertainty over Income Tax Treatments*
  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, Income Taxes, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

  This interpretation is not relevant to the Group because there is no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred taxes as of March 31, 2019 and December 31, 2018.

Annual Improvements to PFRSs 2015-2017 Cycle

- *Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements,*
- *Previously Held Interest in a Joint Operation*
- *Amendments to PAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- *Amendments to PAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning on or after January 1, 2020

- *Amendments to PFRS 3, Definition of a Business*
- *Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after January 1, 2021

- *PFRS 17, Insurance Contracts*

Deferred effectivity

- *Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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2. Management's Use of Significant Judgments, Accounting Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements in accordance with PFRS requires the management of the Group to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of any contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the unaudited interim condensed consolidated financial statements as they become reasonably determinable.

Accounting assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on amounts recognized in the unaudited interim condensed consolidated financial statements:

Classification of financial instruments

The Group exercises judgment in classifying financial instruments in accordance with PAS 39. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's unaudited interim condensed consolidated balance sheets.

Valuation of financial assets and financial liabilities
The Group carries certain financial assets and financial liabilities (i.e., AFS financial assets) at fair value, which requires the use of accounting estimates and judgment. At initial recognition, the fair value of quoted AFS, financial assets is based on its quoted price in an active market while the value of quoted AFS financial assets is based on its quoted price in an active market while the fair value of unquoted AFS financial assets is based on the latest available transaction price. The amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities would affect the profit and loss or other comprehensive income.

3. Financial Risk Management Objectives and Policies

The Group's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and advances from related parties. The main purpose of these financial instruments is to provide financing for the Group's operations.

Risk Management Structure
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial Risks
The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The market risk exposure of the Group can be further be classified to foreign currency risk and equity price risk. The BOD reviews and approves policies for managing these risks.

Credit risk
Credit risk is such risk where the Group could incur a loss if its counterparties fail to discharge their contractual obligations. The Group manages credit risk by doing business mostly with affiliates and recognized creditworthy third parties.

With respect to credit risk arising from the financial assets of the Group, which comprise of cash in banks and cash equivalents, receivables, deposit and AFS financial assets, the Group's exposure to credit risk could arise from the default of the counterparty, having a maximum exposure equal to the carrying amount of the instrument.

The table below summarizes the Group's maximum exposure to credit risk for the Group's financial assets as of March 31, 2019:

Cash in banks and cash equivalents	
Cash in banks	₱191,883
Short-term deposits	140,023
Accounts receivable	
Trade	53,464
Accrued interest and others	10,846
	₱396,216

The following tables show the credit quality of the Group's financial assets by class as of March, 31, 2019 based on the Group's credit evaluation process.

	Neither Past Due nor Impaired		Past Due and Individually	
	High-Grade	Standard	Impaired	Total
Cash and cash equivalents, excluding cash on hand:				
Cash in banks	₱191,883	₱–	₱–	₱191,883
Short-term investments	140,023	–	–	140,023
Accounts receivable:				
Trade	–	53,464	–	53,464
Accrued interest and others	–	10,846	–	10,846
Total	₱331,906	₱64,310	₱–	₱396,216

Credit quality of cash and cash equivalents, and AFS financial assets is based on the nature of the counterparty and the Group's evaluation process.

High-grade credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience. Standard-grade credit quality financial assets include quoted and unquoted equity investments that can be readily sold to a third party.

Aside from above, the Group has no past due but not impaired financial assets as of March 31 2019.

Liquidity risk
Liquidity risk is such risk where the Group is unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility, and addresses its liquidity concerns through advances from Philex Mining Corporation, an affiliate.

The following tables summarize the maturity profile of the Group's financial assets that can be used by the Group to manage its liquidity risk and the maturity profile of the Group's financial liabilities, based on contractual undiscounted repayment obligations (including interest) as of March 31, 2019:

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Cash on hand	₱12	₱–	₱–	₱–	₱12
Loans and receivables:					
Cash in banks	191,883	–	–	–	191,883
Short-term investments	–	140,023	–	–	140,023
Accounts receivable	31,645	14,058	18,607	–	64,310
Total undiscounted financial assets	₱223,540	₱154,081	₱18,607	₱–	₱396,228

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Accounts payable and accrued liabilities:					
Trade	₱7,412	₱–	₱–	₱–	₱7,412
Accrued expenses	–	249	–	–	249
Other nontrade liabilities	–	–	24,285	–	24,285
Advances from related parties	–	–	739,407	–	739,407
Total undiscounted financial liabilities	₱7,412	₱249	₱763,692	₱–	₱771,353

Market Risk

Foreign currency risk

Foreign currency risk is the risk where the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from cash in banks. Net foreign exchange gain amounting to ₱1.0 million arising from the translation of these foreign currency-denominated financial instruments were recognized by the Parent Company for the period ended March 31, 2019. As at March 31, 2019, the exchange rate is ₱52.50 to US$1.

