

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **December 31, 2025**
2. SEC 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. **Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **2/F LaunchPad, Reliance cor. Sheridan Sts., Mandaluyong City** **1550**
Address of principal office Postal Code
8. **(632) 8631-1381**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding
<u>Common Shares</u>	<u>2,390,243,903</u>
<u>Debt</u>	<u>105,822,000</u>

11. Are any or all of these securities listed on a Stock Exchange.
Yes [☒] No [☐]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange **Common Shares**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 [☐]

Aggregate market value of the voting stock held by non-affiliates: ₱1.448 billion based on closing price of ₱2.38 per share at the Philippine Stock Exchange on December 31, 2025.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

CORPORATE PROFILE

PXP Energy Corporation (formerly Philex Petroleum Corporation) (“PXP” or “the Company”), is a Philippine corporation organized in December 2007 and is listed on the Philippine Stock Exchange (“PSE”).

The Company has interests in various petroleum Service Contracts (“SCs”) in the Philippines held directly and through its major subsidiary, Forum Energy Limited (“FEL”).

The Company holds a 50% operating interest in Service Contract (SC) 75 located in Northwest Palawan. It likewise holds non-operating interests of 12.5% each in SC 80 (formerly Pre-Determined Area BARMM Petroleum [PDA-BP]-2) and SC 81 (PDA-BP-3), both located in the Sulu Sea and awarded on September 24, 2025 by the Department of Energy (DOE) and the Ministry of Environment, Natural Resources and Energy (MENRE) of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). In addition, the Company holds a 6.8439% non-operating interest in SC 86 (formerly Nominated Area No. 10) located offshore Northwest Palawan, which was awarded by the DOE on October 8, 2025.

The Company has also submitted an application for a 100% operating interest under the DOE’s Philippine Conventional Energy Contracting Program (PCECP) covering Block A North Recto Bank (Nominated Area No. 6) located offshore West Palawan. The application remains under evaluation by the DOE.

The Company holds a 98.08% effective interest in FEL, with 92.55% held directly and 6.80% held indirectly through a 81.25%-owned subsidiary, FEC Resources, Inc. (“FEC”). FEC is a Canadian public company registered under the Canadian Business Corporations Act, and is quoted in North America. FEL, a UK-incorporated company with focus on the Philippines, has: (a) a 70% operating interest in SC 72 (Recto Bank), which covers the Sampaguita natural gas discovery in offshore West Palawan, held through Forum (GSEC 101) Limited (“FGL”), (b) a 100% operating interest in SC 40 (North Cebu) held through 66.67%¹-owned Forum Exploration, Inc. (“FEI”), and (c) minority interests in offshore Northwest Palawan SCs, including a 4.69174%² interest in the producing SC 88 Galoc field (Formerly SC 14C-1 Galoc), held through Forum Energy Philippines Corporation (“FEPC”).

The Company also holds a 100% interest in Pitkin Petroleum Limited and Brixton Energy & Mining Corporation (“BEMC”).

A summary of the Company’s principal subsidiaries and their nature of business are as follows:

<u>Subsidiary</u>	<u>Nature of Business</u>
FEL	Incorporated on April 1, 2005 in England and Wales primarily to engage in the business of oil and gas exploration and production, with focus on the Philippines.

¹ On 23 March 2026, the Board of Directors and stockholders of FEI approved the conversion of shareholder advances into equity, which will increase the FEPC’s indirect interest in FEI from 66.67% to 91.65%, subject to completion of required documentation and regulatory filings.

² FEPC’s participating interest in the Galoc field increased to 4.69174% under SC 88 from 3.2103% under the previously expired SC 14C-1, following the award of SC 88 to the consortium on December 18, 2025.

Subsidiary	Nature of Business
FEPC	FEPC was incorporated in the Philippines on March 27, 1998, and is involved in oil and gas exploration in the Philippines, particularly a 4.69174% interest in SC 88 Galoc.
FEI	FEI was incorporated in the Philippines on September 11, 1997, and is involved in oil and gas exploration in the Philippines, particularly a 100% operating interest in SC 40 North Cebu.
FGL	FGL was incorporated in Jersey, UK on March 31, 2005, and is involved in oil and gas exploration in the Philippines, particularly a 70% interest in SC 72 Recto Bank.
Forum (GSEC 101) Ltd. - Philippine Branch (FGLP)	FGLP was established as a Philippine branch on October 17, 2005, and is involved in oil and gas exploration in the Philippines.
Forum (GSEC 101) Philippines, Inc. (FGPI)	FGPI was incorporated in the Philippines on February 2, 2022, and is involved in oil and gas exploration in the Philippines. FGPI is currently non-operating.
ForumPH SC72 Holdings, Inc. (SC72 Holdings)	SC72 Holdings was incorporated in the Philippines on January 8, 2020 to primarily act as a holding company.
ForumPhil SC72 ProjectCo, Inc. (ProjectCo)	ProjectCo was incorporated in the Philippines on January 23, 2020, and is involved in oil and gas exploration in the Philippines.
Pitkin	Pitkin was incorporated and registered in England and Wales on April 6, 2005, and was engaged primarily in the acquisition, exploration and development of oil and gas properties, and the production of hydrocarbon products.
Pitkin Petroleum (Philippines) Plc (PPP)	PPP was registered as the Philippine Branch of Pitkin Petroleum Limited on March 19, 2008. On April 26, 2023, the Board of Directors (BOD) approved the closure of PPP. As of December 31, 2025, the request for dissolution of PPP is pending with the SEC for final review and action.
FEC	Incorporated on July 19, 1993 under the Canada Business Corporations Act. Primarily acts as an investment holding company.
BEMC	Incorporated in the Philippines on July 19, 2005 to engage in exploration development and utilization of energy-related resources. On April 26, 2023, the BOD approved the closure of BEMC. As of December 31, 2025, the planned dissolution of BEMC is under review and evaluation by the Bureau of Internal Revenue (BIR).

The Parent Company or its subsidiaries does not have and has not have had in the past, any bankruptcy, receivership or similar proceedings.

PRODUCT AND DISTRIBUTION

The Company's primary business is the exploration and production of crude oil and natural gas through interests in petroleum SCs and holdings in resource development companies with interests in petroleum contracts. Crude oil and natural gas are fossil fuels that are derived from organic material deposited and buried in the earth's crust millions of years ago. Fossil fuels (oil, natural gas, and coal) accounted for 68.5% of the primary energy mix in the Philippines in 2023, according to the DOE. In 2023, indigenous natural gas contributed about 2.9% of the Philippine generation mix alongside other energy sources such as coal, geothermal, hydro, oil and other renewable energy sources like wind, solar & biomass. It is likely that fossil fuels will continue to be the major energy source over the next decades, even with the development of alternative sources of energy.

All of the Company's revenues are currently sourced from FEPC's share of revenues from crude oil production in SC 88 Galoc in offshore Northwest Palawan.

The rest of the petroleum licenses are still in the exploration, appraisal, or development stages and are not yet generating any revenues for the Company. One hundred percent (100%) of FEL's share of revenues from crude oil production in SC 88 (formerly SC 14C-1) in 2025 (2024: 100%, 2023: 100%) were from crude oil sales to South Korea, Brunei, and Thailand.

Crude oil sales are transported via marine crude oil tankers which are arranged either by the customer or the SC operator depending on contract terms.

COMPETITION

Petroleum Industry Overview

The information presented in this section has been extracted from publicly available documents that have not been prepared nor independently verified by the Company, the Financial Adviser, or any of their respective affiliates or advisers.

Petroleum Exploration and Production

Crude oil and natural gas, collectively referred to as "petroleum", are natural deposits of hydrocarbons derived from organic material deposited and buried in the earth's crust millions of years ago. Crude oil can be refined to produce petroleum products such as transportation, domestic and industrial fuels, lubricants, asphalt, and petrochemicals. Natural gas can be used for power generation, industrial, domestic and transportation fuel, and as petrochemical feedstock.

Petroleum exploration in the Philippines dates back to 1896 with the drilling of Toledo-1 in Cebu Island by Smith Bell and Co. Exploration activities increased from the 1950s to 1970s, under Republic Act ("RA") No. 387, known as the "Petroleum Act of 1949", which ushered in the era of the concession system.

The SC system was introduced in 1973 with the enactment of Presidential Decree ("PD") No. 87, known as the "Oil Exploration and Development Act of 1972". In accordance with PD 87, the service contractor is obligated, among others, to perform all petroleum operations in the contract area and provide all necessary services, technology, and financing for such operations. In consideration for the performance of its obligations as a service contractor, the contractor is entitled to a share in petroleum revenues in case of a commercial discovery and production.

Current petroleum production in the country is mainly from the Camago-Malampaya gas field and the Galoc oil field, which are both located offshore in the Northwest Palawan Basin.

In 2024, total production from the Camago-Malampaya gas field amounted to around 89.22 billion standard cubic feet (“BCF”) of natural gas. Most of the gas produced from the Camago-Malampaya field is used to fuel three (3) natural gas-fired power stations with a total generating capacity of 2,700 megawatts. This provides 20% of Luzon's power generation requirements in 2023. In 2022, the Malampaya Field also produced 2.71 million barrels of condensate.

The Galoc oil field, which started production in October 2008, produced an average of approximately 1,093 barrels (“bbl”) of oil per day in 2025. Cumulative production as of December 31, 2025, amounted to 25.33 million barrels of oil (“MMBO”).

The DOE estimated the country's total petroleum reserves at 3.74 MMBO, 273 BCF of gas, and 6.5 million barrels of condensate, as of December 2022. Undiscovered resources are estimated at 195 MMBO, 4,268 BCF of gas, and 65 million barrels of condensate.

Under PD 87, the following incentives are provided for petroleum service contractors:

- Service fee of up to 40% of net production;
- Cost reimbursement of up to 70% gross production with carry-forward of unrecovered costs;
- Filipino Participation Incentive Allowance (“FPIA”) of up to 7.5% of the gross proceeds for SCs with minimum Filipino company participation of 15% interest;
- Exemption from all taxes except income tax;
- Income tax obligation paid out of government's share;
- Exemption from all taxes and duties for importation of materials and equipment for petroleum operations;
- Easy repatriation of investments and profits;
- Free market determination of crude oil prices, i.e., prices realized in a transaction between independent persons dealing at arms-length;
- Special income tax of 8% of gross Philippine income for subcontractors; and
- Special income tax of 15% of Philippine income for foreign employees of service contractors and subcontractors.

Industry Competition

Petroleum SCs are awarded by the DOE through an improved petroleum licensing system known as the PCECP, wherein there will be two modes of applying for petroleum SCs: (1) by competitive selection process where the DOE may publish a set of pre-determined areas for bidding; and (2) by nomination, where applicants may nominate and publish their respective areas of interest. Proposals are evaluated based on Department Circular (“DC”) No. DC2017-12-0017. The indicative weighing factors published by the DOE for the PCECP launched in November 2018 are as follows:

Criteria	Key Elements	Weight in Percent
Work Program	Resource potential and exploration approach Work commitment Development concepts	40%
Financial Qualifications	Evidence of available funds Finance track record	40%
Technical Qualifications	Experience and track record	20%
Legal Qualifications	Completeness and validity of required legal documents	Pass or Fail

While there is competition in the acquisition of petroleum SCs, the significant financial commitments and technical risks also provide opportunities for partnership, especially between local and international companies. Under a SC, a substantial financial incentive is given to consortia with at least 15% aggregate Filipino equity. Thus, many international companies invite local companies to join their venture to benefit from the said incentive.

Foreign and domestic petroleum exploration and production companies currently active in the Philippines include PNOC Exploration Corporation ("PNOC EC"), NPG Pty Ltd ("NPG"), Nido Petroleum Philippines Pty Ltd ("Nido"), Prime Energy Resources Development B.V., UC38 LLC, Sunda Energy Plc ("Sunda"), Triangle Energy (Global) Limited ("Triangle"), Koloma, Inc., Ratio Petroleum Limited, ENEX Energy Corporation, The Philodrill Corporation ("Philodrill"), Oriental Petroleum & Minerals Corporation ("OPMC"), PetroEnergy Resources Corporation ("PERC"), Palawan55 Exploration & Production Corporation, Monte Oro Resources and Energy Inc. ("MOREI"), and SK Liguasan Oil & Gas Corporation.

The success of the Company's petroleum business is highly dependent on the Company's, along with its consortium partners', ability to secure exclusive rights to explore and develop resources.

The Company is among the most active exploration players in the Philippines, supported by its extensive contract portfolio and acreage, and believes it can compete effectively in the industry based on its strengths.

SOURCES AND AVAILABILITY OF SERVICES, RAW MATERIALS, AND SUPPLIES

The Company, its subsidiaries, and the operators of assets in which the Company has direct or indirect interest, have contracts with third party service providers and suppliers. The Company's business, however, is not dependent on any single supplier or a limited number of suppliers, and normally procures required third party services through a competitive bidding process.

CUSTOMERS

Crude oil liftings from the Galoc Field were sold to Trafigura Pte. Ltd., a commodities trading firm based in Singapore. Note 22 of the Notes to the Consolidated Financial Statements as of December 31, 2025, attached hereto, on Segment Information, is incorporated by reference.

Crude oil sales are transported via marine crude oil tankers which are arranged either by the customer or the SC operator depending on contract terms.

TRANSACTIONS AND DEPENDENCE ON RELATED PARTIES

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 that 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 enter 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 (RPTs), which are under terms that are no less favorable than those arranged with third parties, are as follows:

- a. On November 24, 2010, Forum Philippine Holdings Limited (FPHL) secured a US\$10 million loan facility from Philex Mining Corporation ("PMC") to fund its 70% share of the first SP work program under SC 72. The facility, available for three (3) years, carried an interest rate of London Interbank Offered Rate (LIBOR) + 4.5% for drawn amounts and a 1% commitment fee for undrawn amounts. In June 2012, the loan facility was increased to US\$15 million. On November 21, 2013, PMC assigned its rights and obligations under the agreement to PXP, which then increased the facility to US\$18 million and extended the term by three (3) years.

In 2015, FPHL transferred its rights and obligations under the facility to FGL, releasing FPHL from any further liabilities. On March 23, 2017, PXP, FEL, and FGL agreed to convert US\$11.805 million of the outstanding loan into equity through the subscription of 39,350,920 new FEL common shares. Additionally, a US\$1 million repayment was made through Tidemark Holdings Limited's ("Tidemark") share subscription, while a new US\$6 million loan facility was established between PXP and FGL, from which US\$5.52 million was drawn to fully settle the remaining long-term loan.

On April 16, 2020, FGL made a partial repayment of US\$431 toward the principal, along with a full payment of US\$958 in accrued interest. The remaining loan balance of US\$5.091 million was granted successive extensions, first to December 31, 2021, and later to March 31, 2022, providing FGL with financial flexibility while ensuring continued operational stability.

On July 7, 2022, PXP approved a ratification on the extension of term of the loan from March 31, 2022 to July 8, 2022 and a further extension of the loan from July 8, 2022 to December 31, 2022 with interest to accrue and payable thereafter on a monthly basis at the end of each calendar month.

In 2022, FGL made a partial repayment of the maturing loan principal amounting to US\$1.5 million together with payment of accrued interest amounting to US\$88 thousand.

On January 5, 2023, FGL proposed to PXP a further extension of the due date of repaying the loan principal from December 31, 2022 to March 31, 2023, with interest to accrue and payable thereafter on a monthly basis at the end of each calendar month and the payment of the accrued interest of US\$68 thousand as of December 31, 2022 by January 31, 2023.

