COVER SHEET

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SEC Registration Number

P X P E N E R G Y C O R P O R A T I O N

(Company's Full Name)

2 F L A U N C H P A D R E L I A N C E
C O R N E R S H E R I D A N S T R E E T S
M A N D A L U Y O N G C I T Y 1 5 5 0

(Business Address: No. Street City/Town/Province)

Mark Rilles

(Contact Person)

631-1381 to 88

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Calendar Year)

SEC 17-Q

(Form Type)

3rd Tuesday of May

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2026

2. Commission identification number: **CS200719819** 3. BIR Tax Identification No.: **006-940-588-000**

4. Exact name of issuer as specified in its charter: **PXP ENERGY CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: ____________ (SEC Use Only)

7. Address of issuer's principal office: **2/F LaunchPad, Reliance cor. Sheridan Sts., Mandaluyong City**
   Postal Code: **1550**

8. Issuer's telephone number, including area code: **(632) 8631-1381**

9. Former name, former address and former fiscal year, if changed since last report:

   N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	**₱2,390,243,903**
Debt	**131,924,000**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [/] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange **Common shares**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [/] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [/] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Unaudited Consolidated Financial Statements as of and for the six-month period ended June 30, 2026 are hereto attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Consolidated petroleum revenues amounted to ₱21.2 million (1H2025: ₱33.2 million) for the first six (6) months of 2026.

The decrease in petroleum revenues primarily reflected a 44% reduction in sales volume, with one (1) lifting of 156,983 barrels during the current period (1H2025: two (2) liftings of 280,742 barrels), together with an 11% decrease in the effective average crude price to US$62.9 per barrel (1H2025: US$70.7 per barrel). These effects were partly cushioned by the increase in Forum Energy Philippines Corporation's ("FEPCO") participating interest in the Galoc Field to 4.69% under SC 88, effective December 18, 2025. Petroleum revenues were contributed through Forum Energy Limited, in which PXP holds a 98.08% economic interest, through its wholly-owned subsidiary FEPCO.

Consolidated costs and expenses decreased to ₱43.4 million (1H2025: ₱55.0 million), as petroleum production costs fell to ₱19.3 million (1H2025: ₱28.6 million), consistent with the lower volume sold, while general and administrative expenses declined to ₱24.1 million (1H2025: ₱26.4 million).

Net financing costs increased to ₱10.3 million (1H2025: ₱2.1 million), comprising higher net interest expense of ₱4.3 million (1H2025: ₱3.1 million) and a foreign exchange loss of ₱5.9 million (1H2025: foreign exchange gain of ₱0.9 million). The higher net interest expense reflected a larger principal balance on shareholder loans and lower interest income from declining short-term deposits, while the foreign exchange loss resulted from the weakening of the Philippine peso against the U.S. dollar on the Group's U.S. dollar-denominated loans.

Consolidated net loss amounted to ₱32.5 million (1H2025: ₱23.7 million), mainly reflecting the higher financing costs and foreign exchange loss, partly offset by lower petroleum production costs and general and administrative expenses. Net loss attributable to equity holders of the Parent amounted to ₱31.6 million (1H2025: ₱22.8 million), with basic/diluted loss per share of ₱0.0132 (1H2025: ₱0.0095). Core net loss was ₱25.7 million (1H2025: ₱21.1 million).

During the second quarter of 2026, there was no crude oil lifting from Galoc. Consolidated petroleum revenues were therefore limited to ₱0.4 million (2Q2025: ₱12.8 million), compared with one (1) lifting of 123,361 barrels recorded in 2Q2025.

Costs and expenses for the quarter decreased to ₱12.3 million (2Q2025: ₱25.2 million), consisting of petroleum production costs of ₱0.3 million (2Q2025: ₱11.3 million) and general and administrative expenses of ₱12.0 million (2Q2025: ₱13.9 million). The lower petroleum production costs reflect the absence of a crude oil lifting during the quarter, as production costs are capitalized as inventory until the related crude oil is sold.

Net financing costs for the quarter amounted to ₱4.4 million (2Q2025: ₱1.9 million), comprising net interest expense of ₱2.3 million (2Q2025: ₱2.2 million) and a foreign exchange loss of ₱2.1 million (2Q2025: forex gain of ₱267 thousand), reflecting the higher shareholder-loan balance and the weakening of the Philippine peso against the U.S. dollar.

Accordingly, consolidated net loss for 2Q2026 was ₱16.4 million (2Q2025: ₱14.3 million). Net loss attributable to equity holders of the Parent amounted to ₱16.0 million (2Q2025: ₱13.4 million), with basic/diluted loss per share of approximately ₱0.0067 (2Q2025: ₱0.0056). Core net loss was ₱13.9 million (2Q2025: ₱11.9 million).

As at June 30, 2026, the Company's total assets stood at ₱3.289 billion from ₱3.177 billion at end-December 2025. Total current assets decreased to ₱60.2 million from ₱64.9 million, primarily as cash and cash equivalents declined to ₱21.9 million from ₱40.1 million following payments for Galoc operating costs, service contract activities, interest, and administrative overhead. Trade and other receivables increased to ₱13.8 million from ₱12.0 million, while inventories increased to ₱17.2 million from ₱6.1 million, reflecting crude oil held in storage at period-end. Other current assets increased to ₱7.4 million from ₱6.6 million. Noncurrent assets increased to ₱3.228 billion from ₱3.113 billion, mainly due to higher deferred oil and gas exploration costs of ₱2.960 billion from ₱2.845 billion, reflecting service contract activities and foreign currency translation movements.

Current liabilities as at June 30, 2026 increased to ₱160.3 million from ₱125.8 million as at December 31, 2025, mainly due to higher notes payable of ₱131.9 million from ₱105.8 million and higher trade and other payables of ₱27.4 million from ₱19.1 million. Total noncurrent liabilities increased to ₱421.9 million from ₱409.2 million, principally reflecting increases in provisions for losses and rehabilitation and decommissioning costs. Accordingly, total liabilities increased to ₱582.2 million from ₱535.0 million at the end of the prior year.

As of June 30, 2026, total equity stood at ₱2.706 billion from ₱2.642 billion as at December 31, 2025. Capital stock remained at ₱2.390 billion, while additional paid-in capital stood at ₱3.924 billion and equity reserves remained at negative ₱718.7 million. Cumulative translation adjustment on foreign subsidiaries increased to ₱671.9 million from ₱610.8 million following foreign currency movements during the period. Deficit widened to ₱3.688 billion from ₱3.656 billion, following the ₱31.6 million net loss attributable to equity holders of the Parent. Non-controlling interests increased to ₱126.3 million from ₱91.0 million, mainly due to foreign currency translation effects.

Net cash used in Operating Activities for the six-month period amounted to ₱27.6 million (1H2025: ₱30.0 million), primarily reflecting payments for FEPCO's share of Galoc operating costs, corporate overhead, interest expense, and other working capital requirements.

Net cash used in Investing Activities amounted to ₱6.4 million (1H2025: ₱8.7 million), mainly representing expenditures for deferred oil and gas exploration costs and other service-contract related activities.

