



30th October 30, 2013

PHILIPPINE STOCK EXCHANGE, INC.

Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **MS. JANET A. ENCARNACION**
Head – Disclosure Department

Dear Ms. Encarnacion,

We submit herewith a copy of Philex Petroleum Corporation's press release on its Financial and Operating Highlights for the nine months ended September 30, 2013.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Carlo S. Pablo". The signature is fluid and stylized, with a large loop at the end.

CARLO S. PABLO
President & Chief Operating Officer



30th October 2013

PRESS RELEASE

FINANCIAL AND OPERATING HIGHLIGHTS
FOR THE NINE (9) MONTHS ENDED 30th SEPTEMBER 2013

- Philex Petroleum Corporation ("Philex Petroleum" or the "Company") incurred a net loss of P190.2 million for the nine months ended 30th September 2013, compared with a net loss of P131.9 million for the same period in 2012. The increase in net loss was mainly due to foreign currency conversion losses on the Company's dollar denominated advances from Philex Mining Corporation, closure costs of Brixton Energy and Mining Corporation, increased general and administrative expenses related to Pitkin Petroleum Plc ("Pitkin"), and partly offset by the gain on sale of Pitkin's Vietnam asset.
- Brixton Energy and Mining Corporation, a wholly-owned subsidiary, suspended its underground operations in January 2013 and expects to complete the closure of its coal mine in the first quarter of 2014.
- The Department of Energy awarded Service Contract No. 74 (SC 74) effective August 13, 2013, to the consortium of Pitkin and Philodrill Corporation. SC 74 covers Area 5 Northwest Palawan block offered in the 4th Philippine Energy Contracting Round.
- On July 16, 2013, Pitkin completed the sale of all its interests in Vietnam American Exploration Company LLC, a Delaware company, for a total cash consideration of approximately P2.1 billion. As a result of this transaction, the Company recorded a gain on sale of P213.1 million.
- The Environmental Impact Study to drill up to 10 exploration and 10 appraisal wells in Peru Block Z-38, in which Pitkin holds a 25% interest, was approved on June 19, 2013. Start of drilling of at least two wells is currently expected to commence mid 2014.
- On April 5, 2013 the Company increased its shareholding in Pitkin from 18.46% to 50.28%. The additional interest was acquired by the purchase of both new and existing shares at a price of US\$0.75 per share for a total consideration of US\$34.80 million (P1.43 billion).
- In February 2013, the Department of Energy announced that the bid group of Philex Petroleum (Operator), PNOG Exploration Corporation, and PetroEnergy had won the bidding for Area 4 Northwest Palawan block offered in the 4th Philippine Energy Contracting Round. The Service Contract for Area 4 is still subject to signature by the Department of Energy and the joint venture partners.
- In January 2013, the Department of Energy granted a two year extension to August 2015 to complete the exploration work program for the Second Exploration Sub-Phase of Service Contract 72 Recto Bank ("SC 72"). Forum Energy Plc has a 70% interest in SC 72.

About Philex Petroleum Corporation

Philex Petroleum Corporation 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 exploration assets located in Peru.

For further information, please contact:

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PHILEX PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

| | September 30 2013 (UNAUDITED) | December 31 2012 (AUDITED) |
|--|-------------------------------------|----------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | P 2,902,478 | P 284,017 |
| Accounts receivable - net | 212,252 | 102,164 |
| Inventories - net | 26,348 | 140,881 |
| Other current assets -net | 23,206 | 26,769 |
| Total Current Assets | 3,164,284 | 553,831 |
| Noncurrent Assets | | |
| Available-for-sale (AFS) financial assets | - | 1,399,670 |
| Property, Plant and Equipment - net | 153,895 | 124,205 |
| Goodwill | 1,208,020 | 258,593 |
| Deferred exploration costs and other noncurrent assets - net | 4,874,998 | 858,840 |
| Total Noncurrent Assets | 6,236,913 | 2,641,308 |
| TOTAL ASSETS | P 9,401,197 | P 3,195,139 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Current portion of long-term loan | P 678,099 | P 615,750 |
| Short-term bank loans | - | 350,000 |
| Accounts payable and accrued liabilities | 116,636 | 87,026 |
| Advances from related parties | 2,838,704 | 1,021,138 |
| Income tax payable | 7,485 | 22,957 |
| Provision for losses | 44,757 | 41,050 |
| Total Current Liabilities | 3,685,681 | 2,137,921 |
| Noncurrent Liabilities | | |
| Provision for losses | 171,632 | 171,631 |
| Deferred income tax liabilities - net | 1,030,206 | 97,599 |
| Provision for rehabilitation and decommissioning costs | 833 | 833 |
| Non-current portion of long-term loan | 50,841 | - |
| Other liabilities | 13,368 | - |
| Total Noncurrent Liabilities | 1,266,880 | 270,063 |
| Total Liabilities | 4,952,561 | 2,407,984 |
| Equity | | |
| Capital Stock - P1 par value | 1,700,000 | 1,700,000 |
| Equity reserves | 39,635 | (123) |
| Deficit | (1,023,154) | (819,162) |
| Net unrealized gain (loss) on AFS financial assets | - | (30,485) |
| Cumulative translation adjustment on foreign subsidiaries | 16,362 | (163,617) |
| | 732,843 | 686,613 |
| Non-controlling Interests | 3,715,793 | 100,542 |
| Total equity | 4,448,636 | 787,155 |
| TOTAL LIABILITIES AND EQUITY | P 9,401,197 | P 3,195,139 |

PHILEX PETROLEUM CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, except Earnings or Loss Per Share)

| | Nine Months Ended September 30 | | | |
|--|---------------------------------------|------------------|------------|------------------|
| | | 2013 | | 2012 |
| REVENUE | | | | |
| Petroleum | P | 153,590 | P | 120,304 |
| Coal | | 2,831 | | 34,069 |
| | | 156,421 | | 154,373 |
| COSTS AND EXPENSES | | | | |
| Petroleum production costs | | 94,968 | | 93,583 |
| Cost of coal sales | | 3,359 | | 23,857 |
| General and administrative expenses | | 260,672 | | 138,082 |
| Mine product royalties | | 268 | | 337 |
| | | 359,267 | | 255,859 |
| OTHER INCOME (CHARGES) | | | | |
| Gain on sale of assets - net | | 215,143 | | - |
| Provision for impairment of assets | | (135,080) | | (14,744) |
| Foreign exchange gain (loss) | | (115,539) | | 16,756 |
| Gain on reversal of impairment loss | | 34,739 | | - |
| Interest expense - net | | (29,043) | | (25,449) |
| Dividend income | | - | | 2,823 |
| Others | | 853 | | (421) |
| | | (28,927) | | (21,035) |
| LOSS BEFORE TAX | | (231,773) | | (122,521) |
| PROVISION FOR INCOME TAX | | | | |
| Current | | - | | 126 |
| Deferred | | (41,563) | | 9,203 |
| | | (41,563) | | 9,329 |
| NET LOSS | (P | 190,210) | (P | 131,850) |
| Net Income (Loss) Attributable to: | | | | |
| Equity holders of the Parent Company | (P | 203,992) | (P | 67,823) |
| Non-controlling interests | | 13,782 | | (64,027) |
| | (P | 190,210) | (P | 131,850) |
| BASIC/DILUTED EARNINGS (LOSS) PER SHARE | (P | 0.1200) | (P | 0.0399) |