On January 6, 2023, PXP approved the repayment plan proposed by the borrower, with all other terms of the loan remain unchanged, to change the maturity date of the loan from December 31, 2022 to March 31, 2023. On March 28, 2023, the BOD approved the extension of the maturity date of the loan from March 31, 2023 to June 30, 2023. On October 13, 2023, the BOD further approved the maturity of the loan principal and accrued interest be extended from June 30, 2023 to October 10, 2023, and from October 10, 2023 to November 30, 2023.

On November 30, 2023, the parties agreed to off-set \$2.2 million loan receivable from FGL to PXP's share on the \$3.0 million funding request called by FGL on the same date. On December 6, 2023, FGL paid its remaining loan and interest amounting to \$1.5 million.

Interest income amounted to nil, nil, and ₱15.2 million in 2025, 2024, and 2023, respectively. These were eliminated upon consolidation.

- b. 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.

In December 2025, PXP made interest-bearing advances to FEC amounting to US\$40 thousand. 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.

Interest income amounted to ₱2.4 million and ₱3.6 million in 2025 and 2024, respectively. Accrued interest receivable as at December 31, 2025 and 2024 amounted to ₱15 thousand and ₱6.1 million, respectively. As at December 31, 2025 and 2024, advances to FEC amounted to ₱2.4 million and ₱45.7 million, respectively. These were eliminated upon consolidation.

- c. On November 3, 2021, the BOD of FEL approved the request for funding contribution amounting to \$3.3 million from its major shareholders, pro-rata to their shareholdings in FEL. PXP and FEC shares in the funding contribution in 2021 amounted to \$2.4 million and \$224 thousand, respectively, which were eliminated upon consolidation. The fund was used for the pre-drilling activities of SC 72 Recto Bank.

On February 16, 2022, additional funding was requested from major shareholders amounting to \$3.4 million. PXP and FEC's share in the funding contribution amounted to \$2.1 million and \$199 thousand, respectively, which were eliminated upon consolidation.

On October 30, 2023, additional funding was requested from major shareholders amounting to \$3.0 million. Funding contribution per shareholder was calculated based on their ownership interest in FEL. FEL and PXP agreed that PXP's share shall be off-set from existing loan receivable from FGL, which shall then be deemed as partially repaid on due dates.

On December 31, 2023, the BOD of FEL approved the conversion of total non-interest-bearing advances of \$9.2 million to 30,726,463 new FEL shares valued at US\$0.30/share. The transaction resulted to increase of PXP's direct ownership of FEL from 72.33% to 72.55%.

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

On August 5, 2019, 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 December 31, 2025 and 2024, advances from PXP amounted to ₱736.3 million. These were eliminated upon consolidation.

- e. 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 (₱34.2 million), with terms similar to the first and second promissory notes.

On January 5, 2026, PXP, PMC, and Kirtman agreed to provide funding totaling US\$600 thousand (US\$300 thousand each) to PXP, with the first promissory note scheduled for drawdown on February 27, 2026. The terms of this promissory note are consistent with those of the first, second, and third promissory notes.

In 2025, 2024, and 2023, total interest expense amounted to ₱8.0 million, ₱6.0 million, and ₱5.8 million, respectively. Interest payable amounted to ₱719 thousand and ₱316 thousand as at December 31, 2025 and 2024, respectively.

	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
<i>Notes payable to shareholders (Amounts in thousands)</i>					
PMC	2025	₱18,204	₱52,911	Collectible in cash, payable on demand at interest rate of prevailing SOFR on the interest repricing date plus 3.5% margin	Unsecured, no guarantee
	2024	₱—	₱34,707		
Kirtman	2025	18,204	52,911		
	2024	—	34,707		
Total	2025	₱36,408	₱105,822		
	2024	₱—	₱69,414		

- f. The compensation of key management personnel pertaining to short-term and other long-term employee benefits is as follows:

(Amounts in thousands)	2025	2024	2023
Short-term employee benefits	₱10,985	₱9,915	₱9,266
Other long-term employee benefits	3,814	3,024	3,024
	₱14,799	₱12,939	₱12,290

Material RPTs 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.

The Company or its related parties have no material transaction with parties falling outside the definition of "related parties" under the Philippine Accounting Standards No. 24 that are not available for other, more clearly independent parties on an arm's length basis.

PATENTS, TRADEMARKS, AND LICENSES

The Company currently has no registered patents, copyrights, licenses, and franchises. SCs are discussed under the heading "**Interests in Petroleum SCs**".

GOVERNMENT APPROVALS

Compliance with petroleum SCs is primarily monitored through the timely submission to the DOE of the annual Work Program and Budget ("WP&B"), Annual Procurement Plans, Quarterly Accomplishment Reports, Quarterly Upstream Petroleum Operations Safety, Health and Environment Rules and Regulations ("UPOSHERR") Accident Statistics Reports, and Technical Reports/Data of completed Geological and Geophysical ("G&G") studies. The annual WP&B for a contract area must be submitted before the end of October of each year and must be approved by the DOE. The approved WP&B will then serve as the contractor's guide in the conduct of petroleum operations over the contract area.

Should petroleum be discovered in commercial quantities, the contractor must delineate the discovered reservoir, which shall serve as the production area. The contractor must submit to the DOE an Appraisal Work Program for its approval, providing in detail the appraisal work and timetable for such discovery. Upon approval, the contractor must carry out the operations and thereafter prepare a detailed report on the appraisal of the commerciality of the discovery. Should the contractor and the DOE decide that the oil field may contain petroleum in commercial quantity, the contractor must submit an Overall Development Program to the DOE for its approval.

Field operations must be done in accordance with accepted good oil field practices using modern and scientific methods to enable maximum economic production of petroleum. Moreover, the contractor is required to: (a) promptly furnish the DOE with geological data, reports and other information relative to the petroleum operations, (b) maintain detailed technical records and accounts of the petroleum operations, (c) ensure that all meters and measuring equipment are in good order, (d) allow access to the exploration and/ or production sites to inspectors authorized by the DOE, (e) allow examiners of the Bureau of Internal Revenue ("BIR") and other representatives authorized by the DOE to full access to accounts, books, and records relating to petroleum operations, and (f) post a bond or other security in favor of the Philippine government conditioned upon the contractor's faithful performance of its obligations under the SC.

EXISTING AND PROBABLE GOVERNMENTAL REGULATIONS

Existing Governmental Regulations

Various laws and regulations in the Philippines regulate different aspects of the Company's business. Below is a discussion of some of the principal laws that affect the Company's business.

In the case of probable government regulations, the effect or impact of such probable governmental regulations on the Company's operations could only be determined upon their passage and implementation. The Company continues to monitor any new law and/or regulations that may be passed or implemented that may have an impact on the Company.

OIL AND GAS EXPLORATION

Presidential Decree (PD) 87 (Amending PD 8 otherwise known as the Oil Exploration and Development Act of 1972)

PD 87, as amended, aims to promote the discovery and production of indigenous petroleum through the use of government or private resources. Pursuant to this law, the government may, on its own, undertake the exploration and development of petroleum, or it may undertake the same through SCs entered into with contractors (whether acting alone or in consortium with others) who must be technically competent and financially capable as determined by the Petroleum Board (now the DOE). SCs are executed after public bidding or concluded through negotiations.

Under the law, the government will oversee the management of the operations contemplated in the SC. The contractor, on the other hand, will be required to, among other duties and responsibilities: (i) provide all necessary services and technology; (ii) provide the requisite financing; (iii) perform the exploration work obligations and program prescribed in the SC; (iv) once petroleum in commercial quantity is discovered, operate the field on behalf of the government in accordance with accepted good oil field practices using modern and scientific methods to enable maximum economic production of petroleum; and (v) assume all exploration risks such that if no petroleum in commercial quantity is discovered and produced, it will not be entitled to reimbursement. The contractor may market petroleum either domestically or for export, subject to supplying the domestic requirements of the Philippine government on a *pro rata* basis, as required by law.

Pursuant to the law, the contractor is entitled to a service fee which will not exceed 40% of the balance of the gross income after subtracting the FPIA if any, and operating expenses recovered pursuant to the provisions of the law. The FPIA is the government subsidy granted by the DOE to contractors where Philippine citizens or corporations have a minimum participating interest of 15%. The amount of the subsidy depends upon the scope of Filipino participation. The FPIA and certain operating expenses (including amortization and depreciation) may be deducted by the contractor from its gross income.

In addition to the above, the contractor enjoys benefits, which include: (i) exemption from all taxes except for income tax; (ii) exemption from tariff duties for all machinery, equipment, and spare parts necessary for petroleum operations, subject to certain conditions; and (iii) entry of foreign technical and specialized personnel to be employed by the contractor, provided approval of the DOE is obtained.

The exploration period for each SC is seven (7) years, extendible for three (3) years and for another year if petroleum is discovered by the end of the 10th year for the purpose of determining whether it is in commercial quantity. If petroleum in commercial quantity has been discovered, the contractor may retain after the exploration period and during the effectivity of the contract 12.5% of the initial area in addition to the delineated production area, subject to payment of rentals by the contractor. If petroleum in commercial quantity is discovered during the exploration period in any area covered by the contract, the contract with respect to said area will remain in force for the remainder of the 10-year exploration period and for an additional period of 25 years, renewable for a period not exceeding 15 years.

It is mandated that the SC provide for the compulsory relinquishment of at least 25% of the initial area after five years from the effective date of the contract, but in the event that the contract is extended from 7 to 10 years, there must be an additional relinquishment of at least 25% of the initial area after seven years. This requirement shall not include, however, the area dedicated to production. During production period, the Service Contractor may retain at least 12.5% of the initial SC for further exploration and development, in addition to the delineated production area.

DOE DC No. 2023-12-0033 on the Awarding of Development and Production Petroleum Service Contracts

In December 2023, the DOE released DC no. 2023-12-0033 on the awarding of Development and Production Petroleum Service Contracts (“DP PSC”) through direct negotiations. It took effect on January 3, 2024. The new Circular covers SCs that are expiring but with ongoing production or producible petroleum reserves as validated by the DOE.

The DP PSC 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.

The Company’s contracts that stand to benefit from the new DC include SC 6B Bonita/Cadlao, which expired on February 28, 2024; and SC 14C-1 (Galoc) and SC 14C-2 (West Linapacan), both of which expired on December 17, 2025. On January 26, 2024, the Bonita/Cadlao Block Consortium led by Operator Nido, submitted to the DOE the required documents for its application for a DP PSC to replace SC 6B. The application is currently under final review by the Office of the President. On December 18, 2025, the Philippine government granted SC 88, which replaced SC 14C-1 (Galoc). Meanwhile, the West Linapacan Joint Venture is pursuing its application for a DP PSC to replace the expired SC 14C-2.

DOE DC No. DC2023-10-0028 – Guidelines for Petroleum Data Declassification and Free Data Access

The DOE, through this Circular, desires to attract more Exploration and Production (“E&P”) companies to spur exploration activities which may provide new discoveries of oil and gas fields by declassifying petroleum data and providing free access thereto.

This Circular provides free access for all petroleum data and reports stored in the Energy Data Center of the Philippines (“EDCP”) managed by the DOE’s Information Technology and Management Services (“ITMS”) - Information and Data Management Division (“IDMD”).

DOE DC No. DC2023-11-0031 – Guidelines on the Awarding of SCs for the Exploration, Development and Utilization of Native Hydrogen

This Circular provides the legal and fiscal framework for the exploration, development and utilization of native hydrogen.

Native hydrogen is the natural occurrence of hydrogen gas in geologic formations. The exploration, development and utilization of native hydrogen shall be governed by PD No. 87 as amended and implemented under the rules, regulations, issuances and procedures issued by the DOE relevant to the conduct of petroleum exploration, utilization and development.

Republic Act No. 12120 or the Philippine Natural Gas Industry Development Act

This law, signed on January 8, 2025, establishes a comprehensive legal framework to develop and regulate the country's natural gas industry, positioning natural gas as a key transition fuel for energy security and sustainability. It mandates the DOE to oversee the sector, promotes the exploration and use of indigenous gas while allowing imports such as liquefied natural gas ("LNG"), and sets rules for infrastructure, market participation, and pricing. The law also encourages private investment, ensures fair competition and consumer protection, and aims to build a reliable, efficient, and environmentally responsible natural gas market.

DOE DC No. DC2025-04-0005 – Implementing Rules and Regulations of Republic Act No. 12120 or the Philippine Natural Gas Industry Development Act

This Circular sets the rules for implementing the country's natural gas law, giving the DOE authority to regulate the industry, issue licenses, and oversee market development. It establishes a framework for gas supply, infrastructure, and trading—including a gas aggregation system—to promote investment, strengthen energy security, and ensure a competitive and transparent natural gas market.

DOE DC No. DC2025-09-0017 – Grant of Special Allowances for Petroleum Service Contractors

This Circular provides special allowances that allow for maximum benefits to the country and at the same time provide reasonable returns to private companies that render financial and technical services and assume all the risk of petroleum exploration. This aims to make the Philippine service contract regime more attractive to investments and improve the state of the oil and gas exploration in the country. These additional fiscal incentives include:

- Enhanced Cost Recovery Allowance in producing Petroleum SCs allowing for cross cost recovery,
- Marginal Field Allowance to support brownfield and stranded small reserves operations
- High Capex Allowance for the development of complex and capital-intensive development projects
- Frontier Play/Basin Exploration Allowance to incentivize exploration in neglected areas and basins
- Special Allowance on Gas Production to encourage the development of new gas fields discovered in a remote area with more than 200 km from the identified delivery market,

MINING OPERATIONS

PXP does not have any other interest in any ongoing mining project.

RENEWABLE ENERGY

Renewable Energy Act of 2008

Republic Act ("RA") No. 9513 establishes the Philippine framework for the accelerated development and advancement of Renewable Energy ("RE") resources, and the development of a strategic program to increase its utilization. It was enacted to, among others, increase the utilization of RE by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions. "RE Resources" are energy resources that include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower.

To encourage the development of renewable energy facilities, renewable energy developers are entitled to incentives including, but not limited to: (i) income tax holiday for the first seven years of commercial operations; (ii) duty-free importation of RE machinery, equipment and materials; (iii) special realty tax rates on equipment and machinery; (iv) corporate tax rate of 10% on its net taxable income after the lapse of the income tax holiday period; (v) zero-rated value added tax on the sale of fuel or power generated from renewable sources of energy; (vi) tax exemption from the sale of carbon emission credits; and (vii) tax credit on domestic capital equipment and services.

Moreover, government financial institutions have been tasked to provide preferential financial packages for the development, utilization, and commercialization of renewable energy projects.

Pursuant to this law, the government is entitled to a share on RE development projects equal to 1% of the gross income of renewable energy resource developers resulting from the sale of RE produced and such other income incidental to and arising from the RE generation, transmission, and sale of electric power. For indigenous geothermal energy, the government share is 1.5% of the gross income.

The DOE is the lead agency mandated to implement the provisions of the RE Act, which it does through the Renewable Energy Management Bureau. The RE Act also created the National Renewable Energy Board which is tasked to, among others, recommend specific actions to facilitate the implementation of the National Renewable Energy Program ("NREP") to be executed by the DOE and other appropriate agencies of government, monitor and review the implementation of the NREP, and monitor the utilization of the Renewable Energy Trust Fund ("RETF"). The RETF was established to enhance the development and greater utilization of RE and will be exclusively used to: (i) finance the research, development, demonstration, and promotion of the widespread and productive use of RE systems for power and non-power applications; (ii) provide funding to qualified research and development institutions engaged in RE studies; (iii) support the development and operation of new RE resources to improve their competitiveness in the market; (iv) conduct nationwide resource and market assessment studies for the power and non-power applications of RE systems; (v) propagate RE knowledge by accrediting, tapping, training, and providing benefits to institutions, entities, and organizations which can extend the promotion and dissemination of RE benefits to the national and local levels; and (vi) fund such other activities necessary or incidental to the attainment of the objectives of the RE Act.