Finally, Net cash provided by Financing Activities amounted to ₱20.3 million (1H2025: net cash used of ₱14.2 million), primarily from ₱21.2 million proceeds from notes payable, partly offset by ₱927 thousand in transaction costs related to the issuance of shares.

The effect of exchange rate changes on cash and cash equivalents resulted in an outflow of ₱4.5 million (1H2025: inflow of ₱1.2 million). Consequently, cash and cash equivalents declined by ₱18.3 million during the period to ₱21.9 million as at June 30, 2026, from ₱40.1 million at the beginning of the year.

Management continues to prioritize essential corporate, regulatory and service-contract expenditures while managing the timing of disbursements against available liquidity.

TOP FIVE (5) KEY PERFORMANCE INDICATORS

1) Enhance Value of Assets

Maturing assets from the exploration to the development and production phases enhances the value of the Company's assets.

The key activities which were aimed at enhancing asset value, include:

SC No. 72 – Recto Bank

On October 11, 2022, the Department of Energy ("DOE") acknowledged the force majeure declaration for SC 72, confirming that it would remain in effect until lifted. The DOE also stated that expenses incurred due to the suspension would be part of the approved recoverable costs, pending audit, and that all work done since the previous force majeure was lifted in 2020 had been nullified. As a result, SC 72 was granted an extension of the exploration period, equal to the number of days spent preparing for the suspended activities.

On March 20, 2023, the DOE further affirmed that the entire period from the previous lifting of force majeure on October 14, 2020, to its re-imposition on April 6, 2022, will be credited back to SC 72. Consequently, once the force majeure is lifted, Forum (GSEC 101) Limited, the SC 72 Operator, will have 20 months to drill the two (2) commitment wells, which is equivalent to the remaining term of the second Sub-Phase ("SP") before October 14, 2020.

FGL continues to coordinate with the DOE on the resumption of exploration activities in SC 72.

SC No. 75 – Northwest Palawan

On October 11, 2022, the DOE acknowledged the force majeure declaration, confirming that it would remain in effect until officially lifted. It also stated that expenses incurred due to the suspension would be part of the approved recoverable costs, pending audit, and that an extension, equivalent to the time lost, was granted.

On March 20, 2023, the DOE further clarified that the entire period from October 14, 2020 to April 6, 2022, would be credited back to SC 75. Once the force majeure is lifted, PXP will have 18 months to complete the seismic data acquisition, aligning with the remaining term of SP 2 before October 2020.

PXP continues to coordinate with the DOE on the resumption of exploration activities in SC 75.

SC No. 40 – North Cebu

In June 2022, FEI contracted a drilling consultant to prepare drilling programs and budgets for two (2) wells, one of which will be located in the Dalingding Prospect, a reef structure defined by seismic with the Late Miocene to Pliocene-age Barili Limestone as the primary target. A well, Dalingding-1, was drilled on this structure in 1996 and was plugged and abandoned as a dry hole with minor gas shows after reaching a total depth of 460 meters. FEI's re-evaluation of the prospect concluded that Dalingding-1 well did not reach the Barili target, which is currently estimated to lie approximately 146 meters below the well's final depth. FEI proposes drilling a new well to a depth of 1,200 meters to reach the Barili Limestone and secondary targets below it.

An independent technical evaluation, including a review of available data, project risk assessment, and project economics for the Maya and Dalingding Prospects, commenced in the first quarter of 2023. The results indicate that both deterministic and probabilistic volumetric estimates for the Dalingding Prospect show mean resources of 10 billion cubic feet (“BCF”) in the gas case and 3.5 million barrels (“MMbbl”) in the oil case. The study was completed in March 2024.

On January 3, 2024, the DOE approved the work program and budget for 2024, which includes the conduct of a magnetotelluric (“MT”) survey over the Dalingding Prospect. The survey aimed to define the top of the carbonate target and help determine its depth from surface. The results will be used to further refine the Dalingding-2 drilling program.

MT equipment testing and data acquisition in Daanbantayan, Cebu commenced on June 14, 2024, and was completed on September 2, 2024. A total of 30 stations were acquired on two (2) parallel lines oriented in a NW-SE direction, and 20 stations on one (1) perpendicular line oriented in a NE-SW direction.

On December 23, 2024, the proposed work program and budget (“WP&B”) for 2025 was submitted to the DOE. It included a firm program consisting of the continuation and finalization of MT data processing and interpretation, as well as the technical re-evaluation of the Dalingding prospect, wherein MT data were integrated with existing geological, geophysical, and well data. The DOE approved the 2025 WP&B on January 7, 2025.

Processing and interpretation of the MT data were completed in April 2025. The results successfully mapped the presence of a reef boundary, interpreted as the Barili Limestone, identified through sharp resistivity contrasts with surrounding formations. However, the interpreted reef depth and thickness of the overlying seal vary, possibly due to data interpolation effects, as a significant amount of cultural noise had to be removed during processing and interpretation.

A data integration study was conducted by FEI following receipt of the MT report and was completed in June 2025. The subsurface resistivity data derived from the MT method indicate that resistivity may vary laterally within a formation, reflecting differences in its physical properties. When combined with other geophysical methods, MT data can provide a more comprehensive understanding of subsurface geology. The study also concluded that while seismic remains the primary tool for defining prospect structures, MT-derived resistivity can assist in predicting porosity and fluid type within seismically delineated geologic bodies. By integrating data from multiple geophysical tools and sources, porosity distribution on the Barili Limestone surface was successfully estimated and mapped.

The WP&B and Annual Procurement Plan for 2026 were submitted to the DOE on February 27, 2026, and were approved on March 11, 2026. The firm work program includes the re-evaluation of the Dalingding Prospect and Dalingding-2 geologic prognosis, as well as Maya site maintenance. Drilling preparations for Dalingding-2 are a contingent program.

SC No. 80 – Sulu Sea

SC 80 was awarded on September 24, 2025, with Tetragon Energy (Philippines) Pty Ltd (“Tetragon”) appointed as Operator and PXP holding a 12.5% participating interest. This award followed PXP’s participation in a consortium that submitted a bid in August 2024 for PDA-BP-2 under the 1st BARMM Conventional Energy Bid Round, jointly conducted by the DOE and the Ministry of Environment, Natural Resources and Energy (“MENRE”) of the Bangsamoro Autonomous Region in Muslim Mindanao (“BARMM”), as part of the government’s initiative to open new conventional energy areas. The application was found complete and progressed through substantive evaluation, with the Certification Precondition approved in November 2024 after confirmation that Free, Prior, and Informed Consent from the affected Indigenous Cultural Communities/Indigenous Peoples had been obtained.

The block is located in the southwestern part of the Sulu Sea Basin, about 200 km from the coast of Borneo. It has an area of 7,800 square kilometers, with water depths ranging from 200 to 3,000 m in the eastern portion of the block.

Between 2009 and 2010, ExxonMobil, as operator, along with consortium members BHP Billiton and Mitra Energy, drilled four (4) wells in deeper waters within PDA-BP-2. Two (2) of these wells, Dabakan and Palendag, discovered gas in multiple stacked turbidite sands within deepwater thrusted anticline traps.

In addition to the discovered gas, several significant exploration prospects have been identified within both the fold belt and basin floor fan systems, located both within and outboard of the thrust belt. There are also indications of older carbonate deposits exhibiting reef-like characteristics.

