



**PHILEX PETROLEUM  
CORPORATION**

21<sup>st</sup> February 2013

**MS. JANET A. ENCARNACION**  
Head – Disclosure Department  
PHILIPPINE STOCK EXCHANGE, INC.  
Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Dear Ms. Encarnacion,

Please find attached a copy of Philex Petroleum Corporation's press release on the Company's financial and operating results for the year ended 31<sup>st</sup> December 2012.

Sincerely,

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

Encl. a/s

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21<sup>st</sup> February 2013

**PRESS RELEASE**

**FINANCIAL AND OPERATING RESULTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2012**

**Highlights**

- Service Contract 72 (SC 72) seismic interpretation and resources update which was completed in April 2012 showed an improvement in hydrocarbon resources previously known, and supported the case to proceed with the drilling program
- Department of Energy (DOE) granted Forum Energy Plc (Forum) a two (2) year extension to complete the exploration work commitment for the second Exploration Sub-Phase of SC 72
- Upgrade of the Galoc floating production, storage and offloading vessel completed on schedule in March 2012
- Final Investment Decision for Galoc Phase II development approved in September 2012
- Participation in the Philippine Energy Contracting Round 4 (PECR 4) with subsequent award of Area 4 announced by the DOE in February 2013
- Suspension of Brixton Energy & Mining Corporation's (Brixton) underground mining operations in Coal Operating Contract 130 (COC 130) pending an ongoing detailed review of the coal mine viability
- Net Loss of P1.086 billion (2011: net income P537.53) due to write-down of investments in Forum's Service Contract 40 (SC 40) and Brixton's COC 130

Manila, 21<sup>st</sup> February 2013 - Philex Petroleum Corporation (Philex Petroleum or the Company) today announced its consolidated financial results for the year ended 31<sup>st</sup> December 2012 amounting to a net loss of P1.086 billion, compared to a net income of P537.53 million in 2011. The 2011 results included a non-recurring extraordinary income of P443.67 million.

The net loss for the year is mainly due to a P388.63 million write-down of the investment made in SC 40 (participating interest through Forum in which Philex Petroleum holds a total direct and indirect interest of 60.49%), and a write-down of P578.25 million of the assets in Brixton, a wholly-owned subsidiary of the Company which holds COC 130 in the province of Zamboanga Sibugay.

Revenue from petroleum in Forum during the year amounted to P191.00 million. Revenue from coal in Brixton amounted to P48.03 million.

Manuel V. Pangilinan, Chairman and CEO of Philex Petroleum commented “We will continue to focus on our goal of proving the commerciality of the potential hydrocarbon resources in the SC 72 contract area located at the Recto Bank. However, in pursuing such goal, we appreciate the significant challenges arising from the location of SC 72, for which the continued support of the Philippine Government remains a critical factor.”

For further information, please contact:

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Philex Petroleum Corporation  
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**PHILEX PETROLEUM CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Amounts in Thousands, except Earnings or Loss Per Share)

<b>ASSETS</b>	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Current Assets</b>		
Cash and cash equivalents	<b>P 284,017</b>	P 217,831
Accounts receivable - net	<b>102,164</b>	74,118
Inventories - net	<b>140,881</b>	143,992
Other current assets -net	<b>26,769</b>	17,451
<b>Total Current Assets</b>	<b>553,831</b>	453,392
<b>Noncurrent Assets</b>		
Available-for-sale (AFS) financial assets	<b>1,399,670</b>	1,461,889
Property, Plant and Equipment - net	<b>124,205</b>	408,719
Deferred income tax assets	<b>-</b>	12,755
Goodwill	<b>258,593</b>	258,593
Deferred exploration costs and other noncurrent assets - net	<b>858,840</b>	1,275,501
<b>Total Noncurrent Assets</b>	<b>2,641,308</b>	3,417,457
<b>TOTAL ASSETS</b>	<b>P 3,195,139</b>	P 3,870,849
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Current portion of long-term loan	<b>P 615,750</b>	P -
Short-term bank loans	<b>350,000</b>	350,000
Accounts payable and accrued liabilities	<b>87,026</b>	46,746
Advances from related parties	<b>1,021,138</b>	845,025
Income tax payable	<b>22,957</b>	-
Provision for losses	<b>41,050</b>	144,556
<b>Total Current Liabilities</b>	<b>2,137,921</b>	1,386,327
<b>Noncurrent Liabilities</b>		
Provision for losses	<b>171,631</b>	172,251
Long-term loan	<b>-</b>	263,040
Deferred income tax liabilities	<b>97,599</b>	57,125
Provision for rehabilitation and decommissioning costs	<b>833</b>	1,358
<b>Total Noncurrent Liabilities</b>	<b>270,063</b>	493,774
<b>Total Liabilities</b>	<b>2,407,984</b>	1,880,101
<b>Equity</b>		
Capital Stock - P1 par value	<b>1,700,000</b>	1,700,000
Equity reserves	<b>(123)</b>	40,588
Retained Earnings	<b>(819,162)</b>	57,006
Net unrealized gain (loss) on AFS financial assets	<b>(30,485)</b>	7,057
Cumulative translation adjustment on foreign subsidiaries	<b>(163,617)</b>	(80,804)
<b>Total equity</b>	<b>686,613</b>	1,723,847
<b>Non-controlling Interests</b>	<b>100,542</b>	266,901
<b>Total equity</b>	<b>787,155</b>	1,990,748
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 3,195,139</b>	P 3,870,849

**PHILEX PETROLEUM CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, except Earnings or Loss Per Share)

	Years Ended December 31	
	2012	2011
<b>REVENUE</b>		
Petroleum	P 191,003	P 551,568
Coal	48,030	1,288
	<b>239,033</b>	<b>552,856</b>
<b>COSTS AND EXPENSES</b>		
Petroleum production costs	98,245	175,883
Cost of coal sales	35,238	1,210
General and administrative expenses	184,036	167,453
Handling, Hauling and storage	2,734	22
Mine product royalties	1,441	2
	<b>321,694</b>	<b>344,570</b>
<b>OTHER INCOME (CHARGES)</b>		
Foreign exchange gains	23,778	(4,526)
Dividend income	5,645	5,645
Interest expense - net	(36,955)	(27,353)
Gain on dilution of interest in an associate	-	443,672
Equity in net losses of associates	-	(39,795)
Provision for impairment of deferred exploration cost	(388,630)	(8,957)
Provision for impairment of assets	(578,253)	-
Others - net	72,549	260
	<b>(901,866)</b>	<b>368,946</b>
<b>INCOME (LOSS) BEFORE TAX</b>	<b>(984,527)</b>	<b>577,232</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	23,925	19
Deferred	77,906	39,679
	<b>101,831</b>	<b>39,698</b>
<b>NET INCOME (LOSS)</b>	<b>( P 1,086,358)</b>	<b>P 537,534</b>
<b>Net Income (Loss) Attributable to:</b>		
Equity holders of the Parent Company	( P 876,168)	476,001
Non-controlling interests	(210,190)	61,533
	<b>( P 1,086,358)</b>	<b>P 537,534</b>
<b>BASIC/DILUTED EARNINGS (LOSS) PER SHARE</b>	<b>( P 0.5154)</b>	<b>P 0.2800</b>