ENVIRONMENTAL LAWS

Philippine environmental laws are primarily implemented by the Department of Environment and Natural Resources ("DENR"), which is responsible for carrying out the state's constitutional mandate to control and supervise the exploration, development, utilization, and conservation of the country's natural resources.

Philippine environmental law compliance would include compliance with: (1) the terms and conditions of the Environmental Compliance Certificate (“ECC”) issued by the DENR certifying that based on the proponent’s representations and the DENR’s review, the proposed project or undertaking will not cause a significant negative environmental impact and that the proponent has complied with all the requirements of the Environmental Impact Statement (“EIS”) System; (2) the terms and conditions of a permit to discharge, which allows the discharge of regulated effluents (i.e., discharges from known sources, such as manufacturing plants, industrial plants, including domestic, commercial, and recreational facilities which traverse to the bodies of waters), pursuant to the Philippine Clean Water Act of 2004 and the Revised Effluent Regulations of 1990; (3) the guidelines imposed by the Marine Pollution Decree of 1976, which prohibits, among others, the discharging or dumping of oil, noxious gaseous and liquid substances, and other harmful substances from or out of any ship, vessel, barge or any other floating craft, or other man-made structures at sea, by any method, means or manner into or upon the territorial and inland navigable water of the Philippines; (4) the Water Code of the Philippines, which allows the dumping of tailings from mining operations into rivers and waterways upon prior approval by the National Water Resources Board; and (5) the Philippine Clean Air Act of 1999, which seeks to prevent air pollution by controlling emission, greenhouse gases that could stimulate global warming, and, through the DENR, imposing emission fees from industrial dischargers through its emission permitting system.

RESEARCH AND DEVELOPMENT

The Company spent minimal amounts for research and development activities during the last three fiscal years, equivalent to an insignificant percentage of revenues.

COMPLIANCE WITH ENVIRONMENTAL LAWS

The DENR issues a Certificate of Non-Coverage (“CNC”) if the proposed project is considered outside the purview of the EIS System. All pre-development activities, such as exploration/appraisal well drillings and seismic surveys, only require a CNC, which is issued by the Environmental Management Bureau (“EMB”) of the DENR.

A CNC was issued by the EMB to FGL on December 22, 2010, for the 2D and 3D seismic surveys conducted in the Recto Bank area from January to March 2011.

Another CNC was issued by the EMB on May 23, 2012, to cover all exploration activities in SC 72, including the drilling of exploration wells.

On August 02, 2013, the Palawan Council for Sustainable Development (PCSD) issued a Strategic Environmental Plan (SEP) Clearance to FGL for all exploration activities to be undertaken in offshore western Palawan during the entire Exploration Phase of SC 72.

An ECC was issued by the EMB to FEI on February 19, 2010, for the extraction of natural gas from the SC 40 contract area and for up to two MW natural gas-fired power plant project in Barangay Libertad, Bogo City, Cebu.

CNCs were issued by the EMB to FEI on November 18, 2009, and April 13, 2012, to cover land gravity surveys in SC 40.

A CNC was issued by the EMB to the Company on February 28, 2014, to cover all exploration activities in SC 75.

On August 27, 2014, the PCSD issued SEPs for SC 74 and SC 75, covering all exploration activities to be undertaken in offshore western Palawan during the entire Exploration Phase of the two blocks.

A CNC was issued by the EMB to the Company on March 22, 2016, to cover all exploration activities in SC 74.

In June 2018, a permit to transport rock samples acquired from the SC 74 fieldwork in the Calamian Islands was issued by the Mines and Geosciences Bureau (“MGB”) – Region 1V-B in accordance with the DENR Administrative Order 2010-21, the Implementing Rules and Regulations (IRR) of RA 7942, otherwise known as the Philippine Mining Act of 1995. Similar certifications were issued by the MGB Central Office on October 30, 2019 and July 6, 2020, for the transport of SC 74 rock samples to Selangor, Malaysia for laboratory testing.

On July 15, 2024, the EMB issued a CNC to FEI for the latter’s magnetotelluric (“MT”) survey in SC 40, which was completed in early September 2024.

Compliance by the Group with environmental laws helps assure the management that the Group’s business can be operated in a sustainable manner. As far as the Company is aware, the Group has complied with all environmental regulations with regard to the SCs.

EMPLOYEES

The Company is managed by its directors and executive officers with legal and technical support provided by specialist consultants. The day-to-day operations and administration of assets operated by PXP are handled by the employees of the Company, in accordance with established policies and agreed objectives. As of December 31, 2025, the Company has two (2) management level regular employees, two (2) assistant manager level regular employees, three (3) supervisor level regular employees, and two (2) rank and file employees. For 2026, the Company has no plans of hiring additional employees. The Company has no collective bargaining agreement with its employees, and has not experienced any strikes from its employees. There are no supplemental benefits or incentive arrangements with employees.

No director or senior management employee of the Company is a former employee or partner of the current external auditor during the past 5 years.

KEY RISKS RELATING TO THE COMPANY’S BUSINESS

There are risks and uncertainties inherent in the business of petroleum exploration and development. To mitigate these risks, the Group has its own Board Risk and Resource Oversight Committee (“BRROC”) that conducts a review of the effectiveness of PXP Group’s (including its subsidiaries, major associated companies, and joint ventures) Enterprise Risk Management (“ERM”) systems. The bi-annual review covers all material strategic, financial, operational, and compliance risks and the corresponding mitigation measures to address these risks.

The most recent evaluation of PXP’s ERM process, review of the periodic ERM report, and the discussion with the Chief Risk Officer as well as the external auditor have assured the BRROC that material risks have been identified, evaluated, managed, and reported appropriately.

The following are the Group’s material strategic, financial, operational, and compliance risks and the corresponding mitigation measures to address these risks:

- **Failure to discover oil and gas resources that can be developed for commercial production**

The Company's ability to sustain itself depends on the discovery of oil and gas resources that can be developed for commercial production. There is no assurance that the exploration activities of the Company and the corporations in which it has invested (collectively with the Company, "the Group") will result in the discovery of oil or gas deposits because of the uncertainties in locating and estimating the size of subsurface deposits of oil or gas despite advances in exploration technology. Even if a substantial oil or gas deposit is discovered, other factors that may prevent or delay its commercial development, such as drilling and production hazards; political, social, and/or environmental issues; and insufficient market demand and/or infrastructure, particularly for a natural gas development. If the exploration and development activities of the Group are not successful, the Company's ability to generate future cash flow and obtain additional financing to continue operations may be adversely affected.

The Company mitigates exploration and development risks mainly by investing in a portfolio of exploration assets, working with partners and contractors with proven track records, and undertaking phased exploration with exit options.

- **International maritime issues over the West Philippine Sea**

The Company operates SC 72 in the Recto Bank (Reed Bank) Area, offshore west of Palawan, which is subject to international maritime issues on certain areas of the West Philippine Sea ("WPS") and was placed by the DOE under Force Majeure ("FM" or "Moratorium") starting December 2014. Another block affected by the dispute is SC 75 in offshore Northwest Palawan, which was also directed to be under Moratorium starting December 2015. The Permanent Court of Arbitration in The Hague released a ruling on July 12, 2016, on the maritime case filed by the Republic of the Philippines against the People's Republic of China. In particular, the Tribunal ruled that Recto Bank, where SC 72 lies, is within the Philippines' Exclusive Economic Zone ("EEZ") as defined under the 1982 United Nations Convention on the Law of the Sea ("UNCLOS").

On November 20, 2018, a Memorandum of Understanding ("MOU") on oil and gas development between the Philippines and China was signed by the Department of Foreign Affairs ("DFA") Secretary Teodoro Locsin, Jr. and Chinese Foreign Minister Wang Yi. Under the MOU, an inter-governmental Steering Committee and Inter-Entrepreneurial Working Groups will be created that will work out a program of cooperation for joint exploration.

In October 2019, the DFA announced that the Philippines and China had officially convened a Steering Committee that will supervise projects under the two countries' joint oil and gas exploration in the WPS. The DFA further announced that the Steering Committee held its first meeting in Beijing on October 28, 2019. China had appointed China National Offshore Oil Corporation ("CNOOC") as the representative to the Working Group(s). FGL was the representative to the Working Group for SC 72.

On October 14, 2020, FGL received notice from the Philippine DOE that the FM imposed on SC 72 in December 2014 was lifted with immediate effect and that FGL was to resume exploration activities on SC 72. FGL had 20 months from the date of lifting of the FM to drill two (2) commitment wells. The total cost of drilling these wells depended on several factors, the Company's management estimated the total work to be between US\$70 million and US\$100 million. It is important to note that at the time of FM lifting there has been no announcement of any agreement between FGL and CNOOC in relation to SC 72.

Similar to SC 72, a letter from the DOE dated October 14, 2020 stated that the FM over SC 75 has been lifted effective immediately and that exploration activities were to resume over the block.

However, on April 6, 2022, (i) the Company, as operator under SC 75, and (ii) FGL, as operator under SC 72, received a directive from DOE to “put on hold any exploration activities for SCs 72 and 75 until such time that the [Security, Justice, and Peace Coordinating Cluster (“SJPC”)] has issued the necessary clearance to proceed.”

On April 8, 2022, the Company and FGL advised the DOE that, in compliance with the DOE directive, they “have suspended (or caused the suspension of) all activities in the WPS beginning April 6, 2022, in the process, incurring substantial stand-by and other costs.” In the same letter, the Company and FGL advised the DOE further that they were prepared to resume operations immediately provided they receive written confirmation from DOE by April 10, 2022 that they can resume their exploration activities.

On April 11, 2022, the Company and FGL informed the DOE that as they did not receive advice from the DOE that they can resume their exploration activities, they (a) have stopped all their exploration activities, (b) were constrained to terminate their agreements with suppliers and incurred substantial liabilities for termination costs and penalties, and (c) affirmed their declaration of Force Majeure under SC 72 and SC 75 effective April 6, 2022, arising from what appeared as an indefinite suspension by the DOE of the exploration activities under SC 72 and SC 75.

In June 2022, media outlets reported that the MOU between China and the Philippines had been terminated, although media outlets also reported that discussions would continue on joint exploration of SC 72.

On October 11, 2022, the DOE granted PXP and Forum the following: (i) the Declaration of Force Majeure for SC 75 and SC 72 from April 6, 2022 until the same is lifted by the DOE, (ii) the inclusion of total expenses incurred as a result of the DOE directive to suspend activities as part of the approved recoverable costs, subject to DOE audit, and (iii) in addition to the period in item (i) above, PXP and Forum will be entitled to an extension of the exploration period under SC 75 and SC 72 corresponding to the number of days that the contractors spent in preparation for the activities that were suspended by the DOE’s order on April 6, 2022.

On March 20, 2023, the DOE further affirmed that the entire period from October 14, 2020 (when the Force Majeure was lifted) to April 6, 2022 (when the same was re-imposed), will be credited back to SC 72 and to SC 75. Thus, in the event the Force Majeure is lifted in the future, FGL will have 20 months to drill the two commitment wells, equivalent to the remaining term of Sub-Phase 2 of SC 72 prior to October 14, 2020. Similarly, PXP will have 18 months to conduct a 3D seismic survey in SC 75, which is equivalent to the term of Sub-Phase 2 of SC 75 prior to October 14, 2020.

The uncertainty of how these issues will be resolved may be a source of continuing risk to the operations in offshore Palawan. The Company takes guidance from the Philippine Government in respect of any future activity in SC 72 and SC 75.

- **Failure to fund expenditures and maintain adequate liquidity for exploration and development activities**

The exploration and development of oil and gas resources are capital-intensive and require sustained funding support over extended periods. The Company’s ability to fund its expenditures and investments, as well as to meet its operating and contractual obligations, depends on several factors, including the availability of funding from principal shareholders, access to external financing, and the extent to which work commitments can be managed under the relevant Service Contracts (“SCs”) and similar agreements.

Given the nature of the Company's operations, which currently generate limited operating cash flows, maintaining adequate liquidity remains an important consideration. While the Company has historically been supported by its principal shareholders in funding its operating requirements, there can be no assurance that such support will continue indefinitely.

The Company mitigates these risks through prudent cash management, disciplined capital allocation, and regular monitoring of its liquidity position. In addition, the Company continues to pursue farm-in and joint venture arrangements to share exploration costs and reduce upfront capital requirements, while undertaking phased exploration programs with defined exit options. Where appropriate, the Company may also consider capital raising initiatives to support its strategic objectives and maintain financial flexibility.

- **Price fluctuations and substantial or extended decline in prices**

Prices for oil and gas have demonstrated significant volatility in the past. Historically, prices of oil and gas are influenced by a number of factors, including global and regional supply and demand, geopolitical uncertainty, domestic and foreign governmental regulations and actions, global and regional economic conditions, weather conditions, and natural disasters. It is not possible to accurately forecast future oil and gas price movements and trends. Declines in crude oil and gas prices will adversely affect the Company's business, prospects, and results of operations.

The Company mitigates price risks by evaluating the economic sensitivity of investment opportunities to low product prices and taking this into consideration when making investment decisions.

- **Laws, regulations, and contingencies adding to the cost and effort of doing business**

The petroleum industry is highly regulated. In addition to complying with the laws and regulations for doing business in the Philippines and in the other jurisdictions where the Group operates, the nature of the Group's business also subjects the Group to laws and regulations for the petroleum exploration industry, as well as those on environment, occupational health and safety standards. Despite efforts to comply with all such laws and regulations, the Group's business may be exposed to significant liabilities and restrictions due to accidents and unforeseen circumstances. Furthermore, such laws and regulations are subject to changes which may result in delays or restrictions on exploration, development, or production activities as well as increased cost of compliance. There is no assurance that these costs will not have a material adverse effect on the Company's business and results of operations.

The foregoing risk is mitigated by the Group's respective policies, which are geared towards compliance with laws and regulations, as well as with good industry practice relating to health, safety, and environment. Some of the risks and some of the potential losses and liabilities arising therefrom may not be covered by insurance. The Company assesses the acceptability of residual risks not covered by insurance policies, and if the Company deems that such risks are not within the levels that the Company is willing to accept, the Company may decide to avoid the risk by either terminating or forgoing the activity, project, or investment.

- **Estimates used in the business may be unreliable or incorrect**

This report includes estimates made by the Company and third parties of oil and gas reserves and resources. Estimates of reserves and resources should be regarded only as estimates that may change as additional technical and commercial information becomes available. Not only are such estimates based on information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information. The quantities that might actually be recovered should these be discovered and developed may differ significantly from the estimates presented herein.

As of the date of this report, the Company has not independently verified the estimates provided by third parties. As estimates of reserves and resources change over time, the Company will have to adjust its business plans and strategies. Any significant downward revision in the estimates of reserves and resources may adversely affect the Company's financial condition, future prospects, and market value.

- **Compliance with laws, regulations, and contracts, failing of which the Company may lose its contracts, licenses, and approvals from the Philippine government or otherwise be penalized**

Substantially all of the Company's revenues are or will be derived from SCs, which give the Group and their respective partners exclusive rights to conduct exploration and development operations over certain blocks in the jurisdictions in which they have invested. The Group and their JV partners are also expected to secure business licenses and permits in relation to their operations. The Group and their JV partners' operations may be restricted, suspended, or terminated if the Group, their JV partners or any of their respective contractors and assignees fail to satisfy their respective obligations under the contracts, and the laws, rules and regulations governing such contracts, or to secure and maintain required licenses and permits. This may prevent the Group and their JV partners from conducting further exploration and development activity within the relevant consortium areas, which in turn could materially and adversely affect the Company's business, financial condition, results of operations, and prospects.