Under the first sub-phase of the new SC, which has a 24-month term, comprehensive G&G studies will be carried out, including the reprocessing of existing 3D seismic data using the Pre-Stack Depth Migration ("PSDM") method. In early July 2026, Tetragon awarded a US$1.45 million contract to DUG Technology Ltd. for the reprocessing of over 4,000 square kilometers of existing 3D seismic data, and up to 3,000 line-kilometers of 2D seismic data, covering areas within SC 80 and SC 81.

SC No. 81 – Sulu Sea

On September 24, 2025, SC 81 was awarded, with Tetragon appointed as Operator and PXP holding a 12.5% participating interest in the block. The award followed the submission in August 2024 of bid documents for PDA-BP-3 by PXP, together with three (3) other consortium partners, to the DOE and BARMM-MENRE. The application was found to be complete and advanced to substantive evaluation, with the Certification Precondition secured from the BARMM Ministry of Indigenous Peoples' Affairs in November 2024, satisfying a key requirement for the signing of the service contract.

SC 81 is located south of and adjacent to SC 80. Formerly known as PDA-BP-3, SC 81 was likewise among the blocks offered for bidding in early 2024. It has an area of 5,321 square kilometers and water depths ranging from less than 100 m in the west to an excess of 3,000 m in the east. The block is covered by 2D and 3D seismic data with seven (7) wells drilled by previous operators. It contains exploration prospects primarily in the eastern portion of the permit, within slope fan channel facies and deepwater fold-belt settings. These prospects and leads formed in similar structural and depositional settings similar to those in the SC 80 contract area to the north. While no commercial discoveries have yet been made, hydrocarbon indications have been recorded in some wells.

The initial phase of the consortium's exploration program commenced in early July 2026, with the reprocessing of existing 3D and 2D seismic data covering areas within both SC 80 and SC 81.

SC No. 86 – Octon-Malajon Block (formerly SC No. 6A)

SC 86 was awarded on September 30, 2025, as the successor to SC 6A, with PXP and FEPCO as consortium members, each holding a 6.8439% participating interest.

SC 6A was originally set to expire on February 28, 2024, leaving limited time for the Consortium to drill an exploratory well and develop a field in the event of a commercial discovery. As a result, the Consortium surrendered the contract effective March 31, 2021, and subsequently applied for a new contract under the Philippine Conventional Energy Contracting Program through area nomination. The surrender was approved by the DOE on September 5, 2022. On March 17, 2023, The Philodrill Corporation ("Philodrill"), as Operator and on behalf of the Consortium, submitted the application documents for the new service contract, which covered an expanded area of 1,320 square kilometers. This includes the former SC 6A Octon area as well as additional areas relinquished from SC 74 in 2022.

SC 86 lies within a proven petroleum system characterized by multiple prospects and leads, most notably the Malajon-Salvacion-Saddle Rock Anticlinorium and the Octon Discovery.

The Malajon-Salvacion-Saddle Rock Anticlinorium is interpreted as an inverted Paleogene syn-rift graben comprising four (4) individual prospects: Malajon, West Malajon, Salvacion, and Saddle Rock. The structure covers an area of approximately 108 square kilometers. Best-case unrisked resource estimates for the West Malajon and Salvacion prospects are 50.2 MMbbl and 17.7 MMbbl, respectively.

The Octon Discovery is a four-way dip-closed anticline discovered by the Octon-1 well in 1990, which flowed 12.5 million standard cubic feet of gas per day ("MMSCFD") and 1,050 barrels of condensate per day ("BCPD") from the Galoc Clastic Unit. A subsequent step-out well, Octon-2, drilled downdip, established an oil leg and flowed 1,800 barrels of oil per day ("BOPD"). A second appraisal well, Octon-3, located east of the discovery, encountered hydrocarbon-saturated sands; however, testing recovered only water. Subsequent evaluation of drilling, casing, cementing, and petrophysical data suggests that these results were likely affected by poor cement integrity. The estimated stock tank oil initially in place ("STOIIP") for the Octon Discovery is approximately 22 MMbbl.

The initial sub-phases of the new SC will focus on further subsurface evaluation, building on the G&G studies previously conducted under SC 6A. These activities aim to finalize the well location and design for the Malajon Prospect and to advance appraisal planning for the Octon Discovery.

SC No. 88 - Galoc (formerly SC No. 14C-1)

SC 14C-1 had an area of 164 sq. km and contained the Galoc Oil Field, which had produced approximately 25.517 million barrels of oil ("MMbbl") from first oil in October 2008 through June 30, 2026.

Gross production for the first half of 2026 totaled 184,016 barrels, averaging 1,017 BOPD, 10% lower than the 204,503 barrels and 1,130 BOPD recorded in 1H2025. One (1) lifting, Cargo 83, totaling 156,983 barrels was completed on March 1, 2026 at a gross price of US$62.94 per barrel. The next lifting is currently planned for the end of September 2026 at approximately 210,000 barrels, with the final lifting expected in the first half of 2027 prior to field decommissioning.

The field is expected to remain producing through early 2027, subject to effective cost management, operational efficiency, oil prices, and sustained performance of the remaining production wells, Galoc-5 and Galoc-6. FEPCO holds a 4.69147% participating interest in SC 88.

In December 2023, the DOE issued Department Circular No. 2023-12-0033, which took effect on January 3, 2024, establishing the framework for awarding Development and Production Petroleum Service Contracts (“DP PSC”) through direct negotiation for expiring service contracts with ongoing production or DOE-certified reserves. It will have an initial term aligned with the period necessary to produce the recoverable oil or gas reserves declared in the DOE-approved Plan of Development (“POD”). The contract may also be subject to renewal for an additional period based on mutually agreed terms and conditions.

Under the Circular, SC 14C-1 qualified for a new DP PSC, allowing continued production from the Galoc Field beyond its December 17, 2025 expiration. Accordingly, the Consortium applied for a DP PSC in March 2025 and submitted the required documentation over the succeeding months. The Government awarded the new contract, SC No. 88, on December 18, 2025, and, following the withdrawal of one (1) company from the application, FEPCO’s participating interest increased from 3.2103% under the expired SC 14C-1 to 4.69174%.The new service contract has a term of four (4) years or until April 2029.

SC No. 91 - Cadlao Block (formerly SC No. 6B)
On April 13, 2026, the DOE executed SC No. 91 in the Northwest Palawan Basin with the consortium composed of Nido Petroleum Philippines Pty. Ltd., Philodrill, Oriental Petroleum and Minerals Corporation, Alcorn Petroleum and Minerals Corporation, and FEPCO. The execution of SC 91 was disclosed by the Company on April 21, 2026 upon receipt of the DOE transmittal letter. SC 91 covers 103,034 hectares and includes an expanded portion of the former SC 6B, known as the Cadlao Block. The Service Contract has a 10-year term aligned with the estimated timeframe required to appraise, develop and produce the Cadlao Field, which has estimated Contingent Resources (2C) of 6.2 million barrels of oil.

