



July 26, 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 six months ended 30<sup>th</sup> June 2013.

Very truly yours,



**CARLO S. PABLO**  
President & Chief Operating Officer



July 26, 2013

**PRESS RELEASE**

**FINANCIAL AND OPERATING HIGHLIGHTS  
FOR THE SIX MONTHS ENDED 30<sup>th</sup> JUNE 2013**

- Philex Petroleum Corporation ("Philex Petroleum" or "the Company") incurred a net loss of P225.2 million for the six months ended 30<sup>th</sup> June 2013, compared to a net loss P80.5 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.
- On July 16 2013, Pitkin Petroleum Plc. ("Pitkin") completed the sale of all its interests in Vietnam American Exploration Company LLC, a Delaware company, for a total cash consideration of approximately Php 2.1 billion. As a result of this transaction, the Company will record a gain on sale of approximately Php 200 million in the second half of 2013.
- On July 10 2013, Pitkin signed the Service Contract for Area 5 in the Northwest Palawan basin. The Service Contract for Area 5 is still subject to the signature of the Department of Energy.
- 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 late in the first half of 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 (Php 1.43 billion).
- In February 2013, the Department of Energy announced that the bid group of Philex Petroleum (Operator), PNOC Exploration Corporation, and PetroEnergy had won the bidding for the Area 4 Northwest Palawan block offered in the 4th Philippine Energy Contracting Round. The Service Contract for Area 4 is still subject to signature.
- 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.
- The underground mining operations of Brixton Energy & Mining Corporation were suspended in January 2013 and the Company continues to assess the options for the operations.

**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:**

Mark H. Rilles  
Finance Manager  
Philex Petroleum Corporation  
Telephone: (632) 631 1381  
Email: [mhrilles@philexpetroleum.com.ph](mailto:mhrilles@philexpetroleum.com.ph)

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

	June 30 2013 (UNAUDITED)	December 31 2012 (AUDITED)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P 940,974	P 284,017
Accounts receivable - net	173,329	102,164
Inventories - net	199,426	140,881
Other current assets -net	23,143	26,769
<b>Total Current Assets</b>	<b>1,336,872</b>	<b>553,831</b>
<b>Noncurrent Assets</b>		
Available-for-sale (AFS) financial assets	-	1,399,670
Property, Plant and Equipment - net	131,973	124,205
Deferred income tax assets	38,534	-
Goodwill	1,791,698	258,593
Deferred exploration costs and other noncurrent assets - net	6,568,862	858,840
<b>Total Noncurrent Assets</b>	<b>8,531,067</b>	<b>2,641,308</b>
<b>TOTAL ASSETS</b>	<b>P 9,867,939</b>	<b>P 3,195,139</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Current portion of long-term loan	672,804	P 615,750
Short-term bank loans	-	350,000
Accounts payable and accrued liabilities	198,272	87,026
Advances from related parties	2,803,995	1,021,138
Income tax payable	7,426	22,957
Provision for losses	44,416	41,050
<b>Total Current Liabilities</b>	<b>3,726,913</b>	<b>2,137,921</b>
<b>Noncurrent Liabilities</b>		
Provision for losses	171,631	171,631
Deferred income tax liabilities	1,668,056	97,599
Provision for rehabilitation and decommissioning costs	833	833
Long term loan -net of current portion	25,361	-
<b>Total Noncurrent Liabilities</b>	<b>1,865,881</b>	<b>270,063</b>
<b>Total Liabilities</b>	<b>5,592,794</b>	<b>2,407,984</b>
<b>Equity</b>		
Capital Stock - P1 par value	1,700,000	1,700,000
Equity reserves	2,507	(123)
Deficit	(981,122)	(819,162)
Net unrealized gain (loss) on AFS financial assets	-	(30,485)
Cumulative translation adjustment on foreign subsidiaries	(86,703)	(163,617)
	634,682	686,613
<b>Non-controlling Interests</b>	<b>3,640,463</b>	<b>100,542</b>
<b>Total equity</b>	<b>4,275,145</b>	<b>787,155</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 9,867,939</b>	<b>P 3,195,139</b>

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

Six-months Period Ended June 30			
	2013		2012
<b>REVENUE</b>			
Petroleum	P	95,290	P 57,770
Coal		1,031	15,722
		<b>96,321</b>	<b>73,492</b>
<b>COSTS AND EXPENSES</b>			
Petroleum production costs		52,794	54,401
Cost of coal sales		792	12,013
General and administrative expenses		156,266	82,385
Mine product royalties		258	170
Coal mine maintenance cost		21,823	-
		<b>231,933</b>	<b>148,969</b>
<b>OTHER INCOME (CHARGES)</b>			
Realized gain on disposal of AFS		26,867	-
Dividend income		-	2,823
Provision for impairment of assets		(27,056)	-
Interest expense - net		(19,488)	(15,008)
Foreign exchange gain (loss)		(99,154)	13,206
Others		(34)	1,460
		<b>(118,865)</b>	<b>2,481</b>
<b>LOSS BEFORE TAX</b>		<b>(254,477)</b>	<b>(72,996)</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>			
Current		(1,260)	111
Deferred		(28,008)	7,392
		<b>(29,268)</b>	<b>7,503</b>
<b>NET LOSS</b>	<b>( P</b>	<b>225,209)</b>	<b>( P 80,499)</b>