



July 24, 2014

**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 2014.

Very truly yours,

  
**MARK H. RILLES**  
CIO - OIC

July 24, 2014

**PRESS RELEASE**

**FINANCIAL AND OPERATING HIGHLIGHTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2014**

- Philex Petroleum Corporation ("Philex Petroleum") incurred a consolidated net loss of P40.7 million for the six-months period ended June 30, 2014, compared to a consolidated net loss of P225.2 million during the same period last year. The lower net loss was mainly due to higher petroleum revenues of Forum Energy Plc ("Forum") in SC 14C1 Galoc, reduction in general and administrative expenses, decrease in interest expenses, and lower foreign currency exchange losses.
- The Department of Energy granted Forum's request to extend the completion date of the second Exploration Sub-Phase of Service Contract 72 ("SC72") by one year to August 15, 2016. The Sub-Phase 2 exploration work program comprises the drilling of two wells. Philex Petroleum holds a total direct and indirect interest in Forum of 60.45%. Forum holds a 70% operating interest in SC 72.
- The Peruvian oil and gas regulator, Perupetro S.A., approved Karoon's (operator) application to place Peru Block Z-38 into force majeure. The application for force majeure was requested on the basis of Karoon being unable to secure a suitable drilling unit within the required timeframe on the Pacific side of the Americas. The force majeure was granted effective September 1, 2013. As a result, the term of the current third exploration period will have approximately 22 months remaining once the force majeure is lifted. Pitkin Petroleum Plc ("Pitkin") holds a 25% participating interest in Peru Block Z-38. Pitkin is a 53% owned subsidiary of Philex Petroleum.
- On July 2, 2014, Pitkin repurchased 11,099,000 or 7.93% of total issued shares at a price of US\$1 per share. Philex Petroleum sold 2 million or 2.84% of its Pitkin shares. Philex Petroleum's shareholding in Pitkin after the repurchase of shares increased from 50.29% to 53.07%.
- Philex Petroleum completed the acquisition of 2,235 line-kilometers of 2D seismic data in SC 75 NW Palawan on April 15, 2014. The processing and interpretation of the 2D seismic data is currently ongoing and is expected to be completed in the first quarter of 2015. Philex Petroleum has a 50% operating interest in SC 75 NW Palawan.
- Brixton, a wholly-owned subsidiary, finalized agreements for the assignment of Coal Operating Contract 130 ("COC 130") in Zamboanga Sibugay to Grace Coal Mining and Development on January 7, 2014. The underground coal mines in COC 130 were closed in September 2013, following suspension of operations in January 2013 due to low coal prices. The assignment is subject to the approval of the Department of Energy.

**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)

	June 30 2014 (UNAUDITED)	December 31 2013 (AUDITED)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P 2,431,301	P 2,621,474
Accounts receivable - net	90,716	112,947
Inventories - net	6,168	21,193
Other current assets -net	29,488	27,696
<b>Total Current Assets</b>	<b>2,557,673</b>	<b>2,783,310</b>
<b>Noncurrent Assets</b>		
Property and Equipment - net	324,084	360,018
Deferred income tax assets	7,699	28,313
Goodwill	1,238,583	1,238,583
Deferred exploration costs and other noncurrent assets - net	5,120,413	5,010,707
<b>Total Noncurrent Assets</b>	<b>6,690,779</b>	<b>6,637,621</b>
<b>TOTAL ASSETS</b>	<b>P 9,248,452</b>	<b>P 9,420,931</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Current portion of long-term loan	P -	P 55,019
Accounts payable and accrued liabilities	124,257	116,304
Advances from related parties	3,437,620	3,378,851
Income tax payable	279	253
<b>Total Current Liabilities</b>	<b>3,562,156</b>	<b>3,550,427</b>
<b>Noncurrent Liabilities</b>		
Deferred income tax liabilities - net	1,094,637	1,111,894
Non-current portion of long-term loan	-	55,014
Other liabilities	205,857	198,208
<b>Total Noncurrent Liabilities</b>	<b>1,300,494</b>	<b>1,365,116</b>
<b>Total Liabilities</b>	<b>4,862,650</b>	<b>4,915,543</b>
<b>Equity</b>		
Capital Stock - P1 par value	1,700,000	1,700,000
Equity reserves	(122)	(123)
Deficit	(926,260)	(919,383)
Cumulative translation adjustment on foreign subsidiaries	(100,477)	(61,000)
	673,141	719,494
<b>Non-controlling Interests</b>	<b>3,712,661</b>	<b>3,785,894</b>
<b>Total equity</b>	<b>4,385,802</b>	<b>4,505,388</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 9,248,452</b>	<b>P 9,420,931</b>

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

	<b>Six-Months Period Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
<b>REVENUE</b>		
Petroleum	P 195,045	P 95,290
Coal	3,197	1,031
	<b>198,242</b>	<b>96,321</b>
<b>COSTS AND EXPENSES</b>		
Petroleum production costs	87,558	52,794
Cost of coal sales	3,197	792
General and administrative expenses	158,774	178,089
Mine product royalties	606	258
	<b>250,135</b>	<b>231,933</b>
<b>OTHER INCOME (CHARGES)</b>		
Gain on sale of assets - net	18,122	26,867
Provision for impairment of assets - net	-	(27,056)
Foreign exchange gain	(3,458)	(99,154)
Interest income (expense) - net	3,524	(19,488)
Others	305	(34)
	<b>18,493</b>	<b>(118,865)</b>
<b>LOSS BEFORE TAX</b>	<b>(33,400)</b>	<b>(254,477)</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		
Current	284	(1,260)
Deferred	7,030	(28,008)
	<b>7,314</b>	<b>(29,268)</b>
<b>NET LOSS</b>	<b>( P 40,714)</b>	<b>( P 225,209)</b>
<b>Net Income (Loss) Attributable to:</b>		
Equity holders of the Parent Company	( P 11,880)	( P 161,960)
Non-controlling interests	(28,834)	(63,249)
	<b>( P 40,714)</b>	<b>( P 225,209)</b>
<b>BASIC/DILUTED EARNINGS (LOSS) PER SHARE</b>	<b>( P 0.0070)</b>	<b>( P 0.0953)</b>