Under the Farm-in Agreement executed on February 11, 2022, Nido increased its participating interest and assumed operatorship of the block, while FEPCO’s participating interest was reduced to 2.4546%. Under the arrangement, Nido will fund 100% of the drilling of Cadlao-4, the conduct of an extended well test (“EWT”), and the subsequent development of the Cadlao Field, with FEPCO retaining its 2.4546% participating interest.

Nido proposes a two-phase redevelopment consisting of:

- Phase 1: An EWT of up to six (6) months using a new single deviated well (Cadlao-4), a mobile offshore production unit (“MOPU”), and either a floating storage and offloading (“FSO”) vessel or a shuttle tanker; and

- Phase 2: Further development of the EWT well and additional wells potentially substituting the MOPU for a small wellhead platform (“WHP”) and storage barge.

In April 2022, RISC completed an independent assessment of the Cadlao Field. Overall, RISC supports the redevelopment as an economic opportunity, although costs will have to be carefully controlled.

The Deed of Assignment of Participating Interest to Nido and the revised 2022 WP&B, which includes the drilling of Cadlao-4, followed by the conduct of an EWT, were submitted to the DOE on April 11, 2022, with the spud date dependent on rig and FSO unit availability. The DOA was approved by the DOE on December 19, 2022. After completing the necessary actions and document submissions, the DOE approved the transfer of operatorship to Nido on December 19, 2022.

From November 28 to December 1, 2022, Nido conducted a geophysical site survey using the vessel Cassandra VI to assess potential seafloor constraints and hazards for the well location.

On November 15, 2023, Nido and PNOC EC signed an FIA for PNOC EC's acquisition of a 20% participating interest in the block, including cost-sharing for drilling and EWT of Cadlao-4, pending DOE approval for the formal transfer.

The drilling schedule for Cadlao-4 and the EWT remains subject to rig, production-unit and FSO availability, and the consortium's approved work program under SC 91.

West Linapacan DP PSC Application (formerly SC No. 14C-2)

The SC 14C-2 in the Northwest Palawan Basin covered an area of 176.5 sq. km and hosted two (2) main oil-bearing structures, West Linapacan A and West Linapacan B, as well as several seismic leads. The West Linapacan A Field was discovered in 1990 and produced over 8 MMBO from 1992 until it was shut-in in 1996. It is located in 300 to 350 m of water, approximately 60 km offshore from Palawan Island.

On November 17, 2025, the Consortium submitted a Letter of Intent to apply for a DP PSC covering SC 14C-2, which expired on December 17, 2025, together with additional open acreage. The block qualifies for a DP PSC based on the declared reserves in the West Linapacan A Field.

The proposed DP PSC will allow continued appraisal of the West Linapacan A Field for potential development, as well as evaluation of nearby structures, such as West Linapacan B, for possible tie-backs to any future West Linapacan A development. The Consortium has submitted the Letter of Intent but, as of the latest operations update, has yet to submit the application documents to the DOE.

Upon award, FEPCO's participating interest in the West Linapacan DP PSC will increase to 13.24%, from 9.103% under the former SC 14C-2.

2) Portfolio Management

Selective acquisitions and divestments help mitigate the risks inherent in petroleum exploration and ensure the alignment of resources with the Company's objectives and strategies.

PXP and FEPCO participated in the application for SC 86, which was awarded on September 30, 2025, covering the area of the former SC 6A. The new contract includes a seven-year exploration program that will build on the work undertaken under the previous service contract.

In December 2023, the DOE issued a Circular providing guidelines for the award of DP PSCs through direct negotiations. The first DP PSC, SC 88, was awarded to the Galoc Consortium on December 18, 2025 to continue production from the Galoc Field beyond the end of the former SC 14C-1 term. The DP PSC for the Cadlao Block, SC 91, was awarded on April 13, 2026, replacing the former SC 6B. The redevelopment of the Cadlao Field, including the drilling of the Cadlao-4 well and conduct of an EWT, constitutes the principal work commitment under the new service contract. Meanwhile, the West Linapacan Consortium had submitted a Letter of Intent for a DP PSC covering the former SC 14C-2 and additional open acreage to allow further appraisal of the West Linapacan A Field and nearby structures.

On March 16, 2020, PXP submitted to the DOE all technical, legal, and financial documents in support of its nomination of a block located offshore West Palawan and adjacent to SC 72. On September 14, 2020, DOE opened the bid submitted by PXP and found the SC application documents complete, thus, qualifying them to undergo further legal, technical, and financial evaluation. The bid documents are still under further review by the DOE. Once a SC is granted, the proposed work program for the first sub-phase would include the acquisition of at least 2,200 line-km of 2D seismic data, along with marine gravity and magnetic data.

On September 24, 2025, the government awarded SC 80 and SC 81 in the Sulu Sea where PXP holds a 12.5% participating interest in each block.

In early July 2026, Tetragon awarded a US$1.45 million contract to DUG Technology Ltd. for the reprocessing of over 4,000 square kilometers of existing 3D seismic data, and up to 3,000 line-kilometers of 2D seismic data, covering areas within SC 80 and SC 81.The seismic data, originally acquired between 2005 and 2013, will be reprocessed using advanced seismic imaging techniques to improve data quality and enhance evaluation of the blocks' hydrocarbon potential. Currently, the largest and most attractive prospect is Halcon, an outboard basin-floor fan with potential for multi-TCF prospective gas resources. This large deepwater prospect, along with several other prospects, will be remapped and further assessed upon completion of the reprocessing work. Initial fast-track seismic products are expected within six (6) months, with the final processed dataset to be delivered in approximately one (1) year.

3) Control of Costs and Expenses

Management continues to emphasize cost containment to preserve liquidity and extend the Company's operating runway.

General and administrative expenses for the first half of 2026 decreased to ₱24.1 million from ₱26.4 million in 1H2025. Management continues to prioritize compliance, regulatory commitments and essential operating requirements, while closely managing discretionary spending and the timing of disbursements.

4) Financial Management

The Company addresses its funding requirements through regular review of its cash position and forecast. Prudent financial management remains focused on preserving liquidity and ensuring that essential corporate and service-contract obligations can be funded as they fall due.

Between February and April 2026, PXP obtained additional interest-bearing loans from major shareholders Philex Mining Corporation ("PMC") and Kirtman Limited totaling US$350 thousand. The principal is payable on demand and bears interest at six-month TERM SOFR plus a 3.5% margin per annum, payable quarterly in arrears. As at June 30, 2026, notes payable amounted to ₱131.9 million, compared with ₱105.8 million at December 31, 2025

On August 3, 2026, PXP obtained additional interest-bearing loans from PMC under the same terms as above amounting to US$250 thousand.

The proceeds of the shareholder loans are being used to partially fund the Group's working capital requirements. The Company continues to evaluate additional funding options to support its operating and portfolio requirements.

5) Health, Safety and Environment

A commitment to undertake activities without endangering the environment and the health and safety of people is key to maintaining the Company's license to operate.

Throughout the period, the Company and its subsidiaries reported zero fatalities, COVID-19 cases, or environment-related incidents demonstrating our commitment to safety and responsibility. The Company regularly submits quarterly accident statistics reports to the DOE in compliance with the agency's DC No. 2020-04-0010, also known as the Upstream Petroleum Operations Safety, Health and Environment Rules and Regulations of 2020 ("UPOSHERR").