The Parent Company's foreign currency-denominated monetary assets as of March 31, 2019 follow:

	US$	Peso Equivalent
Assets		
Cash and cash equivalents	$2,830	₱148,582

The table below summarizes the impact on income (loss) before income tax of reasonably possible changes in the exchange rates of US dollar against the Peso:

US Dollar (Depreciates) Appreciates	Effect on Income (Loss) Before Income Tax
Appreciate by 6%	₱8,915
Depreciate by (6%)	(8,915)

There is no other impact on the Parent Company's equity other than those already affecting profit or loss.

Equity price risk

There is no equity price risk as the Group does not own investment in quoted shares of stock.

4. **Segment Information**

The Group currently has two reportable segments namely oil and gas activities and coal mining activities.

Operating results of the Group is regularly reviewed by the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income (loss) for the year, and earnings or losses before interest, taxes and depreciation and depletion (EBITDA).

Net income (loss) for the year is measured consistent with the consolidated net income (loss) in the consolidated statements of income. EBITDA is measured as net income (loss) excluding financing costs, interest income, provision for income tax, and depreciation and depletion of property and equipment.

EBITDA is not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. The Group relies primarily on the results in accordance with PFRS and uses EBITDA only as supplementary information.

Core income is the performance of the operating segment based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company excluding the effects of non-recurring items, net of their tax effects. Non-recurring items represent gains (losses) that, through occurrence or size, are not considered usual operating items, such as foreign exchange gains (losses), gains (losses) on disposal of investments, and other non-recurring gains (losses).

The Group's capital expenditures include acquisitions of property and equipment, and the incurrence of deferred oil and gas exploration costs.

The Group has only one geographical segment as the Group operates and derives all its revenue from domestic operations. The Group's assets are principally located in the Philippines. Thus, geographical business operation is not required.

For the Group's oil and gas activities, over 88% of crude oil production from SC 14 during the first 3 months of 2019 was from the Galoc oil field and the balance from the Nido, Matinloc and North Matinloc fields. Crude oil liftings from the Galoc field were sold to customers in South Korea, while all crude oil liftings from the Nido Matinloc and North Matinloc fields were sold to a customer in the Philippines.

The following tables present revenue and profit, including the computation of EBITDA as derived from the consolidated net income, and certain asset and liability information regarding the Group's operating segments.

As of March 31, 2019:

	Oil and Gas	**Coal**	**Eliminations**	**Total**
Consolidated Revenue				
External customers	**₱29,711**	**₱–**	**₱–**	**₱29,711**
Results				
EBITDA	**₱25,953**	**(₱16)**	**(₱13)**	**₱25,924**
Depreciation and depletion	**(18,807)**	**–**	**–**	**(18,807)**
Provision for income tax	**(732)**	**–**	**–**	**(732)**
Interest expense - net	**594**	**–**	**13**	**607**
Consolidated net income (loss)	**₱7,008**	**(₱16)**	**–**	**₱6,992**
Core net loss				**(₱12,505)**
Consolidated total assets	**₱7,469,119**	**₱2,153**	**(₱216,619)**	**₱7,254,653**
Consolidated total liabilities	**₱779,821**	**₱737,835**	**₱569,990**	**₱2,087,646**

As of March 31, 2018:

	Oil and Gas	Coal	Eliminations	Total
Consolidated Revenue				
External customers	₱30,654	₱–	₱–	₱30,654
Results				
EBITDA	₱24,317	(₱58)	(₱16,356)	₱7,903
Depreciation and depletion	(15,178)	–	–	(15,178)
Provision for income tax	(1,642)	–	–	(1,642)
Interest expense - net	510	–	(7)	503
Consolidated net income (loss)	₱8,007	(₱58)	(₱16,363)	(₱8,414)
Core net loss				(₱14,229)
Consolidated total assets	₱7,363,531	₱2,336	₱10,657	₱7,376,524
Consolidated total liabilities	₱2,843,318	₱737,839	₱649,101	₱4,230,258

The table below shows the Group's reconciliation of core net loss to the consolidated net loss for the three-month period ended March 31, 2019 and 2018.