The foregoing risk is mitigated by the Group's respective policies, which include close coordination with the relevant government agencies, compliance with laws, regulations, and contracts, and exerting all reasonable efforts to secure and maintain licenses and permits required for its business and undertakings. The Group also adopts provisions in their agreements with their JV partners to address defaults and non-compliance with laws, regulations, and contracts.

- **Operating risks and natural disasters resulting in losses**

Exploration and production of oil and gas are subject to various operating risks such as fires, explosion, oil spills, gas leaks, collisions, mechanical failures, and natural disasters that may result in injuries, loss of lives, suspension of operations, and damage to property and the environment. As a result, losses and liabilities arising from the occurrence of any of these risks may have a material adverse effect on the Company's business and results of operations.

The foregoing risk is mitigated by insurance. However, please note that insurance coverage applies against some, but not all, potential losses and liabilities. The Company will assess the acceptability of residual risks not covered by insurance policies, and if the Company deems that such risks are not within the levels that the Company is willing to accept, the Company may decide to avoid the risk by either terminating or forgoing the activity, project, or investment.

- **Competition in securing exclusive rights may hamper the company's growth and expansion**

The Government has been taking steps to attract investments in the exploration and development of oil and gas in the Philippines, particularly with respect to the application and award of petroleum SCs, which is done either through competitive public bidding or by area nomination. The Company's competitors, particularly international oil and gas companies, may have greater financial, technical, and organizational capabilities than the Company. Significant competitive pressure could result in the failure or increased costs to acquire additional exploration and production assets, thereby causing a material adverse effect on the Company's business and results of operations.

The Company mitigates the foregoing risks by partnering with experienced JV partners and hiring experienced consultants that will provide the best value proposition to the government in terms of technical, financial, and legal feasibility during the bidding/nomination process for new SCs.

- **Possible effects of worldwide initiatives towards decarbonization in the oil and gas sector.**

Global energy transformation efforts towards decarbonization on the oil and gas sector are facing challenges due to the varied implementation of policies in different countries and the impact of politics. The tension between balancing long-term energy goals and short-term needs of citizens will make the road to energy transition difficult for governments as they try to minimize the potential pain caused by these transformation efforts. Despite this, some countries like China are willing to bear higher costs for emission reductions while in some areas, energy transformation and security are viewed as synonymous. The EU's "Fit for 55" proposals may be accelerated due to the Ukraine crisis with a goal of reducing greenhouse gas emissions by at least 55 percent by 2030.

The Company mitigates such risks of decarbonization through close coordination with the DOE, being the controller of the country's plans, programs, projects and activities relative to energy exploration, development, utilization, distribution and conservation. Currently, the DOE's aim is to re-energize the oil and gas exploration in the Philippines as a form of wealth creation for the government. Hence, the Company believes the DOE will continue to promote the search for indigenous resources in the country combined with following the growing worldwide trend in decarbonization.

PETROLEUM SCs

The Company has interests in various petroleum SCs in the Philippines, held directly and through its subsidiary FEL.

Independent estimates of reserves and resources of the petroleum assets held by the Company and its subsidiaries are as follows³:

Asset	Gross 100%	Net attributable to Company	Classification (Standard)	Independent Consultant/ Report Date
Oil Reserves – Galoc Field (SC 88)	0.434 MMBO Developed Producing	0.02 MMBO	Best Estimate Reserves (PRMS) ⁴	THREE60 Energy, January 2026
Contingent Oil Resources – Cadlao Field (DP PSC Application)	6.2 MMBO	0.15 MMBO	Best Estimate Contingent Resources (PRMS)	RISC, 2022
Contingent Oil Resources - Sampaguita Field (SC 72)	65 MMBO	35 MMBO	Best Estimate Contingent Resources (PRMS)	Weatherford Petroleum Consultants, 2012
Contingent Gas Resources - Sampaguita Field (SC 72)	2,603 BCF	1,383 BCF	Best Estimate Contingent Resources (PRMS)	Weatherford Petroleum Consultants, 2012
Prospective Oil Resources – Sampaguita Field (SC 72)	220 MMBO	117 MMBO	Best Estimate Prospective Resources (PRMS)	Weatherford Petroleum Consultants, 2012
Prospective Gas Resources – Sampaguita Field (SC 72)	8,799 BCF	4,676 BCF	Best Estimate Prospective Resources (PRMS)	Weatherford Petroleum Consultants, 2012
Contingent Gas Resources – Dabakan Field, SW Sulu Sea (SC 80)	241 BCF	30 BCF	Best Estimate Contingent Resources (PRMS)	ERCE, 2018
Contingent Gas Resources – Palendag Field, SW Sulu Sea (SC 80)	229 BCF	29 BCF	Best Estimate Contingent Resources (PRMS)	ERCE, 2018
Contingent Condensate Resources – Dabakan Field, SW Sulu Sea (SC 80)	3.5 MMBO	0.44 MMBO	Best Estimate Contingent Resources (PRMS)	ERCE, 2018

³ Independent resource estimates were submitted to the DOE

⁴ Petroleum Resources Management System (“PRMS”) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers

Asset	Gross 100%	Net attributable to Company	Classification (Standard)	Independent Consultant/ Report Date
Contingent Condensate Resources – Palendag Field, SW Sulu Sea (SC 80)	1.9 MMBO	0.24 MMBO	Best Estimate Contingent Resources (PRMS)	ERCE, 2018

Interests in Petroleum SCs

A summary of the Group's interests in petroleum SCs and license are as follows:

Contract	Location	Area, square kms.	Interest Held	Operator	Status	Award & Expiry Dates
SC 75 Northwest Palawan	Offshore Northwest Palawan	6,160	PXP 50%	PXP	Exploration	December 27, 2013 Under Force Majeure
SC 80 SW Sulu Sea	Sulu Sea Basin	7,800	PXP 12.5%	Triangle	Exploration	September 24, 2025 September 23, 2032
SC 81 SW Sulu Sea	Sulu Sea Basin	5,321	PXP 12.5%	Triangle	Exploration	September 24, 2025 September 23, 2032
SC 86 Octon Block (formerly SC 6A)	Offshore Northwest Palawan	1,320	PXP 6.8439% FEPC 6.8439%	Philodrill	Exploration	September 30, 2025 September 29, 2032
SC 88 Galoc	Offshore Northwest Palawan	834.5	FEPC 4.69147%	NPG	Production	December 18, 2025 April 17, 2029
SC 40 North Cebu	Northern Cebu	3,400	FEI 100% ⁵	FEI	Production	February 9, 1995 November 24, 2030
SC 72 Recto Bank	Offshore West Palawan	8,880	FGL 70%	FGL	Exploration	February 15, 2010 Under Force Majeure
Cadlao Block (formerly SC 6B)	Offshore Northwest Palawan	1,032.5	FEPC 2.4546%	Nido	Appraisal & Development	Pending award for a DP PSC

⁵ FEL holds a 66.67% interest in FEI

Contract	Location	Area, square kms.	Interest Held	Operator	Status	Award & Expiry Dates
West Linapacan (formerly SC 14C-2)	Offshore Northwest Palawan	820	FEPC 9.103%	Philodrill	Appraisal & Development	For DP PSC Application
SC 74 Linapacan	Offshore Northwest Palawan	3,188	PXP 70%	PXP	Surrendered on December 13, 2023	August 13, 2013 DOE approved the surrender on July 12, 2024

The following describes the Company's interest in various petroleum contracts. Additional information can also be obtained in Note 11: Deferred Oil and Gas Exploration Costs - net of the Company's Audited Consolidated Financial Statements.

SC 72 (Recto Bank)

SC 72 was awarded on February 15, 2010, to FGL, a subsidiary of FEL, and Monte Oro Resources & Energy, Inc. It covers an area of 8,800 sq. km and contains the Sampaguita Gas Discovery. A 2012 study by Weatherford Petroleum Consultants estimated the field to have 2.6 trillion cubic feet (TCF) of In-Place Contingent Resources and 5.4 TCF of In-Place Prospective Resources. The study also identified two (2) drilling locations, Sampaguita-4 and Sampaguita-5, which could increase recoverable resources. However, due to maritime disputes between the Philippines and China in the West Philippine Sea, including the SC 72 area, FGL was unable to commence drilling. In December 2014, the DOE suspended exploration activities, pending further notice.

In July 2016, the United Nations Arbitral Tribunal ruled that Recto Bank (Reed Bank), where SC 72 is located, falls within the Philippines' Exclusive Economic Zone (EEZ). Despite a 2018 Memorandum of Understanding between the Philippines and China on joint oil and gas development, negotiations failed by June 2022. Meanwhile, the DOE lifted the *force majeure* on SC 72 on October 16, 2020, allowing exploration to resume. FGL then began preparations for drilling, acquiring equipment, securing materials, and signing technical service agreements, with plans to drill the Sampaguita-4 and Sampaguita-5 wells starting in the second quarter of 2022.

On April 6, 2022, the DOE ordered FGL to suspend all exploration activities for SC 72 until the Security, Justice, and Peace Coordinating Cluster (SJGCC) issued the necessary clearance. FGL immediately complied but sent a letter on April 8, 2022, expressing readiness to resume operations. FGL advised that if no confirmation was received by April 10, 2022, it would consider the suspension indefinite and declare a *force majeure* event, relieving FGL of its obligations and entitling it to an extension of the exploration period. With no response from the DOE, FGL formally declared *force majeure* on April 11, 2022, and terminated contracts with several service providers.

On October 11, 2022, the 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* to its re-imposition (October 14, 2020, to April 6, 2022) would be credited back to SC 72. Once the *force majeure* is lifted, FGL will have 20 months to drill two (2) commitment wells, equivalent to the remaining term of SP 2 before October 14, 2020.

On November 21, 2025, the DOE approved the WP&B for 2026 with only License Administration costs and Service Contract payments classified as firm budget. The implementation of the SP 2 work commitment comprising the drilling of two (2) wells, will be contingent upon the lifting of the *force majeure* imposed by the DOE in April 2022.

Sale of long lead items (LLIs)

On June 10, 2022, FGL, on behalf of the SC 72 Joint Venture, executed a Sale and Purchase Agreement (SPA) with Nido Petroleum Philippines Pty Ltd (Nido) to sell most of its LLIs for \$2.9 million, payable over 12 months.

In May 2023, an amendment to the SPA between FGL and Nido was signed, granting Nido an extension to settle the remaining balance of the purchase price. Following Nido's full payment of the balance in October 2023, a Deed of Absolute Sale was executed, finalizing the transfer of ownership of the LLIs to Nido. FGL's 70% share on the proceeds from the sale transaction amounted to ₱58,293, net of deposit received.

SC 40 (North Cebu Block)

SC 40 was awarded on February 9, 1995, and, at present, has an area of 3,400 sq. km from the original coverage of 6,112.53 sq. km. It is being operated by FEI, a subsidiary of FEL.

In June 2022, FEI contracted a drilling consultant to prepare drilling programs and budgets for two (2) wells, one of which is located in the Dalingding Prospect. FEI's re-evaluation of the prospect concluded that the Dalingding-1 well, drilled in 1996, did not reach the Barili target, which is currently estimated to be at 1,830 feet, or 480 feet below the well's final depth. A new well is proposed to be drilled to a depth of 2,760 feet to reach the Barili Limestone.

An independent technical evaluation involving a review of available data, project risking, and project economics of the Dalingding Prospect started in the first quarter of 2023. The results indicate that deterministic and probabilistic volumetric estimates for the prospect show mean resources of 10 billion cubic feet (BCF) for a Gas Case and 3.5 MMBO for an Oil Case. The study was completed in March 2024.

In early 2024, the DOE approved FEI's proposal to conduct a magnetotelluric (MT) survey to further evaluate the Dalingding Prospect. The survey aimed to define the top of the carbonate buildup and help determine its depth from surface.

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 Northwest-Southeast direction, and 20 stations on one (1) perpendicular line oriented in a Northeast-Southwest direction.

The MT survey set-up consisted of four (4) electric field probes buried in north, east, west, and south directions, connected to a car battery-powered ADU-07e (recording unit) via a 20-50 meters cable. Daily data acquisition ran at one (1) station per day for an average of six (6) hours and 46 minutes. A quick quality control (QC) check was conducted at the end of the day to identify any potential issues or errors in the acquired data and to pinpoint stations that require resurveying.

The initial results of the MT data processing and interpretation were presented by FEI's consultant on October 31, 2024. It was found that, while the reef trap structure was not well imaged, the average top depth structure identified agrees with previous studies. The data was subjected to further processing due to a high amount of cultural noise. Once completed, the information obtained was expected to be correlated with existing seismic, gravity, magnetic, and well data in the area and will also be used to refine the drilling program for the Dalingding Prospect.

In April 2025, the processing and interpretation of MT data was completed. The results successfully mapped the presence of a reef boundary, presumably the Barili Limestone, identified through sharp resistivity contrasts with surrounding formations.

A data integration study was conducted by FEI following the receipt of the MT report, which was completed in June 2025. The subsurface resistivity data derived from the MT method indicate that resistivity can vary laterally within a formation, reflecting differences in its physical properties. 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 resources, the porosity distribution on the Barili Limestone surface was successfully estimated and mapped.

Due to its ongoing comprehensive review of potential options for further evaluation of the Dalingding Prospect, including the possible drilling of an exploration well, FEI requested an extension until the end of February 2026 for submission of the WP&B for 2026. On February 27, 2026 the 2026 WP&B was submitted to DOE.

On March 11, 2026, the DOE approved the WP&B for 2026 with the Re-evaluation of the Dalingding Prospect and Dalingding-2 Geologic Prognosis included in the firm work program. A contingent activity for the year is preparations for the drilling of the Dalingding-2 well.

SC 75 (Northwest Palawan)

SC 75 was awarded on December 27, 2013, to a consortium consisting of PXP (50% operating interest), PNOG Exploration Corporation (35%), and PetroEnergy Resources Corporation (15%). The contract covers a 6,160 sq. km area in the Northwest Palawan Basin. From 2014 to 2015, the consortium completed its first sub-phase work commitments, including acquiring 2D seismic, marine magnetic, and gravity data, processing and interpretation of these datasets, and conducting geological and geophysical studies.

In September 2015, the DOE placed the area under *force majeure*, suspending all exploration activities from December 27, 2015, to October 16, 2020. After the *force majeure* was lifted, the consortium proceeded with the second sub-phase, which required acquiring at least 1,000 sq. km of 3D seismic data. Shearwater GeoServices was contracted for the project.

By September 2021, Shearwater conducted a Survey Evaluation and Design (SED) Study to finalize survey parameters. The study was completed in November 2021, and its results were integrated into the seismic data acquisition contract to guide the next steps in exploration.

On April 6, 2022, the DOE ordered PXP to suspend all exploration activities for SC 75 until clearance was issued by the SJGCC. PXP immediately complied, informing its contractors, including Shearwater, which had already deployed a seismic vessel for 3D data acquisition. On April 8, 2022, PXP wrote to the DOE expressing readiness to resume operations but stated that if no confirmation was received by April 10, 2022, it would consider the suspension indefinite and declare a *force majeure* event. With no response from the DOE, PXP formally declared *force majeure* on April 11, 2022, and terminated contracts with several service providers, including Shearwater.

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 recoverable, pending audit, and granted an extension of the exploration period equivalent to the time lost. 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.