An employee was designated as the Company's Safety Officer to oversee the safe conduct of daily business operations. The appointed Safety Officer completed the required health and safety trainings to qualify for the position and was later accredited by the DOE. These trainings are: (1) Basic Occupational Safety and Health ("BOSH") Training, (2) Standard First Aid ("SFA") Training and Basic Life Support ("BLS") with Automatic External Defibrillator ("AED"), (3) Basic Offshore Induction and Emergency Training ("BOSIET") with Compressed Air Emergency Breathing System ("CA-EBS"), and (4) Institution of Occupational Safety and Health ("IOSH") Training.

The Company provided employees with emergency go bags, which are crucial for navigating disasters like earthquakes, fires, and typhoons. These lightweight kits contain essential survival items, including a first-aid kit, potable water, crackers, and canned food, and are replenished regularly. Industrial-grade hard hats, classified as Personal Protective Equipment ("PPE"), were also distributed to employees to help prevent head injuries during emergencies. Additionally, first aid kits containing basic wound care items and over-the-counter medicines for minor illnesses are made available at the office and during fieldwork. In May 2026, a blood pressure monitor and an infrared forehead thermometer were acquired as part of the Company's workplace health and safety initiatives. These devices support immediate preliminary assessment in cases of sudden illness or emergencies, enabling prompt first-aid response and the early detection of potential health concerns.

An Annual Physical Examination ("APE") was conducted onsite on March 19, 2026 as part of the Company's continuing commitment to promoting employee health and well-being. This annual initiative provides employees with convenient access to essential medical assessments while minimizing disruption to daily operations. Medical professionals from Newport X-ray, Laboratory & Medical Center Inc. set up temporary testing stations in designated areas and carried out comprehensive health screenings, including physical examinations, blood chemistry tests, urinalysis, electrocardiograms ("ECG"), Pap smear tests, chest X-rays, optical assessments, and physician consultations.

The annual influenza (flu) vaccination activity was likewise held onsite on June 5, 2026. Prior to vaccine administration, medical staff from Cardinal Santos Medical Center took vital signs to ensure that employees were fit to receive the vaccine. Employees were also offered free random blood sugar testing and access to a physician for consultation. This initiative is part of the Company's commitment to promoting employee health and well-being through preventive healthcare.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

There is no other known event that would trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that has not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business of which no material claims have been identified.

Other than what have been discussed above, there are no known significant trends, demands, commitments or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way. There are no material commitments for capital expenditures not reflected in the Company's financial statements. Likewise, there is no significant seasonality or cyclicality in its business operations that would have a material effect on the Company's financial condition or results of operations. There were no other significant elements of income or loss that did not arise from the Company's continuing operations. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period. Finally, there are no line items in the Company's financial statements not already explained for causes either above or in the Notes to the Consolidated Financial Statements other than due to the usual period-to-period fluctuations in amounts that are natural in every business operations.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DANIEL STEPHEN P. CARLOS
President

MARK RAYMOND H. RILLES
Finance Controller

Date: August 13, 2026

PXP ENERGY CORPORATION
AND SUBSIDIARIES

UNAUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
June 30, 2026

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

ASSETS		June 30, 2026 (Unaudited)		December 31, 2025 (Audited)
Current Assets				
Cash and cash equivalents	₱	**21,856**	₱	40,143
Trade and other receivables		**13,817**		11,985
Inventories		**17,173**		6,131
Other current assets - net		**7,386**		6,595
Total Current Assets		**60,232**		64,854
Noncurrent Assets				
Deferred oil and gas exploration costs		**2,960,331**		2,844,529
Property, Equipment and Right-of-Use Assets - net		**4,545**		5,067
Goodwill		**254,397**		254,397
Other noncurrent assets		**9,010**		8,642
Total Noncurrent Assets		**3,228,283**		3,112,635
TOTAL ASSETS	₱	**3,288,515**	₱	3,177,489

LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	₱	**27,428**	₱	19,066
Notes payable		**131,924**		105,822
Income tax payable		**2**		42
Lease liability - current portion		**973**		891
Total Current Liabilities		**160,327**		125,821
Noncurrent Liabilities				
Provision for losses		**220,012**		211,038
Deferred income tax liabilities - net		**93,137**		92,976
Provision for rehabilitation and decommissioning costs		**99,670**		95,604
Lease liability - net of current portion		**2,529**		2,756
Other noncurrent liabilities		**6,511**		6,801
Total Noncurrent Liabilities		**421,859**		409,175
Total Liabilities		**582,186**		534,996
Equity				
Capital Stock - P1 par value		**2,390,244**		2,390,244
Additional paid-in capital		**3,924,388**		3,925,315
Equity reserves		**(718,688)**		(718,688)
Deficit		**(3,687,795)**		(3,656,183)
Cumulative translation adjustment on foreign subsidiaries		**671,880**		610,802
		2,580,029		2,551,490
Non-controlling Interests		**126,300**		91,003
Total Equity		**2,706,329**		2,642,493
TOTAL LIABILITIES AND EQUITY	₱	**3,288,515**	₱	3,177,489

PXP ENERGY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, except Loss Per Share)

	For the 6-Month Period Ended June 30	
	2026	2025
INCOME AND EXPENSES FROM OPERATING ACTIVITIES		
Petroleum revenues	₱ **21,245**	₱ 33,214
Petroleum production costs	**(19,262)**	(28,638)
General and administrative expenses	**(24,126)**	(26,370)
Operating Loss	**(22,143)**	(21,794)
INCOME FROM INVESTING ACTIVITIES		
Others - net	**-**	274
Total investing income	**-**	274
LOSS BEFORE FINANCING AND INCOME TAX	**(22,143)**	(21,520)
INCOME (EXPENSE) FROM FINANCING ACTIVITIES		
Interest expense - net	**(4,342)**	(3,065)
Foreign exchange gain (loss) - net	**(5,941)**	935
Total financing cost	**(10,283)**	(2,130)
LOSS BEFORE INCOME TAX	**(32,426)**	(23,650)
PROVISION FOR CURRENT INCOME TAX	**28**	71
NET LOSS	**(₱ 32,454)**	(₱ 23,721)
Net Loss Attributable to:		
Equity holders of the Parent Company	**(₱ 31,612)**	(₱ 22,754)
Non-controlling interests	**(842)**	(967)
	(₱ 32,454)	(₱ 23,721)
BASIC/DILUTED LOSS PER SHARE	**(₱ 0.0132)**	(₱ 0.0095)
CORE NET LOSS	**(₱ 25,668)**	(₱ 21,128)

PXP ENERGY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, except Loss Per Share)