	2019	2018
Core net loss	**(₱12,505)**	(₱14,229)
Non-recurring item:		
Other income	**25,570**	–
Net foreign exchange gain (loss)	**(1,214)**	12,212
Net tax effect of aforementioned adjustment	**(732)**	(1,642)
Net loss attributable to equity holders of the Parent Company	**11,119**	(3,659)
Net loss attributable to non-controlling interests	**(4,127)**	(4,755)
Consolidated net loss	**₱6,992**	(₱8,414)

5. **Related Party Transactions**

Related party relationships exist when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Companies within the Group in the regular conduct of business, enters into transactions with related parties which consists of advances, loans, reimbursement of expenses, regular banking transactions, leases and management and administrative service agreements.

Intercompany transactions are eliminated in the consolidated financial statements. The Group's significant related party transactions, which are under terms that are no less favorable than those arranged with third parties, are as follows:

	Amount/ Volume	Outstanding Balance	Terms	Conditions
Affiliate – Philex Mining Corporation				
Advances: increase (decrease)				
PXP Parent	(₱1,385,778)	₱1,583	Payable 9 months from the date of demand; non-interest bearing	Secured with a pledge of PXP shareholdings in Forum and Pitkin, no impairment

	Amount/ Volume	Outstanding Balance	Terms	Conditions
Advances: increase (decrease)				
Brixton Energy & Mining Company	₱–	₱737,815	On demand; non-interest bearing	Unsecured, no impairment

a. On November 24, 2010, Forum Philippine Holdings Limited (FPHL) entered into a US$10,000 loan facility agreement with PMC. The facility agreement will be available for a three-year period and funds can be borrowed at an annual interest rate of US London Interbank Offered Rate (LIBOR) + 4.5% for the drawn portion and a commitment fee of 1% for the undrawn portion. The facility agreement will enable FPHL to fund its 70% share of a first SP work program over SC 72. Obligations arising from funds drawn under this facility agreement are not convertible into FEL's or FPHL's ordinary shares.

   In June 2012, an amendment to the original loan agreement has been made to extend the loan facility to US$15,000.

On November 21, 2013, PMC assigned its rights and obligations under the facility agreement to the Parent Company. On the same date, the loan facility was increased to US$18,000 and has been extended for an additional three (3) years. The loans receivable from FPHL and loan payable to PMC recorded in the Parent Company amounted to ₱674,804 in 2013.

In 2015, a transfer agreement has been entered into by FPHL (the "Original Borrower") and GSEC 101 - Jersey (the "New Borrower"). This states that all the rights and obligations under the Finance Documents of the Original Borrower will be transferred by way of novation to the New Borrower and the Original Borrower will be released from its obligations and will cease to own any rights under the Facility Agreement.

On March 23, 2017, PXP, FEL and GSEC 101 - Jersey agreed the conversion of US$11,805 loan to equity, by subscribing to 39,350,920 new ordinary shares of FEL. The loan payable consisted of total drawdowns from the loan facility of US$15,500 and interest accrued of US$2,828. Of the remaining balance, US$1,000 was paid through cash received from subscription of Tidemark to 6,666,667 new ordinary shares of FEL.

On the same date, PXP and GSEC entered into a new loan facility amounting to US$6,000 of which US$5,522 was drawn out to fully settle the remaining portion of the long term loan.

The interest expense and commitment fees were recorded under 'Interest expense and other charges' in the consolidated statements of income while these were eliminated upon consolidation for the year ended March 31, 2019 and 2018.

b. PMC made cash advances to be used as additional working capital of the Parent Company and acquisition of investments.

   On August 11, 2015, the BOD has agreed that a pledge agreement with PMC (pledgee) be entered into by PXP (pledgor). In order to secure the balance of ₱2,200,000 as of pledge date, the Parent Company has pledged its shares in its subsidiaries, Pitkin and Forum to PMC. The contract was formally executed on August 17, 2015.

   During the quarter, the Group paid PMC amounting to ₱1,385,778. As at March 31, 2019, advances from PMC amounted to ₱1,583.

c. BEMC has significant transactions with related parties involving advances to provide funding on BEMC's exploration and development activities. As at March 31, 2019, the non-interest-bearing advances from PMC amounted to ₱737,815. The advances are payable on demand.

6. **Basic/Diluted Earnings Per Share**

Basic/diluted earning (loss) per share for the period ended March 31, 2019 and 2018 is computed as follows:

	2019	2018
Net loss attributable to equity holders of the Parent Company	**(₱11,119)**	(₱3,659)
Divided by weighted average number of common shares issued during the period	**1,700,000**	1,700,000
Basic earnings (loss) per share	**₱0.0057**	(₱0.0022)
Diluted earnings (loss) per share	**₱0.0057**	(₱0.0019)

As of March 31, 2019, the Parent Company does not have any potentially dilutive stocks.

7. **Seasonality and Cyclicality of Interim Operation**

There is no significant seasonality or cyclicality in its business operation that would have material effect on the Company's financial condition or results of operation.