



PXP ENERGY CORPORATION  
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**PRESS RELEASE**

**UNAUDITED FINANCIAL AND OPERATING HIGHLIGHTS  
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

- 9M 2018 Consolidated Net Loss Attributable to Equity Holders of the Parent Company at P31.4 million (9M 2017: P23.0 million). Reported consolidated net loss at P49.1 million (9M 2017: P34.3 million).

Consolidated petroleum revenues 38.3% higher at P106.1 million (9M 2017: P76.7 million) resulting from the 38% improvement in crude oil price and the 1% increase in volume.

Consolidated cost and expenses 43.6% higher at P173.7 million (9M 2017: P121.0 million) brought about by higher depletion cost in Galoc and the decommissioning of Tara and Libro wells in Service Contract 14; Group overhead flat year-on-year.

Net loss of P49.1 million (9M 2017: P34.3 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 P30.0 million.

- On January 10, 2018, Karoon Gas Australia Ltd (“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 Peru Block Z-38 under 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 in Peru. 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:

	From	To
Karoon	70%	40%
Tullow	nil	35%
Pitkin Petroleum Limited ("Pitkin")	25%	25%

- On September 21, 2018, Karoon announced that it has been positively impacted by recent changes to the hydrocarbon law in Peru, which has resulted in the force majeure being lifted from Block Z-38. Karoon added that it has been actively working with the Peruvian authorities with this outcome in mind, and considers these changes as a step forward for exploration in Peru.

Karoon and its new farm-in partner (subject to regulatory approval), Tullow are moving forward to drill the Marina-1X exploration well during early 2020.

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 of national interest. The Company, therefore, 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  
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AND SUBSIDIARIES

UNAUDITED CONSOLIDATED  
CONDENSED INTERIM  
FINANCIAL STATEMENTS  
September 30, 2018

**PXP ENERGY CORPORATION**  
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**AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in Thousands)

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	₱ 368,056	₱ 450,039
Accounts receivable	55,707	41,585
Inventories	8,267	21,727
Other current assets -net	13,818	12,408
<b>Total Current Assets</b>	<b>445,848</b>	<b>525,759</b>
<b>Noncurrent Assets</b>		
Property and Equipment - net	288,290	261,883
Goodwill	1,238,583	1,238,583
Deferred oil and gas exploration costs - net	5,329,074	5,168,368
Deferred income tax assets	32,962	31,651
Other noncurrent assets	3,361	2,368
<b>Total Noncurrent Assets</b>	<b>6,892,270</b>	<b>6,702,853</b>
<b>TOTAL ASSETS</b>	<b>₱ 7,338,118</b>	<b>₱ 7,228,612</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	₱ 28,335	₱ 19,410
Advances from related parties	2,896,195	2,906,490
Income tax payable	-	30
<b>Total Current Liabilities</b>	<b>2,924,530</b>	<b>2,925,930</b>
<b>Noncurrent Liabilities</b>		
Deferred income tax liabilities - net	1,108,699	1,109,853
Other liabilities	192,286	(1)
<b>Total Noncurrent Liabilities</b>	<b>1,300,985</b>	<b>1,109,852</b>
<b>Total Liabilities</b>	<b>4,225,515</b>	<b>4,035,782</b>
<b>Equity</b>		
Capital Stock - P1 par value	1,700,000	1,700,000
Equity reserves	122,062	122,062
Deficit	(1,326,053)	(1,294,692)
Cumulative translation adjustment on foreign subsidiaries	165,218	76,258
	661,227	603,628
<b>Non-controlling Interests</b>	<b>2,451,376</b>	<b>2,398,488</b>
<b>Total equity</b>	<b>3,112,603</b>	<b>3,002,116</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱ 7,338,118</b>	<b>₱ 7,037,898</b>

**PXP ENERGY CORPORATION**  
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**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
(Amounts in Thousands, except Earnings or Loss Per Share)

For the 9-Month Period Ended September 30			
	2018		2017
<b>PETROLEUM REVENUES</b>	<b>₱</b>	<b>106,133</b>	<b>₱ 76,727</b>
<b>COSTS AND EXPENSES</b>			
Petroleum and other production costs		<b>140,508</b>	87,545
General and administrative expenses		<b>33,157</b>	33,408
		<b>173,665</b>	120,953
<b>OTHER INCOME (CHARGES)</b>			
Foreign exchange gains - net		<b>30,039</b>	7,179
Interest income - net		<b>2,009</b>	2,843
Others - net		<b>(11,901)</b>	-
		<b>20,147</b>	10,022
<b>LOSS BEFORE TAX</b>		<b>(47,385)</b>	(34,204)
<b>PROVISION FOR INCOME TAX</b>		<b>1,708</b>	54
<b>NET LOSS</b>	<b>( ₱</b>	<b>49,093)</b>	<b>( ₱ 34,258)</b>
<b>Net Income (Loss) Attributable to:</b>			
Equity holders of the Parent Company	<b>( ₱</b>	<b>31,361)</b>	<b>( ₱ 23,013)</b>
Non-controlling interests		<b>(17,732)</b>	(11,245)
	<b>( ₱</b>	<b>49,093)</b>	<b>( ₱ 34,258)</b>
<b>BASIC/DILUTED EARNINGS (LOSS) PER SHARE</b>	<b>( ₱</b>	<b>0.0184)</b>	<b>( ₱ 0.0135)</b>

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For the 3rd Quarter Ended September 30			
	2018		2017
<b>PETROLEUM REVENUES</b>	<b>₱</b>	<b>39,430</b>	<b>₱ 24,105</b>
<b>COSTS AND EXPENSES</b>			
Petroleum production costs		<b>51,595</b>	34,641
General and administrative expenses		<b>11,600</b>	8,505
		<b>63,195</b>	43,146
<b>OTHER INCOME</b>			
Foreign exchange gains - net		<b>6,772</b>	843
Interest income - net		<b>779</b>	1,158
Other income		-	-
		<b>7,551</b>	2,001
<b>LOSS BEFORE INCOME TAX</b>		<b>(16,214)</b>	(17,040)
<b>PROVISION FOR INCOME TAX</b>		<b>37</b>	28
<b>NET LOSS</b>	<b>( ₱</b>	<b>16,251)</b>	<b>( ₱ 17,068)</b>
<b>Net income attributable to:</b>			
Equity holders of the Parent Company	<b>( ₱</b>	<b>11,226)</b>	<b>( ₱ 11,681)</b>
Non-controlling interests		<b>(5,025)</b>	(5,387)
	<b>( ₱</b>	<b>16,251)</b>	<b>( ₱ 17,068)</b>
<b>BASIC/DILUTED EARNINGS PER SHARE</b>	<b>( ₱</b>	<b>0.0184)</b>	<b>( ₱ 0.0100)</b>