	For the 3-Month Period Ended June 30			
	2026	2025		
INCOME AND EXPENSES FROM OPERATING ACTIVITIES				
Petroleum revenues	₱ **350**	₱ 12,815	(₱ 12,465)	-97%
Petroleum production costs	**(317)**	(11,334)	11,017	-97.20%
General and administrative expenses	**(12,001)**	(13,877)	1,876	-13.52%
Operating Loss	**(11,968)**	(12,396)	428	-3.45%
INCOME FROM INVESTING ACTIVITIES				
Others - net	**-**	(4)	4	-100.00%
Total investing income	**-**	(4)		
LOSS BEFORE FINANCING AND INCOME TAX	**(11,968)**	(12,400)		
INCOME (EXPENSE) FROM FINANCING ACTIVITIES				
Interest expense - net	**(2,321)**	(2,165)	(156)	7.21%
Foreign exchange gain (loss) - net	**(2,097)**	267	(2,364)	-885.39%
Total financing cost	**(4,418)**	(1,898)	(2,520)	132.77%
LOSS BEFORE INCOME TAX	**(16,386)**	(14,298)	(2,088)	14.60%
PROVISION FOR CURRENT INCOME TAX	**3**	32		
NET LOSS	**(₱ 16,389)**	(₱ 14,330)	(₱ 2,059)	14.37%

Net Loss Attributable to:

PXP ENERGY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	For the 6-Month Period Ended June 30	
	2026	2025
NET LOSS	**(₱ 32,454)**	(₱ 23,721)
OTHER COMPREHENSIVE INCOME (LOSS)		
Gain on translation of foreign subsidiaries	**97,217**	(57,338)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱ 64,763**	(₱ 81,059)
Total Comprehensive Income (loss) Attributable to:		
Equity holders of the Parent Company	**₱ 29,466**	(₱ 110,020)
Non-controlling interests	**35,297**	28,961
	₱ 64,763	(₱ 81,059)

PXP ENERGY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock	Additional paid in capital	Equity Reserves	Retained Earnings (Deficit)	Cumulative Translation Adjustment on Foreign Subsidiaries	Subtotal	Non-controlling Interests	Total
Balances at January 1, 2025	**₱ 1,960,000**	**₱ 2,816,545**	**₱ 411,549**	**(₱ 3,578,653)**	**₱ 574,634**	**₱ 2,184,075**	**₱ 520,406**	**₱ 2,704,481**
Additional share subscription, net of transaction costs	**430,244**	**1,109,982**	**(1,136,155)**	**-**	**-**	404,071	(424,227)	(20,156)
Net Income (loss) for the period	-	-	-	(22,754)	-	(22,754)	(967)	(23,721)
Other comprehensive loss:								
Gain (loss) on translation of foreign subsidiaries	-	-	-	-	(87,266)	(87,266)	29,928	(57,338)
Total comprehensive Income (loss) for the period	430,244	1,109,982	(1,136,155)	(22,754)	(87,266)	294,051	(395,266)	(101,215)
Balance at June 30, 2025	**₱ 2,390,244**	**₱ 3,926,527**	**(₱ 724,606)**	**(₱ 3,601,407)**	**₱ 487,368**	**₱ 2,478,126**	**₱ 125,140**	**₱ 2,603,266**

	Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock	Additional paid in capital	Equity Reserves	Retained Earnings (Deficit)	Cumulative Translation Adjustment on Foreign Subsidiaries	Subtotal	Non-controlling Interests	Total
Balances at January 1, 2026	**₱ 2,390,244**	**₱ 3,925,315**	**(₱ 718,688)**	**(₱ 3,656,183)**	**₱ 610,802**	**₱ 2,551,490**	**₱ 91,003**	**₱ 2,642,493**
Transaction costs related to issuance of shares	**-**	**(927)**	**-**	**-**	**-**	(927)	-	(927)
Net income (loss) for the period	-	-	-	(31,612)	-	(31,612)	(842)	(32,454)
Other comprehensive income:								
Gain on translation of foreign subsidiaries	-	-	-	-	61,078	61,078	36,139	97,217
Total comprehensive loss for the period	-	(927)	-	(31,612)	61,078	28,539	35,297	63,836
Balance at June 30, 2026	**₱ 2,390,244**	**₱ 3,924,388**	**(₱ 718,688)**	**(₱ 3,687,795)**	**₱ 671,880**	**₱ 2,580,029**	**₱ 126,300**	**₱ 2,706,329**

PXP ENERGY CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amount in Thousands)

	For the 6-Month Period Ended June 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(₱ 32,426)**	(₱ 23,650)
Adjustments for:		
Unrealized foreign exchange gain - net	**5,941**	(935)
Depreciation	**351**	260
Interest expense - net	**6,348**	3,065
Operating loss before working capital changes	**(19,786)**	(21,260)
Decrease (Increase) in:		
Accounts receivable	**(1,832)**	(5,671)
Inventories	**(11,042)**	4,710
Other current assets	**(791)**	2,192
Increase (Decrease) in:		
Accounts payable and accrued liabilities	**7,530**	1,119
Provision for losses and other liabilities	**3,775**	(7,924)
Net cash used in operations	**(22,146)**	(26,834)
Interest expense paid - net	**(5,459)**	(3,029)
Income taxes paid	**(43)**	(129)
Net cash used in operating activities	**(27,648)**	(29,992)
CASH FLOWS FROM INVESTING ACTIVITY		
Increase in Deferred oil and gas exploration costs and others	**(6,387)**	(8,698)
Net cash used in investing activities	**(6,387)**	(8,698)
CASH FLOWS FROM FINANCING ACTIVITIES		
Transaction costs related to issuance of shares	**(927)**	(14,165)
Proceeds from notes payable	**21,219**	-
Net cash provided by (used in) financing activities	**20,292**	(14,165)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(4,544)**	1,219
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(18,287)**	(51,636)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**40,143**	91,414
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱ 21,856**	₱ 39,778

PXP ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE OF NOTES PAYABLE

June 30, 2026

(In thousand Pesos)

Current portion (Short term)	₱	131,924
Non-current portion (Long - term)		-
Total	₱	131,924

SCHEDULE OF NOTES PAYABLE

June 30, 2026

(In thousand Pesos)

Kirtman Limited	₱	73,632
Philex Mining Corporation		58,292
Total	₱	131,924

PXP ENERGY CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
June 30, 2026
(In Thousand Pesos)

	0-30 days	31-60 days	61-90 days	over 90 days	Total
The Galoc Production Company	₱ 4,734	₱ -	₱ -	₱ -	₱ 4,734
The Philodrill Corporation	3,344	-	-	-	3,344
Forum Pacific, Inc.	-	-	-	5,082	5,082
Others	657	-	-	-	657
	₱ 8,735	₱ -	₱ -	₱ 5,082	₱ 13,817

PXP ENERGY CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
June 30, 2026

	June 30, 2026	December 31,
Current Ratio	**0.38**	0.52
Debt-to-equity Ratio	**0.22**	0.20
Asset-to-equity Ratio	**1.22**	1.20
	June 30, 2026	June 30, 2025
Interest Rate Coverage ratio	**(6.47)**	(6.72)
Net Income Ratio	**(1.53)**	(0.71)

PXP ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026

1. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation
The unaudited interim condensed consolidated financial statements of PXP Energy Corporation and Subsidiaries (PXP or the Group) as at June 30, 2026 and December 31, 2025, and for the six-month period ended June 30, 2026 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. The unaudited interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2025.

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis. The unaudited interim condensed consolidated financial statements are presented in Philippine Peso (Peso), which is the Parent Company's functional currency. All amounts are rounded to the nearest thousands except when otherwise indicated.