On November 21, 2025, the DOE approved the WP&B for 2026 with only license administration costs and SC payments classified as firm budgets. The implementation of the seismic survey program, which includes the acquisition, processing, and interpretation of at least 1,138 sq. km of 3D seismic data, will be contingent upon lifting of the *force majeure* imposed by the DOE in April 2022.

SC 80 (Sulu Sea) - formerly Pre-determined Area Bangsamoro Petroleum-2 (PDA-BP-2)

SC 80 was awarded on September 24, 2025, with Triangle Energy (Global) Limited 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 Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) Conventional Energy Bid Round jointly conducted by the DOE and the Ministry of Environment, Natural Resources and Energy (MENRE) of the 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 sq. km and water depths ranging from 200 to 3,000 meters in the east of the block.

Between 2009 and 2010, ExxonMobil, as the Operator, along with Consortium members BHP Billiton and Mitra Energy, drilled four (4) wells in deeper waters within SC 80 area. Two (2) of these wells—Dabakan and Palendag—discovered gas in multiple stacked turbidite sands within deepwater thrust anticline traps.

Under the first sub-phase of SC 80, which has a 24-month term, comprehensive geologic and geophysical (G&G) studies will be carried out, including the reprocessing of existing 3D seismic data using the Pre-Stack Depth Migration (PSDM) method.

SC 81 (Sulu Sea) - formerly PDA-BP-3

On September 24, 2025, SC 81 was awarded with Triangle Energy (Global) Limited of Australia 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 service contract signing.

SC 81 is located south of and adjacent to SC 80 and is also among the blocks offered for bidding in early 2024. It has an area of 5,321 sq. km and water depths ranging from less than 100 meters in the west to an excess of 3,000 meters in the east. The block is covered by 2D and 3D seismic data with seven (7) wells drilled by previous operators. While there are no commercial discoveries yet in SC 81, hydrocarbon indications were recorded in some wells. Multiple leads have also been identified by previous operators.

The first sub-phase of SC 81 has a term of 24 months. During this period, G&G studies will be conducted, including the PSDM reprocessing of existing 2D and 3D seismic data.

SC 86 (Octon Block) – formerly SC 6A or Nominated Area No. 10

The original term of SC 6A was set to expire on February 28, 2024. In view of this, the Consortium decided to surrender the contract effective March 31, 2021 and, upon its approval by the DOE, apply for a new contract under the Philippine Conventional Energy Contracting Program (PCECP) on area nomination. The surrender of the SC was approved by the DOE on September 5, 2022.

On January 26, 2023, the DOE granted an Area Clearance over an Area of Interest (AOI) that includes the former SC 6A block and additional areas surrendered from an adjacent block in 2022.

On March 17, 2023, Philodrill submitted the documents for the application for the new SC that includes the former SC 6A and an additional area to the east termed Nominated Area No. 10 by the DOE.

On June 26, 2023, the DOE sent a Notice of Qualification of the Consortium to Enter a Petroleum Service Contract for Nominated Area No. 10 to Philodrill. The new Service Contract (No. 86) was signed on September 30, 2025, with PXP and FEPC as consortium members, each holding a 6.8439% participating interest.

The first sub-phase of the new SC will focus on additional subsurface work, building on the G&G studies previously conducted by the former SC 6A Consortium. These activities aim to establish a final well location and design for the Malajon Prospect and to appraise the Octon Discovery.

Service contracts under application and nomination

West Linapacan DP PSC - formerly SC 14 Block C-2

The SC 14 Block C-2 in the Northwest Palawan Basin hosts two (2) main oil-bearing structures, West Linapacan A and West Linapacan B, and several seismic leads. The West Linapacan A Field was discovered in 1990 and produced over 8 MMBO from 1992 before being shut-in in 1996. It is located in 300 to 350 meters of water, approximately 60 km offshore from Palawan Island.

In 2018, Philodrill, as Operator, completed the mapping and interpretation of reprocessed 3D seismic data, focusing on the West Linapacan B structure, which was drilled in 1991. The SC 14C-2 and SC 74 Consortia conducted joint Rock Physics and Quantitative Inversion (QI) studies in 2019 using existing 3D seismic and well data, with Ikon Science completing the initial phase in October 2019. However, only the SC 74 JV proceeded with the second phase of the QI Study.

In September 2021, the Consortium began a technical study on the West Linapacan B Field, including geologic data review, well log digitization, reservoir modeling, and resource estimation. Phase 1, completed in November 2021, indicated that a stand-alone development for West Linapacan B was not economically viable. Phase 2 explored a joint development of the West Linapacan A and B Fields, concluding that feasibility depended on recoverable reserves, development costs, production rates, and oil prices.

On December 20, 2024, Philodrill submitted the WP&B for 2025 to the DOE. The firm program includes the preparation of a plan and design study for a new well, West Linapacan A-7, and a POD for the West Linapacan A Field.

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, along with additional open acreages. The new DP PSC will provide a fresh evaluation window to assess West Linapacan B, Linapacan B in the former SC 74 block, and other adjacent structures for potential cluster development. The block qualifies for a DP PSC based on the declared reserves in the West Linapacan A Field. The JV members are currently preparing the documents to be submitted to the DOE.

Cadlao DP PSC - formerly SC 6B

SC 6B had an area of 567 sq. km and contains the Cadlao Oil Field. The field was discovered in 1977 and produced about 11 MMBO from two (2) subsea production wells from 1981 to 1991. The remaining recoverable reserves are estimated at 3.7 MMBO for proven reserves (1P) and 5.7 MMBO for proven plus probable reserves (2P), according to a 2012 study by Gaffney, Cline & Associates Inc. Additionally, near Cadlao lies the East Cadlao Prospect, where Philodrill estimated recoverable resources of 1.48 MMBO at the P10 level and 1.17 MMBO at the P50 level in 2016.

In December 2021, Nido submitted a farm-in proposal to the Consortium to increase its participating interest in SC 6B from 9.09% to 72.727% and take over the operatorship of the license. A farm-in agreement (FIA) was later executed on February 11, 2022, with FEPC's interest being reduced from 8.182% to 2.4546%. Under the FIA, Nido will fund 100% of the drilling of a well, Cadlao-4, the conduct of an EWT, and the subsequent development of the Cadlao Field.

Nido proposes a two-phase re-development consisting of:

- Phase 1: A 3 to 9-month EWT 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 (DOA) of Participating Interest to Nido and the revised 2022 WP&B were submitted to the DOE on April 11, 2022. The WP&B includes the drilling of Cadlao-4 and the conduct of an EWT. However, the spud date of the well will depend on rig and FSO unit availability. The DOA was approved on December 19, 2022.

From November 28 to December 1, 2022, Nido conducted a geophysical site survey at Cadlao using the vessel Cassandra VI. The purpose of the survey was to identify possible constraints and hazards on the seafloor where the Cadlao-4 will be located.

On November 15, 2023, Nido and PNOC EC signed an FIA that provides for PNOC EC's acquisition of a 20% participating interest in SC 6B, including sharing of the cost of drilling and EWT for the Cadlao-4. While PNOC EC's participation was approved by the Consortium, the formal transfer and assignment of the 20% interest from Nido to PNOC EC shall be subject to the approval of DOE.

Nido had initially identified a drillship to drill the Cadlao-4 well, although it still requires equipment modifications. However, due to safety concerns about using a drillship at a water depth of 93.7 m, a jack-up rig is now being considered for both drilling and the EWT. Nido is currently reviewing the contract for the jack-up rig.

On January 5, 2024, the SC 6B Consortium submitted a letter of intent to the DOE to apply for a DP PSC before the expiration of the SC 6B production term on February 28, 2024. On January 26, 2024, Nido submitted the application documents over the former SC 6B block and additional open areas. These documents include a copy of the POD for the Cadlao Field. The new SC will replace SC 6B, which expired on February 28, 2024. The Consortium is now awaiting the final approval of the application from the Office of the President of the Philippines.

Block A (North Recto Bank) or Nominated Area No. 6

In March 2020, PXP submitted a bid for Block A or Nominated Area No. 6.

Block A is located north of and contiguous with SC 72 in offshore NW Palawan, approximately 180 to 375 km from Palawan Island. It has an area of 14,300 sq. km, covering all of Nares Bank and parts of the greater Recto Bank, with water depths ranging from 20 to 2,500 meters.

There are no recent subsurface data in Block A apart from a few academic studies using mostly potential fields of geophysical data and the legacy Joint Marine Seismic Undertaking (JMSU) 2D dataset, which is unavailable to PXP. The closest relevant subsurface information in Block A comes from SC 72, with Reed Bank A-1 and B-1 wells located in the northern part of SC 72.

On September 14, 2020, the DOE opened the bid by PXP and found the application documents complete and qualified to undergo further substantive legal, technical, and financial evaluation.

The SC application is still ongoing and once a SC is granted, the proposed work program for the first SP would include the acquisition of at least 2,200 line-km of 2D seismic data, along with marine gravity and magnetic data.

Item 2. Properties

Please see "Petroleum SCs" which constitutes the principal properties of the Company.

OTHER PROPERTIES

Oil and Gas and other Properties consist mainly of the Company's share in the wells, platform and facilities in various operating SCs as well as Machinery and Equipment for its oil exploration activities, transportation equipment, and surface structures and facilities and office equipment amounting to ₱2.6 million as of December 31, 2025 compared to ₱1.4 million as of December 31, 2024, and ₱1.2 million as of December 31, 2023.

There are no mortgages, liens and/or encumbrances over the foregoing property, plant, and equipment which are under the full use and control of the Company.

The Company has a lease contract for a parcel of land used in its operations. Term of lease is 27 years. The Group also has certain leases of office space and machinery and equipment with lease terms of 12 months or less and leases of machinery and equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

There is no intention to acquire additional property, plant, and equipment other than those that may be required for the continued activities.

Item 3. Legal Proceedings

There are currently no legal proceedings involving the Company, except for the following:

In the Matter of: Timothy Strong, *Complainant* vs. PXP (SEC Registration No. CS200719819) and Atty. Barbara Anne C. Migallos, in her capacity as the Corporate Secretary of PXP, *Respondents*.

On February 2, 2021, Timothy Strong filed a case with the Securities and Exchange Commission (SEC) Company Registration and Monitoring Department (CRMD) for the alleged violation of his right to inspection and/or reproduction of corporate books and accounts of PXP.

The SEC-CRMD, in its decision dated November 26, 2021, ruled that the right of inspection granted under Section 74 of the Corporation Code is not absolute. The inspection has to be germane to the petitioner's interest as a stockholder, and has to be proper and lawful in character and not inimical to the interest of the Corporation. Hence, PXP has validly refused to grant the claim of right of inspection on the ground that the Complainant, Timothy Strong, is not a stockholder of record.

The Complainant filed a Motion for Reconsideration on January 17, 2022, to which the Respondents timely filed their Comment/Opposition. Thereafter, the case was elevated to the SEC Commission En Banc.

In an Order dated January 29, 2026, the Commission En Banc directed the parties to submit a manifestation on any supervening events within ten (10) days from receipt thereof. The Order also stated, based on its records, that no position paper had been submitted by the Respondents. The Respondents, however, had in fact submitted the required position paper and, accordingly, filed a Manifestation within the prescribed period to clarify such submission and address the matters raised in the Order.

The case remains pending before the SEC Commission En Banc.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters covered under this item submitted to the security holders for a vote.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

MARKET INFORMATION

On September 12, 2011, the PSE listed by way of introduction the Company's shares at the initial listing price of ₱1.20 per share with the Company symbol PXP.

On August 8, 2016, the Philippine Securities and Exchange Commission (“SEC”) approved the change in the Company’s corporate name from “Philex Petroleum Corporation” to “PXP Energy Corporation”.

The Company’s public float as of December 31, 2025 is 25.45%.

The average stock prices for the Company’s common shares within the last two years and for the first 2 months of 2026 were as follows:

	High	Low
1Q 2024	3.99	3.18
2Q 2024	3.80	2.90
3Q 2024	6.20	2.93
4Q 2024	3.65	2.66
1Q 2025	3.40	2.06
2Q 2025	2.68	2.10
3Q 2025	2.66	1.99
4Q 2025	3.65	1.99
Jan-26	3.30	2.39
Feb-26	3.40	2.55

The Company’s stock was traded at ₱2.38 per share as of December 31, 2025.

HOLDERS

Prior to the distribution of the Company’s shares as property dividend in 2011, the Company had ten stockholders, nine (9) of whom were individuals with one share each. Subsequently, the number of shareholders totaled to 38,275. The top 20 stockholders as of December 31, 2025, are as follows:

STOCKHOLDERS' NAME	NUMBER OF SHARES	% OF OWNERSHIP
1) PMC (Direct and held through PCD Nominee)	595,864,728	24.92%
2) TIDEMARK	430,243,903	18.00%
3) PCD NOMINEE CORPORATION (exclusive of PMC, SSS and Two Rivers Pacific Holdings Corp. shares held through PCD Nominee)	416,405,908	17.42%
4) ASIA LINK B.V.	284,470,725	11.90%
5) SOCIAL SECURITY SYSTEM (Direct and through PCD Nominee)	195,086,505	8.16%
6) TWO RIVERS PACIFIC HOLDINGS CORP.	131,224,794	5.49%
7) KIRTMAN LIMITED	65,221,981	2.73%
8) MAXELLA LIMITED	64,539,833	2.70%
9) PCD NOMINEE CORPORATION (NON-FILIPINO)	56,875,172	2.38%
10) ARTINO LIMITED	10,193,136	0.43%
11) MAKATI SUPERMARKET CORP.	2,464,201	0.10%
12) PHILIPPINE REMNANTS CO., INC.	2,111,648	0.09%
13) THE FIRST NATIONAL INVESTMENT COMPANY,	2,073,157	0.09%
14) MANUEL V. PANGILINAN	1,603,466	0.07%
15) THE FIRST NATIONAL INVESTMENT COMPANY INC.	1,524,380	0.06%
16) FRANK PAO	1,011,714	0.04%

STOCKHOLDERS' NAME	NUMBER OF SHARES	% OF OWNERSHIP
17) CAROUSEL HOLDINGS, INC.	1,000,000	0.04%
18) PAULINO DE UGARTE &/OR ELENA E. DE UGARTE	852,943	0.04%
19) CAROL JOAN REIF	826,795	0.03%
20) RELIGIOUS OF THE VIRGIN MARY-B	789,846	0.03%
TOTAL	2,264,384,835	94.73%

DIVIDENDS

The Company has not declared any cash or other dividends from the time of its incorporation.

Apart from legal restrictions governing the declaration of dividends, the Company declares dividends, consistent with its dividend policy as stated in the Company By-Laws, and pays in an equitable and timely manner. The Company's dividend policy is to distribute up to 25% of core net income and to pay cash dividends within thirty (30) calendar days to shareholders of record from date of declaration.

The Company has had no recent sales of unregistered or exempt securities, including issuances of securities constituting an exempt transaction.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES (INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION)

The Company has had no recent sales of unregistered or exempt securities, including issuances of securities constituting an exempt transaction.

No securities were sold by the Company within the past three years which were not registered under the Code.

DESCRIPTION OF THE SECURITIES OF THE COMPANY

The Company's authorized capital consists of 6,800,000,000 common shares, of which 2,390,243,903 shares are issued and outstanding. The Company's shares have the following features:

Dividend Rights

The Company declares dividends, consistent with its dividend policy as stated in the Company By-Laws, and pays in an equitable and timely manner. The Company's dividend policy is to distribute up to 25% of core net income and to pay cash dividends within thirty (30) calendar days to shareholders of record from date of declaration. The Company's By-laws provide that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board may determine and in accordance with law and applicable rules and regulations. No fractional shares shall be issued from any declaration of stock dividends.