Statement of Compliance
The preparation of the financial statements in compliance with the accounting principles generally accepted in the Philippines requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited interim condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the interim condensed consolidated financial statements. Actual results could differ from such estimates.

Basis of Preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis except for Available-for-sale (AFS) financial assets that are carried at fair value. The consolidated financial statements are presented in Philippine Peso (Peso), which is the Parent Company's functional and reporting currency, rounded to the nearest thousand (₱'000) except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2026.

Unless otherwise indicated, adoption of these new standards did not have an impact on the interim condensed consolidated financial statements of the Group:

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards - Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2027
- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

2. Management's Use of Significant Judgments, Accounting Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements in accordance with PFRS requires the management of the Group to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of any contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the unaudited interim condensed consolidated financial statements as they become reasonably determinable.

Accounting assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on amounts recognized in the unaudited interim condensed consolidated financial statements:

Classification of financial instruments
The Group exercises judgment in classifying financial instruments in accordance with PAS 39. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's unaudited interim condensed consolidated balance sheets.

Valuation of financial assets and financial liabilities
The Group carries certain financial assets and financial liabilities (i.e., AFS financial assets) at fair value, which requires the use of accounting estimates and judgment. At initial recognition, the fair value of quoted AFS, financial assets is based on its quoted price in an active market while the value of quoted AFS financial assets is based on its quoted price in an active market while the fair value of unquoted AFS financial assets is based on the latest available transaction price. The amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities would affect the profit and loss or other comprehensive income.

3. **Financial Risk Management Objectives and Policies**

The Group's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and advances from related parties. The main purpose of these financial instruments is to provide financing for the Group's operations.

Risk Management Structure
The Board of Directors (BOD) is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial Risks
The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The market risk exposure of the Group can be further be classified to foreign currency risk and equity price risk. The BOD reviews and approves policies for managing these risks.

Credit risk
Credit risk is such risk where the Group could incur a loss if its counterparties fail to discharge their contractual obligations. The Group manages credit risk by doing business mostly with affiliates and recognized creditworthy third parties.

With respect to credit risk arising from the financial assets of the Group, which comprise of cash in banks and cash equivalents and accounts receivables, the Group's exposure to credit risk could arise from the default of the counterparty, having a maximum exposure equal to the carrying amount of the instrument.

The table below summarizes the Group's maximum exposure to credit risk for the Group's financial assets as of June 30, 2026:

Cash in banks and cash equivalents	
Cash in banks	₱21,856
Short-term deposits	–
Accounts receivable	
Trade	8,079
Accrued interest and others	5,728
	₱42,492

The following tables show the credit quality of the Group's financial assets by class as of June 30, 2026 based on the Group's credit evaluation process.

	Neither Past Due nor Impaired		Past Due and Individually Impaired	Total
	High-Grade	Standard		
Cash and cash equivalents, excluding cash on hand:				
Cash in banks	₱21,856	₱–	₱–	₱21,856
Short-term deposits	–	–	–	–
Accounts receivable:				
Trade	–	8,078	–	8,078
Others	–	657	5,082	5,739
Total	₱21,856	₱8,735	₱5,082	₱35,673

Credit quality of cash and cash equivalents, and accounts receivables is based on the nature of the counterparty and the Group's evaluation process.

High-grade credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience. Standard-grade credit quality financial assets include quoted and unquoted equity investments that can be readily sold to a third party.

Aside from above, the Group has no past due but not impaired financial assets as of June 30, 2026.

Liquidity risk
Liquidity risk is such risk where the Group is unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility, and addresses its liquidity concerns through advances from its affiliates.

The following tables summarize the maturity profile of the Group's financial assets that can be used by the Group to manage its liquidity risk and the maturity profile of the Group's financial liabilities, based on contractual undiscounted repayment obligations (including interest) as of June 30, 2026:

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Loans and receivables:					
Cash in banks	₱21,856	₱–	₱–	₱–	₱21,856
Accounts receivable	–	8,735	–	5,082	13,817
Total undiscounted financial assets	₱21,856	₱8,735	₱–	₱5,082	₱35,673

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Trade and other payables:					
Trade	₱17,284	₱–	₱–	₱–	₱17,284
Accrued expenses	–	2,470	–	–	2,470
Other nontrade liabilities	–	–	7,676	–	7,676
Notes payable	–	–	131,924	–	131,924
Total undiscounted financial liabilities	₱17,284	₱2,470	₱139,600	₱–	₱159,354

Market Risk

Foreign currency risk

Foreign currency risk is the risk where the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from cash in banks. Net foreign exchange gains amounting to ₱142 thousand arising from the translation of these foreign currency-denominated financial instruments were recognized by the Parent Company for the period ended June 30, 2026. As at June 30, 2026, the exchange rate is ₱61.36 to US$1.

The Parent Company's foreign currency-denominated monetary assets and liabilities as of June 30, 2026 follow:

	US$	Peso Equivalent
Assets		
Cash and cash equivalents	$134	₱8,216
Liabilities		
Notes payable	(2,150)	(131,924)
Net monetary assets	($2,016)	(₱123,708)

The table below summarizes the impact on income (loss) before income tax of reasonably possible changes in the exchange rates of US dollar against the Peso:

US Dollar (Depreciates) Appreciates	Effect on Income (Loss) Before Income Tax
Appreciate by 6%	(₱7,422)
Depreciate by (6%)	7,422

There is no other impact on the Parent Company's equity other than those already affecting profit or loss.

Equity price risk
There is no equity price risk as the Group does not own investment in quoted shares of stock.

4. Segment Information

The Group currently has two reportable segments namely oil and gas activities and coal mining activities.

Operating results of the Group is regularly reviewed by the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income (loss) for the year, and earnings or losses before interest, taxes and depreciation and depletion (EBITDA).

Net income (loss) for the year is measured consistent with the consolidated net income (loss) in the consolidated statements of income. EBITDA is measured as net income (loss) excluding financing costs, interest income, provision for income tax, and depreciation and depletion of property and equipment.

EBITDA is not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. The Group relies primarily on the results in accordance with PFRS and uses EBITDA only as supplementary information.

Core income (loss) is the performance of the operating segment based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company excluding the effects of non-recurring items, net of their tax effects. Non-recurring items represent gains (losses) that, through occurrence or size, are not considered usual operating items, such as foreign exchange gains (losses), gains (losses) on disposal of investments, and other non-recurring gains (losses).

The Group's capital expenditures include acquisitions of property and equipment, and the incurrence of deferred oil and gas exploration costs.

The Group has only one geographical segment as the Group operates and derives all its revenue from domestic operations. The Group's assets are principally located in the Philippines. Thus, geographical business operation is not required.

For the Group's oil and gas activities, 100% of crude oil production from SC 88 during the first 6 months of 2026 was from the Galoc oil field. Crude oil liftings from the Galoc field were sold to a customer in East Asia.

The following tables present revenue and profit, including the computation of EBITDA as derived from the consolidated net income, and certain asset and liability information regarding the Group's operating segments.

As of June 30, 2026:

	Oil and Gas	**Coal**	**Eliminations**	**Total**
Consolidated Revenue				
External customers	**₱21,245**	**₱–**	**₱–**	**₱21,245**
Results				
EBITDA	**(20,806)**	**(5)**	**(4,916)**	**(25,727)**
Depreciation and depletion	**(351)**	**–**	**–**	**(351)**
Provision for income tax	**(28)**	**–**	**–**	**(28)**
Interest expense - net	**(6,347)**	**–**	**(1)**	**(6,348)**
Consolidated net loss	**(27,532)**	**(5)**	**(4,917)**	**(32,454)**
Core net loss				**(₱25,668)**
Consolidated total assets	**₱9,044,908**	**₱407**	**(₱5,756,800)**	**₱3,288,515**
Consolidated total liabilities	**₱991,443**	**₱736,315**	**(₱1,145,572)**	**₱582,186**

As of June 30, 2025:

	Oil and Gas	Coal	Eliminations	Total
Consolidated Revenue				
External customers	₱33,214	₱–	₱–	₱33,214
Results				
EBITDA	(24,657)	(4)	4,335	(20,326)
Depreciation and depletion	(260)	–	–	(260)
Provision for income tax	(71)	–	–	(71)
Interest expense - net	(3,041)	–	(23)	(3,064)
Consolidated net loss	(28,029)	(₱4)	₱4,312	(23,721)
Core net loss				(₱21,128)
Consolidated total assets	₱8,512,254	₱431	(₱5,432,372)	₱3,080,313
Consolidated total liabilities	₱901,781	₱736,315	(₱1,161,049)	₱477,047

The table below shows the Group's reconciliation of core net loss to the consolidated net loss for the six-month period ended June 30, 2026 and 2025.

	2026	2025
Core net loss	**(₱25,668)**	(₱21,128)
Non-recurring item:		
Net foreign exchange gain	**(5,944)**	957
Non-recurring expense	**–**	(2,583)
Net loss attributable to equity holders of the Parent Company	**(₱31,612)**	(₱22,754)
Net loss attributable to non-controlling interests	**(842)**	(967)
Consolidated net loss	**(₱32,454)**	(₱23,721)

5. **Related Party Transactions**

Related party relationships exist when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Companies within the Group in the regular conduct of business, enters into transactions with related parties which consists of advances, loans, reimbursement of expenses, regular banking transactions and management and administrative service agreements.

Intercompany transactions are eliminated in the consolidated financial statements.

The Group's significant related party transactions, which are under terms that are no less favorable than those arranged with third parties, are as follows:

a. In March 2022, PXP made interest-bearing advances to FEC amounting to US$199 thousand. These advances bear interest at an annual rate of 3.5% plus LIBOR (or if unavailable, its corresponding replacement benchmark) payable quarterly in arrears. The proceeds of these advances were used by FEC to partially fund its share of the exploration expenditures in SC 72.

   On June 30, 2023, the LIBOR publication was discontinued. The parties then agreed to use Secured Overnight Financing Rate (SOFR) as benchmark starting third quarter of 2023.

   Additional advances amounting to US$155 thousand and US$356 thousand in 2024 and 2023, respectively, were made by PXP to FEC under the same terms above to finance FEC's working capital and funding requirements in FEL. On December 27, 2024, the maturity date was extended to March 31, 2025 from December 31, 2024.

   On July 31, 2025, PXP converted the entire balance of US$1.16 million of outstanding obligations of FEC, comprising US$1.01 million in principal and US$0.15 million in accrued interest, into 131,563,725 new FEC shares at an implied issue price of US$0.0088 per share.

   PXP made interest-bearing advances to FEC amounting to US$40 thousand in December 2025, US$38 thousand in March 2026 and US$53 thousand in June 2026. These advances bear interest at an annual rate of 3.5% plus LIBOR (or if unavailable, its corresponding replacement benchmark) payable on demand. The proceeds of these advances were used by FEC to partially fund its working capital requirements.

   As at June 30, 2026 and December 31, 2025, advances to FEC amounted to ₱4.7 million and ₱2.4 million, respectively. Interest income earned during the first half ended June 30, 2026 and 2025 amounted to ₱35 thousand and ₱2 thousand, respectively. These were eliminated upon consolidation.

b. BEMC has significant transactions with related parties involving advances to provide funding for BEMC's exploration and development activities.

   On August 5, 2019, a deed of assignment was entered by BEMC and PXP transferring BEMC's advances from PMC to PXP amounting to ₱737.8 million. On December 19, 2019, PXP paid the advances from PMC amounting ₱737.8 million.

   In 2021, BEMC partially paid advances from PXP amounting to ₱1.5 million.

   As at June 30, 2026 and December 31, 2025, advances from PXP amounted to ₱736,315 and ₱736,315, respectively. These were eliminated upon consolidation.

c. On March 9, 2022, PXP entered into an agreement of promissory note with PMC and Kirtman Limited (Kirtman), both shareholders of PXP. The drawdown amount were both US$375 thousand, with principal payable upon demand by PMC and Kirtman and at an interest rate of LIBOR plus 3.5% margin per annum payable quarterly in arrears.

   On March 16, 2022, PXP entered into an agreement of promissory note with PMC and Kirtman. The drawdown amount were both US$225 thousand, with terms similar to the first promissory note.

   The proceeds of the notes payable were used to partially fund the Group's exploration expenditures in SC 72 and SC 75.

   On June 30, 2023, the LIBOR publication was discontinued. The parties then agreed to use SOFR as benchmark starting third quarter of 2023.

   On August 6, 2025, PXP entered into an agreement of promissory note with PMC and Kirtman. The drawdown amount were both US$300 thousand, with terms similar to the first and second promissory notes.

   During the current period, Kirtman and PMC agreed to provide additional funding to PXP, with Kirtman advancing US$300 thousand and PMC advancing US$50 thousand. The terms of this promissory note include the principal being payable upon demand at an interest rate of LIBOR plus 3.5% margin per annum payable quarterly in arrears.

   For the 6-month ended June 2026 and 2025 total interest expense incurred from Kirtman and PMC amounted to ₱4.3 million and ₱3.8 million, respectively. Accrued interest amounted to ₱1.6 million and ₱265 thousand as of June 30, 2026 and December 31, 2025, respectively.

d. Material related party transactions (RPT) refer to any related party transaction/s, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements.

   All individual material RPT shall be endorsed by the Corporate Governance and Related Party Transactions committee for approval by at least two-thirds vote of the BOD, with all independent directors voting to approve the material RPT. The material RPT may be further submitted to the stockholders and final approval when the BOD deems it necessary.

   Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require endorsement by the same committee for approval of the BOD.

6. Basic/Diluted Earnings Per Share

Basic/diluted loss per share for the six-month period ended June 30, 2026 and 2025 is computed as follows (amounts in thousands except per share values):

	2026	2025
Net loss attributable to equity holders of the Parent Company	**(₱31,612)**	(₱22,754)
Divided by weighted average number of common shares issued during the period	**2,390,244**	2,390,244
Basic loss per share	**(₱0.0132)**	(₱0.0095)
Diluted loss per share	**(₱0.0132)**	(₱0.0095)

As of June 30, 2026, the Parent Company does not have any potentially dilutive stocks.

7. Seasonality and Cyclicality of Interim Operation

There is no significant seasonality or cyclicality in its business operation that would have material effect on the Company's financial condition or results of operation.