Voting Rights

Each holder of share has full voting rights. At each meeting of the stockholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his or her name in the books of the Company at the time of closing of the transfer books for such meeting.

Pre-Emptive Rights

The Company's Articles of Incorporation provide that there shall be no pre-emptive rights with respect to shares of stock to be issued, sold or otherwise disposed of by the Company for any corporate purpose, including shares of stock to be issued pursuant to a duly approved stock option, stock purchase, stock subscription or similar plans.

Change in Control

There is no provision in the Company's Articles of Incorporation and By-laws which may delay, deter, or prevent a change in control in the Company.

Item 6. Management's Discussion and Analysis or Plan of Operation

FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

Information on the Group's results of operations and financial position presented in the 2025 Audited Consolidated Financial Statements and accompanying Notes to the Consolidated Financial Statements are incorporated hereto by reference.

Financial Performance

Consolidated operating revenues amounted to ₱49.8 million (2024: ₱67.0 million; 2023: ₱63.2 million) consisting solely of revenues from petroleum.

Revenues were derived from the Company's indirect interest in the Galoc oil field through FEL, a 98.08% owned subsidiary, via its wholly owned subsidiary, FEPC.

Oil production during the year were as follows:

	2025	2024	2023
Oil Revenues (in millions)	₱49.8	₱67.0	₱63.2
Barrels (net to FEL)	12,285	14,791	14,116

During the year, consolidated petroleum revenues amounted to ₱49.8 million (2024: ₱67.0 million). The decrease was driven by a 16.5% decline in sales volume to 414,124 barrels from three liftings (2024: 498,168 barrels), primarily reflecting the natural decline associated with the late-life stage of the Galoc field, as well as a 12.5% decrease in the average realized crude price to US\$70.0/bbl (2024: US\$80.0/bbl) amid weaker market conditions. Notwithstanding this, production from SC 88 (formerly SC 14C-1 – Galoc) remained operationally stable given the field's maturity. Revenues were recognized by FEPC corresponding to its 4.69% participating interest in the Galoc.

In 2024, the slightly higher petroleum revenue was recorded from three (3) oil liftings equivalent to a gross volume of 498,168 barrels of oil (2023: 475,183 barrels) in addition to a 1% decline in effective average crude oil price at \$80.0 per barrel (2023: \$80.5 per barrel).

In 2023, the lower petroleum revenue resulted from three (3) oil liftings equivalent to a gross volume of 475,183 bbl of oil (2022: 479,955 bbl) and 14.8% decline in average crude oil prices at US\$80.5 per bbl (2022: US\$94.5 per bbl).

Consolidated costs and expenses totaled ₱94.7 million (2024: ₱91.8 million). Petroleum production costs increased modestly to ₱39.3 million (2024: ₱37.5 million), while general and administrative expenses were slightly higher at ₱55.4 million (2024: ₱54.4 million). Overall, the Group's cost run-rate remained broadly stable year-on-year, reflecting controlled spending levels during the year.

During 2024, Costs and expenses was trimmed down to ₱91.8 million (2023: ₱102.6 million) resulting from a slightly lower petroleum production costs at ₱37.5 million (2023: ₱39.9 million) in addition to a significant reduction in general and administrative expenses at ₱54.4 million (2023: ₱62.7 million) following the reduction of overhead in foreign subsidiaries.

During 2023, Costs and expenses reached ₱102.6 million (2022: ₱99.6 million) as petroleum production costs slightly improved at ₱39.9 million (2022: ₱40.5 million), while general and administrative expenses widened to ₱62.7 million (2022: ₱59.1 million) resulting from the inflation in certain compliance and administrative costs of foreign subsidiaries.

During the year, the Group recognized net other charges of ₱35.1 million (2024: ₱2.6 million), mainly attributable to a higher provision for plug and abandonment costs of ₱16.1 million (2024: reversal of ₱7.3 million) relating to SC 14C-2 West Linapacan, reflecting updated cost estimates and timing assumptions. Interest expense likewise increased to ₱12.7 million (2024: ₱10.2 million) due to the higher principal balance of interest-bearing shareholder advances during the year. The Group also recognized a write-off of deferred exploration costs pertaining to projects that did not proceed following the results of technical evaluations. These were partially offset by a lower provision for write-off of unused input value-added tax (VAT) of ₱1.7 million (2024: ₱4.0 million), reflecting updated recoverability assessments, and lower interest income from short-term bank deposits of ₱1.3 million (2024: ₱3.6 million) due to reduced average cash balances. In addition, the Group recognized a net foreign exchange loss of ₱1.9 million (2024: net gain of ₱0.7 million), primarily arising from the translation of the Parent Company's US dollar-denominated notes payable.

In 2024, Net other charges of ₱2.6 million was incurred (2023: ₱40.2 million) mainly from (1) Lower impairment charges of ₱4.0 million (2023: ₱128.8 million), offset by the reversal of plug and abandonment costs of ₱7.3 million (2023: ₱92.4 million); (2) Higher interest expense at ₱10.2 million (2023: ₱8.0 million) from accretion, partially offset by higher interest income from short-term bank deposits of ₱3.6 million (2023: ₱2.0 million); and lower forex gain amounting to ₱0.7 million (2023: ₱2.1 million), resulting from lower forex translation gain from the Parent Company's US dollar-denominated Notes payable.

In 2023, Net other charges of ₱40.2 million was incurred (2022: ₱5.9 million) as impairment charges amounted to ₱128.8 million (2022: ₱13.9 million) following the surrender of SC 74 Linapacan license to the DOE. This was partially offset by the Reversal of plug and abandonment costs of ₱92.4 million (2022: ₱6.2 million) due to changes in decommission estimates in SC 14C-2 West Linapacan. Net foreign exchange gain amounted to ₱2.1 million (2022: net foreign exchange loss of ₱4.0 million) resulting from the translation gains by the Parent company from its US dollar-denominated Notes payable to its affiliates. Interest expense from said notes increased to ₱8.0 million (2022: ₱3.6 million) while interest income from banks also increased to ₱2.0 million (2022: ₱201 thousand) following higher interest rates.

Net other charges comprise of:

(in Millions)	Years Ended December 31		
	2025	2024	2023
Reversal of (Provision for) plug and abandonment costs due to change in estimates	(P16.1)	P7.3	P92.4
Interest expense	(12.7)	(10.2)	(8.0)
Provision for impairment/loss on write-off of:			
Deferred oil and gas exploration costs	(4.0)	–	(128.8)
Input VAT	(1.7)	(4.0)	–
Foreign exchange gains (losses) - net	(1.9)	0.7	2.1
Interest income	1.3	3.6	1.0
	(P35.1)	(P2.6)	(P40.2)

Consequently, the Group recorded a consolidated net loss of P80.4 million during the year (2024: P28.6 million). Net loss attributable to equity holders of the Parent amounted to P77.5 million (2024: P30.9 million), equivalent to P0.034 per share (2024: P0.016), while core net loss was P50.2 million (2024: P33.3 million). The results were primarily driven by the higher provision for plug and abandonment costs, lower realized crude prices, and reduced sales volumes associated with the late-life stage of the producing asset, as well as higher financing costs and foreign exchange losses during the year. Notwithstanding these factors, underlying field operations remained stable and recurring cost levels were generally maintained, with the variance largely attributable to non-recurring and non-cash items.

In 2024, a lower consolidated net loss of P28.6 million (2023: P77.2 million) was incurred following higher profit from Galoc operations, reduction in overhead and lower net impairment charges. Net loss attributable to equity holders of the Parent amounted to P30.9 million (2023: P97.4 million), with basic/diluted loss per share amounting to P0.016 (2023: P0.050). Meanwhile, Core net loss was reduced to P33.3 million (2023: P42.5 million).

In 2023, reported consolidated net loss reached P77.2 million (2022: P32.3 million) resulting from lower margins in Galoc operations, increase in overhead, and higher interest expense, in addition to impairment charges in SC 74 Linapacan, offset by changes in decommission estimates in SC 14C-2 West Linapacan. As such, net loss attributable to equity holders of the Parent amounted to P97.4 million (2022: P36.1 million), with basic/diluted loss per share at P0.050 (2022: P0.018). Core net loss amounted to P42.5 million (2022: P22.0 million).

Financial Position

As at December 31, 2025, the Company's total assets stood at ₱3.177 billion, slightly lower than ₱3.191 billion as at December 31, 2024. Current assets declined to ₱64.9 million (2024: ₱124.7 million), primarily due to a decrease in cash and cash equivalents to ₱40.1 million (2024: ₱91.4 million), reflecting payments for Galoc operating costs, exploration expenditures across service contracts, and overhead. Trade and other receivables likewise decreased to ₱12.0 million (2024: ₱17.2 million) due to collections from crude oil sales, while inventories declined to ₱6.1 million (2024: ₱7.1 million) following declining oil production in Galoc. Other current assets decreased to ₱6.6 million (2024: ₱9.0 million), mainly due to the reclassification of share swap transaction costs to additional paid-in capital. Noncurrent assets increased to ₱3.113 billion (2024: ₱3.066 billion), driven primarily by higher deferred exploration costs of ₱2.845 billion (2024: ₱2.799 billion), reflecting ongoing service contract activities and foreign currency translation effects. Property and equipment increased to ₱2.6 million (2024: ₱1.4 million) following the acquisition of a company vehicle, while other noncurrent assets rose to ₱8.6 million (2024: ₱7.8 million), mainly due to additional contributions to the Galoc decommissioning fund.

As at December 31, 2024, the Company's total assets stood at ₱3.191 billion, an increase from ₱3.083 billion as at end-December 2023. Current assets declined to ₱124.7 million (2023: ₱174.6 million), primarily due to lower cash and cash equivalents, which decreased by ₱53.7 million following disbursements for service contract activities and administrative overhead, partially offset by collections from Galoc oil sales. Trade and other receivables increased to ₱17.2 million (2023: ₱8.8 million) due to receivables from oil liftings, while inventories declined to ₱7.1 million (2023: ₱12.0 million) reflecting the sale of previously stored crude oil. Noncurrent assets increased to ₱3.066 billion (2023: ₱2.908 billion), mainly driven by higher deferred exploration costs of ₱2.799 billion (2023: ₱2.642 billion), reflecting accruals for plug and abandonment obligations, ongoing exploration activities across service contracts, and foreign currency translation effects.

As at December 31, 2023, the Company's total assets stood at ₱3.083 billion, a decrease from ₱3.301 billion as at end-December 2022. Current assets declined to ₱174.6 million (2022: ₱252.3 million), primarily due to movements in working capital accounts. Cash and cash equivalents increased to ₱145.1 million (2022: ₱106.7 million) following the receipt of proceeds from the sale of long lead items to Nido and collections from Galoc oil sales, partially offset by operating expenses. Trade and other receivables decreased to ₱8.8 million (2022: ₱15.6 million) due to collections of prior period cash calls, while inventories increased to ₱12.0 million (2022: ₱8.2 million), representing crude oil held in storage awaiting sale. Noncurrent assets decreased to ₱2.908 billion (2022: ₱3.049 billion), mainly due to lower deferred exploration costs of ₱2.642 billion (2022: ₱2.783 billion), following the write-down of SC 74 amounting to ₱128.8 million upon its surrender to the DOE, as well as the impact of foreign currency translation adjustments.

As at December 31, 2025, Current liabilities increased to ₱125.8 million (2024: ₱90.1 million), primarily driven by a ₱36.4 million increase in notes payable following an additional US\$600 thousand drawdown on interest-bearing shareholder advances, including the impact of foreign currency translation. Noncurrent liabilities rose to ₱409.2 million (2024: ₱396.0 million), mainly due to a higher provision for plug and abandonment costs under other noncurrent liabilities, which increased to ₱95.6 million (2024: ₱79.5 million) as a result of updated rehabilitation cost estimates for certain service contracts. This was partially offset by a decrease in retirement benefits liability to ₱6.8 million (2024: ₱12.7 million) mainly from the early retirement of an employee. Consequently, total liabilities increased to ₱535.0 million (2024: ₱486.1 million), reflecting the combined impact of higher current and noncurrent obligations during the year.

As at December 31, 2024, Current liabilities as at year-end stood at ₱90.1 million (2023: ₱89.5 million), remaining broadly stable year-on-year, with the slight increase primarily due to higher notes payable of ₱69.4 million (2023: ₱66.4 million) arising from foreign currency translation effects. Noncurrent liabilities increased to ₱396.0 million (2023: ₱358.9 million), driven mainly by a higher provision for plug and abandonment costs of ₱79.5 million (2023: ₱47.0 million) following updated decommissioning cost estimates for certain areas within SC 40. As a result, total liabilities increased to ₱486.1 million (2023: ₱448.4 million), reflecting the combined effect of marginally higher current liabilities and a ₱37.1 million increase in noncurrent liabilities.

As at December 31, 2023, Current liabilities decreased to ₱89.5 million (2022: ₱146.7 million), primarily due to a reduction in trade and other payables to ₱22.0 million (2022: ₱79.0 million), following the return of excess cash to consortium partners in SC 72 representing their share in the sale of long lead items to a third party. Notes payable remained relatively stable at ₱66.4 million (2022: ₱66.9 million), with the slight movement attributable to foreign currency translation adjustments. Noncurrent liabilities declined to ₱358.9 million (2022: ₱454.8 million), mainly due to a decrease in other noncurrent liabilities to ₱245.8 million (2022: ₱338.4 million), reflecting lower provisions for decommissioning costs in SC 14C-2 West Linapacan following changes in estimates. Consequently, total liabilities decreased to ₱448.4 million (2022: ₱601.5 million), driven by reductions in both current and noncurrent obligations during the year.

Other noncurrent liabilities consist of:

(in Millions)	Years Ended December 31	
	2025	2024
Payable to third party	₱211.0	₱207.6
Provision for plug and abandonment costs	95.6	79.5
	₱306.6	₱287.1

As of December 31, 2025, total equity stood at ₱2.642 billion (2024: ₱2.704 billion). Capital stock increased to ₱2.390 billion (2024: ₱1.960 billion) following the issuance of 430.24 million common shares to Tidemark on March 18, 2025 at ₱3.62 per share (par value at ₱1.00 per share) in exchange for 24.13 million FEL shares (the "Share Swap Transaction"). This transaction increased PXP's effective interest in FEL to 97.9%⁵ and in SC72 to 68.5%, while Tidemark became a shareholder with an 18.0% interest in PXP.

As a result, additional paid-in capital increased to ₱3.925 billion (2024: ₱2.817 billion), while equity reserves moved to negative ₱718.7 million (2024: positive ₱411.5 million), largely reflecting the accounting impact of the share swap. Cumulative translation adjustments increased to ₱610.8 million (2024: ₱574.6 million) due to foreign currency movements. The deficit widened to ₱3.656 billion (2024: ₱3.579 billion), reflecting the net loss attributable to the Parent of ₱77.5 million during the year. Non-controlling interests decreased to ₱91.0 million (2024: ₱520.4 million), mainly as a result of the share swap transaction, as well as the effect of the weaker Philippine peso of US\$1 = ₱58.79 as at end of current year (2024: US\$ = ₱57.85).

As at December 31, 2024, total equity stood at ₱2.704 billion (2023: ₱2.634 billion). The deficit widened to ₱3.579 billion (2023: ₱3.548 billion), reflecting the net loss attributable to the Parent of ₱30.9 million during the said year. Cumulative translation adjustments increased by ₱77.0 million, driven by the weakening of the Philippine peso to US\$1: ₱57.85 (2023: ₱55.37). Non-controlling interests amounted to ₱520.4 million (2023: ₱496.3 million), likewise reflecting the impact of foreign currency movements during the said year.

⁵ Subsequently, PXP's effective interest in FEL rose from 97.9% to 98.1% following the increase in PXP's direct shareholding in FEL from 78.4% to 81.3% on July 31, 2025, resulting in a corresponding uplift in its indirect interest in FEL.

As at December 31, 2023, total equity stood at ₱2.634 billion (2022: ₱2.700 billion). The deficit increased to ₱3.548 billion (2022: ₱3.450 billion), reflecting the net loss attributable to the Parent of ₱97.4 million during the said year. Cumulative translation adjustments decreased by ₱19.3 million due to foreign currency movements. Non-controlling interests increased to ₱496.3 million, primarily arising from additional funding received from a minority shareholder of a subsidiary.

Cash Flows

During the current year, net cash used in operating activities amounted to ₱44.2 million (2024: ₱31.7 million), primarily reflecting ongoing overhead requirements, interest payments on shareholder advances, and working capital movements, including the timing of receipts from crude oil liftings and payments for operating costs. Cash outflows remained elevated in the absence of significant revenue contributions beyond Galoc, where production continues at late-life levels, resulting in limited operating cash inflows during the year.

In 2024, net cash used in operating activities amounted to ₱31.7 million (2023: ₱32.7 million), primarily reflecting overhead expenditures and interest payments, partially offset by receipts from crude oil sales from Galoc and related working capital movements.

In 2023, net cash used in operating activities amounted to ₱32.7 million (2022: net inflow of ₱41.4 million), primarily driven by payments for operating and overhead expenses, partially offset by collections of trade and other receivables related to crude oil liftings from Galoc.

During the current year, Investing activities resulted in a net cash outflow of ₱15.8 million (2024: ₱18.0 million), primarily attributable to expenditures on oil and gas assets, including ongoing service contract-related activities and mandatory payments to regulators, reflecting continued but limited capital deployment during the year.

In 2024, net cash used in investing activities amounted to ₱18.0 million (2023: net inflow of ₱43.2 million), primarily reflecting expenditures for exploration activities, including the conduct of a magnetotelluric survey in SC 40 and administrative costs across the Company's service contracts.

In 2023, net cash provided by investing activities amounted to ₱43.2 million (2022: net outflow of ₱350.9 million), mainly driven by proceeds from the sale of long lead items, partially offset by exploration expenditures in SC 72 and SC 40.

During the current year, net cash provided by financing activities amounted to ₱7.4 million (2024: net outflow of ₱6.8 million), primarily driven by additional drawdowns on interest-bearing shareholder advances, which continued to serve as the Group's main source of liquidity for operating and working capital requirements in the absence of significant operating cash inflows. These inflows were partially offset by cash outlays of ₱18.5 million (2024: nil) related to the issuance of new shares and acquisition of non-controlling interests arising from the March 2025 Share Swap Transaction, as well as interest payments on notes payable amounting to ₱7.6 million (2024: ₱6.1 million).

In 2024, net cash used in financing activities amounted to ₱6.8 million (2023: net inflow of ₱27.4 million), primarily attributable to interest payments on notes payable, reflecting the servicing of outstanding shareholder advances during the said year, with no significant new funding inflows recognized during the said year.

In 2023, net cash provided by financing activities amounted to ₱27.4 million (2022: net outflow of ₱141.0 million), largely driven by funding received from a minority shareholder of FEL, which supported the Group's liquidity requirements, partially offset by interest payments amounting to ₱5.7 million on outstanding obligations to affiliates.

Lastly, the net effect of exchange rate changes on cash and cash equivalents amounted to a gain of ₱1.4 million (2024: ₱2.8 million; 2023: ₱0.6 million), reflecting the impact of fluctuations in the Philippine peso against the United States dollar on the Group's foreign currency-denominated cash balances. The weighted average exchange rates were ₱57.51, ₱57.85, and ₱55.37 to US\$1 for the years ended December 31, 2025, 2024, and 2023, respectively.

Despite the continued losses, the Group remains committed to advancing its portfolio of petroleum assets through a prudent and disciplined approach. The Group continues to evaluate opportunities across its service contract portfolio, including SC 72, SC 75, and SC 40, as well as recently awarded contracts such as SC 80, SC 81, and SC 86, while maintaining flexibility in the timing and scope of activities in light of prevailing market conditions, regulatory developments, and funding considerations. In this regard, the Group may pursue partnerships, including farm-in or joint venture arrangements, to share risks and funding requirements, consistent with its approach of optimizing capital allocation. At the same time, the Group continues to prioritize cost management and liquidity preservation as it positions its assets for potential future progression.

In December 2025 and February 2026, the Parent Company received a letter from the respective lenders confirming that it is not prepared to demand repayment of promissory notes amounting to US\$1.8 million for at least 12 months from December 31, 2025.

With the Group's continuing support from its major shareholders, management believes that the Group will be able to generate sufficient cash flows to meet its obligations as and when they fall due. PXP does not expect to purchase or sell any significant equipment and did not have any significant change in the number of its employees.

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

On October 11, 2022, the 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 form 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 ("FGL"), 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

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 form 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

In June 2022, Forum Exploration, Inc. ("FEI") contracted a drilling consultant to prepare drilling programs and budgets for two (2) wells, one of which is 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 1,508 ft. FEI's re-evaluation of the prospect concluded that the Dalingding-1 well did not reach the Barili target, which is currently estimated to be at 1,830 ft, or 480 ft below the well's final depth. A new well is proposed to be drilled down to 2,760 ft to reach the Barili Limestone.

An independent technical evaluation involving a review of available data, project risking, and project economics of the Dalingding Prospect was completed during the first quarter of 2024. The results indicate that deterministic and probabilistic volumetric estimates for the prospect show mean resources of 10 billion cubic feet ("BCF") for a Gas Case and 3.5 million barrels of oil ("MMBO") for an Oil Case.

In early 2024, the DOE approved FEI's proposal to conduct a magnetotelluric ("MT") survey to further evaluate the Dalingding Prospect. The survey aimed to define the top of the carbonate buildup and help determine its depth from the surface.

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 WP&B for 2025 was submitted to the DOE. It has a firm program that includes the continuation and finalization of the MT survey data processing and interpretation, as well as the technical re-evaluation of the Dalingding Prospect, wherein the MT data will be integrated with existing geological, geophysical, and well data.

The evaluation of the MT data was completed in April 2025. The results successfully mapped the presence of a reef boundary, presumably 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 the interpretation process.

A data integration study was carried out by FEI following receipt of the MT report; which was completed in June 2025. The subsurface resistivity data derived from the MT method show that resistivity can vary laterally within a formation, reflecting the 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 concludes that, while seismic remains the primary tool for defining prospect structures, MT-derived resistivity can aid in predicting porosity and fluid type within seismically delineated geologic bodies. By integrating data from multiple geophysical tools and sources, the porosity distribution on the Barili Limestone surface was successfully estimated and mapped.

For 2026, the work program includes the re-evaluation of the Dalingding Prospect and Geologic Prognosis of the Dalingding-2 well.

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

Block C-1 Galoc covered an area of 164 square kilometers and contains the Galoc Oil Field, which had produced approximately 25.33 MMBO as of December 31, 2025.

Gross production in 2025 averaged 1,093 barrels of oil per day (“BOPD”), down from 1,224 BOPD in 2024, representing a year-on-year decline of 10.7%. This decline is consistent with the field’s natural decline rate observed for the past three to four years.

Three liftings, totaling 414,124 barrels, were delivered during 2025. The first lifting was completed on February 28, 2025, with a cargo size of 157,381 barrels; the second on June 01, 2025, totaling 123,361 barrels; and the third was completed on October 1, 2025, with a cargo of 133,382 barrels. The crude oil was sold to regional refineries at an average realized price of US\$69.96 per barrel.

The field's profitability is expected to continue for another year, subject to effective cost management, operational efficiency, high oil prices, and sustained performance of the remaining production wells, Galoc-5 and Galoc-6.

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 PSCs”) through direct negotiation for expiring service contracts with ongoing production or DOE-certified reserves.

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 company from the application, FEPC’s participating interest increased from 3.2103% under the expired SC 14C-1 to 4.69174%

SC 86 (formerly SC No. 6A)

SC 6A had an original term set to expire on February 28, 2024, leaving the Consortium with limited time to drill an exploratory well and to develop a field in case of a commercial discovery. In view of this, the Consortium decided to surrender the contract effective March 31, 2021, and subsequently re-apply for a new contract under the Philippine Conventional Energy Contracting Program (PCECP) through area nomination.

The DOE approved the surrender on September 5, 2022. Then, on March 17, 2023, The Philodrill Corporation (“Philodrill”), as the Operator and on behalf of the Consortium, submitted the SC application to the DOE. Consortium members PXP and FEPC will each hold a participating interest of 6.8439%.

On May 15, 2023, the DOE, in its preliminary review, confirmed the completeness of the technical, legal, and financial documents submitted by the JV in support of the SC application.

The new SC (no. 86) was awarded on September 30, 2025. The first SP will focus on further subsurface work, in addition to the geological and geophysical (“G&G”) studies conducted by the former SC 6A Consortium. These activities aim to establish a final well design and location for the Malajon Prospect and to appraise the Octon Discovery.

Cadlao Block New SC Application (formerly SC No. 6B)

SC 6B covered an area of 567 sq. km and contains the Cadlao Oil Field. The field was discovered in 1977 and produced about 11 MMBO from two (2) subsea production wells from 1981 to 1991. The remaining recoverable reserves are estimated at 3.7 MMBO for proven reserves (“1P”) and 5.7 MMBO for proven plus probable reserves (“2P”), according to a 2012 study by Gaffney, Cline & Associates Inc. Additionally, located near Cadlao is the East Cadlao Prospect, where Philodrill, in 2016, estimated recoverable resources of 1.48 MMBO at the P10 level, and 1.17 MMBO at the P50 level.

In December 2021, Nido submitted a farm-in proposal to the JV to increase its participating interest in SC 6B from 9.09% to 72.727% and take over the operatorship of the license. A farm-in agreement (“FIA”) was later executed on February 11, 2022, with FEPC’s interest being reduced to 2.4546% from 8.182%. Under the FIA, Nido will fund 100% of the drilling of a well, Cadlao-4, the conduct of an extended well test (“EWT”), and the subsequent development of the Cadlao Field.

Nido proposes a two-phase redevelopment consisting of:

- Phase 1: A three (3) to nine (9)-month EWT 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 (“DOA”) of Participating Interest to Nido and the revised 2022 Work Program and Budget (“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 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 Exploration Corporation (“PNOC EC”) signed an FIA that provides for PNOC EC’s acquisition of a 20% participating interest in SC 6B,

including sharing the cost of drilling and EWT for the Cadlao-4 well. While PNOC EC's participation was approved by the Consortium, the formal transfer and assignment of the 20% interest from Nido to PNOC EC shall be subject to the approval of DOE.

Nido had initially identified a drillship to drill the Cadlao-4 well, although it still requires equipment modifications. However, due to safety concerns about using a drillship at a water depth of 93.7 m, a jack-up rig is now being considered for both drilling and the EWT. Nido is currently reviewing the contract for the jack-up rig.

In December 2023, the DOE released Department Circular No. 2023-12-0033 (the "Circular") on the awarding of Development and Production Petroleum Service Contract ("DP PSC") through direct negotiations. It took effect on January 3, 2024. The DP PSC covers expiring service contracts but with ongoing production or producible petroleum reserves as validated by the DOE. 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 upon terms and conditions.

On January 5, 2024, the SC 6B Consortium sent to DOE its letter of intent to apply for a DP PSC before the expiration of the SC 6B production term. On January 26, 2024, Nido submitted the application documents over the former SC 6B Block additional open areas. These documents include a copy of the POD for the Cadlao Field. The new SC will replace SC 6B, which expired on February 28, 2024. The Consortium is now awaiting final approval of the application from the Office of the President.

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

The SC 14 Block C-2 in the Northwest Palawan Basin covered an area of 176.5 sq. km and hosted two main oil-bearing structures, West Linapacan A and West Linapacan B, which are structural traps formed by fault-related folding. The West Linapacan A Field was discovered in 1990 and, from 1992 to 1996, produced over 8.5 MMBO from fractured Linapacan Limestone, the stratigraphic equivalent of the Nido Limestone. The field is located in 300 to 350 m of water, approximately 60 km offshore from Palawan Island.

West Linapacan B, located along the same structural trend, was discovered in 1993 with the drilling of West Linapacan B1-X but was never developed. Test results confirmed reservoir productivity, and available data suggest the well did not reach the oil-water contact, indicating that additional hydrocarbon accumulations may extend beyond the currently defined structural limits.

In September 2021, the Consortium initiated a technical study of West Linapacan B, including geologic data review, well log digitization, reservoir modeling, and resource estimation. Phase 1, completed in November 2021, indicated that a stand-alone development was not economically viable. Phase 2 assessed the potential for joint development of the West Linapacan A and B, concluding that feasibility would depend on recoverable reserves, development costs, production rates, and oil prices.

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, along with additional open acreage. The new DP PSC will allow the continued appraisal of the West Linapacan A for potential development, as well as the evaluation of nearby structures, such as the West Linapacan B, for possible tie-backs to any future West Linapacan A development. The block qualifies for a DP PSC based on the declared reserves in the West Linapacan A Field.

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 FEL have 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 SC. The original term of SC 6A was set to expire on February 28, 2024, providing the JV limited time to drill an exploratory well and pursue field development in the event of a discovery.

In December 2023, the DOE issued a Circular providing guidelines for the award of DP PSC through direct negotiations. On January 5, 2024, the SC 6B Consortium, which includes FEPC, submitted to the DOE its letter of intent to apply for a DP PSC prior to the end of the SC 6B production term. The new service contract will replace SC 6B, which was scheduled to expire on February 28, 2024. The redevelopment of the Cadlao Field, which includes the drilling of Cadlao-4 well, constitutes the work commitment under the new service contract.

A Development and Production Petroleum Service Contract (DP PSC) No. 88 was awarded to the Galoc consortium on December 18, 2025, to continue production beyond December 17, 2025, the end of the SC 14C-1 term. Meanwhile, the West Linapacan Consortium will use the new service contract to further appraise the West Linapacan A Field, which already has third-party certified oil reserves. SC 14C-2 also expired in December 2025.

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.

With the unfavorable results of the different evaluation studies conducted in SC 74, the Consortium led by PXP decided to surrender the Block to the DOE on December 13, 2023. The group also agreed to dissolve the JV, along with the subsequent termination of the Joint Operating Agreement in accordance with Section 2.2.A.3 of the Agreement, once the remaining obligations of the JV under the SC have been settled with the DOE. The DOE approved the relinquishment of SC 74 on July 12, 2024, contingent upon the settlement of the remaining financial commitment, which comprises the scholarship fund. To complete this requirement, a Memorandum of Agreement on Scholarship Assistance was ceremonially signed at the DOE on October 22, 2025, awarding the outstanding US\$55,000 scholarship commitment to Palawan State University. This settlement formally released the Consortium from all remaining financial obligations under SC 74.

On August 27, 2024, PXP, in a Consortium with three other companies, submitted the bid documents for PDA-BP-2 and PDA-BP-3 to the DOE and the Ministry of Environment, Natural Resources, and Energy ("MENRE") of the Bangsamoro Autonomous Region in Muslim Mindanao ("BARMM"). These blocks were among those offered in early 2024 under the 1st BARMM Conventional Energy Bid Round, jointly conducted by the DOE and MENRE. On September 24, 2025, the government awarded SC 80 for PDA-BP-2 and SC 81 for PDA-BP-3.

SC 80 is located in the southwestern part of the Sulu Sea Basin, approximately 200 km from the coast of Borneo. The block covers an area of 7,800 sq. km and water depths ranging from 200 to 3,000 meters in its eastern section. Between 2009 and 2010, ExxonMobil (as Operator), together with BHP Billiton and Mitra Energy as Consortium members, drilled four (4) wells in deeper waters within SC 80. Two of these wells, Dabakan and Palendag, discovered gas in multiple stacked turbidite sands within deepwater thrust anticline traps.

SC 81, located south of SC 80, has an area of 5,321 sq. km and water depths ranging from less than 100 m in the west to over 3,000 m in the east. The block is covered by 2D and 3D seismic data, and seven (7) wells have been drilled by previous operators. While no commercial discoveries have yet been made in SC 81, hydrocarbon indications were recorded in several wells, and multiple leads have been identified by earlier operators.

During the initial sub-phases of both service contracts, geologic and geophysical studies will be undertaken, including the reprocessing of existing 2D and 3D seismic data using the Pre-Stack Depth Migration ("PSDM") method.

3) Control of Costs and Expenses

Management continues to emphasize cost containment to preserve liquidity and extend runway, with near-term liquidity supported by shareholder advances.

Excluding one-off items, if any, overhead stays broadly in line with plan, reflecting disciplined spending and phased disbursements. During the year, General and administrative expenses were ₱55.4 million (2024: ₱54.4 million), with the slight increase attributable to normal operating requirements. The Group is prioritizing compliance, regulatory commitments, and essential operating needs while deferring non-critical expenditures, with current measures including stricter approval thresholds and shared-services utilization across subsidiaries.

4) Financial Management

Prudent and well-implemented financial management will prolong the Company's ability to finance its activities and thus its corporate life. The Company addresses its funding requirements through a regular review of its cash position and forecast.

In December 2025 and February 2026, the Parent Company received a letter from the respective lenders confirming that they are not prepared to demand repayment of notes payable totaling US\$1.8 million for at least 12 months from December 31, 2025.

In August 2025, PXP obtained additional loans from PMC and Kirtman, both shareholders of PXP. The drawdowns were US\$300,000 each, payable on demand, bearing interest at 6M TERM SOFR (or, if unavailable, the corresponding replacement benchmark) plus 3.5% per annum, payable quarterly in arrears. Proceeds will be used to partially fund the Group's working capital at least during the next 12 months.

In addition, the Company continues to evaluate funding options to support its operations and asset portfolio, including potential farm-in or similar arrangements, consistent with its public disclosures, although no definitive arrangements have been finalized as of reporting date.

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 year, 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. DC 2020-04-0010 also known as 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, crucial for navigating disasters like earthquakes, fires, and typhoons. These lightweight kits contain essential survival items: first-aid kit, potable water, crackers, and canned food. Industrial-grade hard hats, which are Personal Protective Equipment (PPE), were also provided to employees to avoid head injuries during emergency situations. First aid kits containing basic wound management items and over-the-counter medicines for the treatment of minor illnesses are always available at the office. The emergency go bags and first aid kits are replenished on an annual basis or as needed.

On February 20, 2025, the annual physical examination was conveniently held within the office building for all employees of the Company. Medical professionals from Newport X-ray, Laboratory & Medical Center Inc. set up temporary testing sites and conducted routine check-ups, including physical examination, blood chemistry test, urinalysis, ECG, pap smear, x-ray, optical assessment, and physician consultations. Additionally, an on-site flu vaccination program was successfully conducted on June 20, 2025, providing vaccinations to all employees and their registered dependents. Nurses conducted vital signs assessments and medical evaluations to ensure that employees and their dependents were medically fit for vaccination prior to the administration of the flu vaccine shot. This reflects the Company's commitment to employee health and well-being ensuring everyone has easy access to essential health screenings.

In compliance with R.A. 9514 also known as Revised Fire Code of the Philippines of 2008, the Company participated in the annual Fire Seminar and Drill Evacuation Exercise organized by the office building management. The exercise was held on June 20, 2025, in coordination with the Inspectors of Bureau of Fire Protection of Mandaluyong City, Barangay Highway Hills Emergency and Fire Brigade Team. By actively engaging in emergency drills, the Company demonstrates its commitment to ensuring a safe environment for employees and effectively responding to emergencies.

A number of employees participated in the Mandatory Eight-Hour Safety and Health Seminar conducted on December 4, 2025, in compliance with the Department of Labor and Employment (DOLE) regulations. The remaining employees will undergo the same training in subsequent batches to ensure full organizational compliance. DOLE-accredited training certificates was issued upon completion as part of the company's commitment to maintaining a safe and health-conscious work environment.

KNOWN TRENDS, EVENTS, OR UNCERTAINTIES

On March 24, 2026, the Board of Directors and Stockholders of FEI, approved the issuance of 561,000,000 new common shares at a par value of ₱1.00 per share to convert shareholder advances of approximately US\$10.2 million (₱561 million) from FEPC into new FEI equity, subject to completion of documentation and regulatory requirements. The conversion is intended to strengthen FEI's balance sheet by reducing outstanding obligations, and upon completion, FEPC's ownership interest in FEI is expected to increase from 66.67% to approximately 91.65%. FEI holds a 100% operating interest in SC 40.

There are no other 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 materiality. There are no material commitments for capital expenditures not reflected in the Company's consolidated financial statements. There is likewise no significant seasonality or cyclicity in its business operation that would have a material effect on the Company's financial condition or results of operation. There are 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 relationships of the Company with unconsolidated entities or other persons created during the reporting period. There are no line items in the Company's consolidated 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 natural in every business operation.

The Company has not, in the past year, revised its financial statements for reasons other than changes in accounting policies.

Item 7. Financial Statements

The audited consolidated financial statements are presented in Part IV, Exhibits and Schedules.

Item 8. Information on Independent Public Auditor and other Related Matters

The appointment, approval, or ratification of the Company's independent public auditor will be submitted to the shareholders for approval at the Annual Stockholders' Meeting on June 17, 2026.

The Audit Committee has recommended, and the BOD has approved, the reappointment of the accounting firm of SyCip Gorres Velayo & Co ("SGV & Co"). SGV & Co has been the Company's independent auditor since its incorporation in December 2007. The Audit Committee has recommended their reappointment for the current year. The recommended audit engagement partner for the ensuing year is Mr. Marco Rene A. Barredo.

The Company's Audited Financial Statements for 2025 was certified by Mr. Marco Rene A. Barredo of SGV & Co, the audit engagement partner for the 2025 audit, and is attached to this Information Statement as an Exhibit to the Annual Report. The Company has been advised that the SGV & Co auditors assigned to render audit-related services have no shareholdings in the Company, or a right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, consistent with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

Representatives of SGV & Co will be present at the scheduled stockholders meeting. They will have the opportunity to make a statement should they desire to do so and will be available to respond to appropriate questions.

EXTERNAL AUDIT FEES AND SERVICES

Audit and Audit-Related Fees

For 2025, 2024, and 2023, independent auditors were engaged to express an opinion on the consolidated and stand-alone financial statements of the Company and its Subsidiaries (“the Group”), and to review of income tax calculation in the income tax returns of the Group. A regular audit was carried out based on Philippine Standards on Auditing.

The audit fees for the Parent Company amounted to ₱1.2 million for years 2025, 2024, and 2023.

There were no non-regular audit conducted during the years 2025, 2024 and 2023.

Tax Fees

There were no tax-related services rendered by the independent accountants other than the audits of the Company’s tax accounts, which formed part of the regular audit engagement.

All Other Fees

There were no other non-audit services rendered by the independent accountants.

Audit Committee’s Approval of Policies and Procedures

Prior to the commencement of audit work, the independent accountants make a presentation of their audit program and schedule to the Company’s Audit Committee, which includes a discussion of anticipated issues. The Group’s audited consolidated financial statements for the year are presented by the external auditors to the Audit Committee for their endorsement to the Board and the Board’s final approval. Prior to endorsement by the Audit Committee, the independent auditors present a comprehensive report discussing the work carried out, areas of interest and their key findings and observations.

The Group’s quarterly and annual financial reports are presented to the Audit Committee for their endorsement to the BOD for final approval and subsequent filing with the SEC.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no change in the Company’s independent auditors since its incorporation in 2007, except for changes in the audit engagement partner, with Mr. Marco Rene A. Barredo serving as audit engagement partner since 2024. There have been no unresolved disagreements with the independent auditors.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

The overall management and supervision of the Company is undertaken by the Board. There are eleven (11) members of the Board. The regular and independent directors were elected during the annual meeting of the stockholders held on July 11, 2025, to serve for a term of one year and until their successors are elected and qualified.

Directors

The names of the incumbent directors of the Company, their respective ages, citizenship, period of service, directorships in other companies and positions are as follows:

1. **MANUEL V. PANGILINAN – 79**, Filipino citizen; first elected Director of the Company on December 08, 2009; Chairman of the Board since December 08, 2009; last re-elected on July 11, 2025.

Academic background

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania.

Business and Professional Background/Experience

Mr. Pangilinan worked for Philippine Investment Management Consultants Inc. (PHINMA) in the Philippines, as well as for Bancom International Limited and American Express Bank in Hongkong. Thereafter he founded First Pacific in May 1981.

Mr. Pangilinan served as Managing Director of First Pacific from its founding in 1981 until 1999. He was Executive Chairman until June 2003, after which he was named Managing Director and Chief Executive Officer. Mr. Pangilinan holds the positions of President Commissioner of PT Indofood Sukses Makmur Tbk in Indonesia. In the Philippines, Mr. Pangilinan was once again appointed as President and CEO of PLDT, Inc. and Smart Communications, Inc. in January 2024. He also became the President and Chief Executive Officer of Manila Electric Company (Meralco) effective June 1, 2023. He is the Chairman, President and Chief Executive Officer of Metro Pacific Investments Corporation (MPIC). He is the Chairman of PLDT Communications and Energy Ventures, Inc.; Global Business Power Corporation (GBP), which is wholly owned by MERALCO PowerGen Corporation (MGen); Terra Solar Philippines, Inc. (TSPI), a wholly owned subsidiary of SP New Energy Corporation (SPNEC), which develops the Philippines' largest solar facility; Maynilad Water Services, Inc.; Metro Pacific Tollways Corporation; NLEX Corporation; PMC; PXP; Landco Pacific Corporation; Mediaquest Holdings, Inc.; Associated Broadcasting Corporation (TV 5); and Metro Pacific Health, the largest group of private hospitals and other healthcare facilities with 23 hospitals such as Makati Medical Center, Cardinal Santos Medical Center, et al. He is also the Vice Chairman of Roxas Holdings, Inc.

In recognition of Mr. Pangilinan's contributions to the country, the Philippine Air Force awarded him the rank of Lieutenant Colonel (Res) in a promotion list approved by the Philippine President in July 2021. In 2010, the Office of the President of the Philippines awarded Mr. Pangilinan the Order of Lakandula with the rank of Bayani. Mr. Pangilinan was awarded the First Honorary Doctorate Degree in Management by the Asian Institute of Management in 2016, an Honorary Doctorate in Science by Far Eastern University in 2010, and an Honorary Doctorate in Humanities by Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines. He was formerly Chairman of the Board of Trustees of the Ateneo de Manila University and was a member of the Board of Overseers of the Wharton School.

In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation Inc., Metro Pacific Foundation Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation (PDRF). He is a Director of the Philippine Business for Education (PBED). He is Chairman of the Board of Trustees of San Beda College and Co-Chairperson of the Board of Trustees of Stratbase Albert del Rosario Institute and the US– Philippine Society.

In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation, Inc., and of the Samahang Basketbol ng Pilipinas.

Listed companies in the Philippines of which Mr. Pangilinan is presently a director:

- PXP
- PMC
- PLDT Inc.
- Roxas Holdings, Incorporated
- Manila Electric Company

2. **DANIEL STEPHEN P. CARLOS – 62**, Filipino citizen; first elected Director on August 16, 2015; last re-elected on July 11, 2025.

Academic Background

Mr. Carlos obtained his Bachelor of Science degree in Geology from the University of the Philippines in 1984 and his Master of Science degree in Petroleum Geosciences from the Norwegian University of Science and Technology (NTNU) in 2002. He also earned a Diploma in Petroleum Exploration and Reservoir Evaluation from the University of Trondheim (now NTNU) in 1988. He is a licensed Geologist and placed third in the 1985 Geologist Licensure Examination.

Business and Professional Background/Experience

Mr. Carlos is the President of the Company. He was with the Department of Energy (1985–1991), Basic Energy Corporation, PNOC Exploration Corporation, Forum Pacific, Inc., and CGG Multiwave. In February 2007, he joined Forum Energy Philippines Corporation as Vice President for Exploration. He was appointed President in July 2013, a position he has held since then, and Chairman in June 2016, a position he continues to hold. He is the Resident Agent of Forum (GSEC 101) Limited – Philippine Branch, which operates SC 72 or Recto Bank. He is the Chairman and President of Forum Exploration, Inc., which operates SC 40 or North Cebu Block. He is also the President and Chief Executive Officer of FEC Resources, Inc., a Canadian public company and a 81.25% subsidiary of PXP. He is an active member of the Geological Society of the Philippines (GSP) and the South East Asia Petroleum Exploration Society (SEAPEX).

Listed company in the Philippines of which Mr. Carlos is presently a director:

- PXP

3. **EULALIO B. AUSTIN JR. – 64**, Filipino citizen; first elected May 18, 2010; last re-elected July 11, 2025.

Academic background

Mr. Austin graduated from the St. Louis University in Baguio City, with a Bachelor of Science degree in Mining Engineering, and placed eighth in the 1982 Licensure Examination for Mining Engineers. He took his Management Development Program at the Asian Institute of Management in 2005 and his Advanced Management Program at the Harvard Business School in 2013.

Business and Professional Background/Experience

Mr. Austin is a Director of PMC and Philex Gold Philippines, Inc. since June 29, 2011. He became President and Chief Operating Officer of PMC on January 01, 2012, and President and Chief Executive Officer on April 03, 2013.

He previously served PMC as its Senior Vice President for Operations and Padcal Resident Manager in 2011, Vice President and Resident Manager for Padcal Operations from 2004 to 2010, Mine Division Manager (Padcal) from 1999 to 2003, Engineering Group Manager in 1998, and Mine Engineering & Draw Control Department Manager from 1996 to 1998. Mr. Austin concurrently serves as President & CEO and Director of Silangan Mindanao Mining Co., Inc.

Outside of PMC, he is a member of the Chamber of Mines of the Philippines' Board of Trustees. Mr. Austin also sits as a member of the Executive Committee of the Board of Trustees and serves as the Chairman of the Membership Committee as well as the Towards Sustainable Mining Initiative Committee. He is a Competent Person (CP) for Copper and Gold Deposit by the Philippine Society of Mining Engineers under the PMRC guidelines. He was awarded 2021 Outstanding Professional of the Year in the Field of Mining Engineering by the Professional Regulation Commission of the Philippines. Also in 2016, he was awarded Most Outstanding Engineer of the Philippine Society of Mining Engineers (PSEM), aside from being the Founding President of PSEM's Philex Chapter. He was also recognized as the CEO of the Year on Mining by The Asset in December 2015 in Hong Kong and was recently an Asia Pacific Entrepreneurship Awardee by the Enterprise Asia, awarded November 2016.

Listed companies in the Philippines of which Mr. Austin is presently a director:

- PXP
- PMC

4. **MARILYN A. VICTORIO-AQUINO** - 70, Filipino citizen; first elected April 18, 2013; last re-elected on July 11, 2025.

Academic Background

Atty. Victorio-Aquino graduated cum laude (class salutatorian) from the University of the Philippines with a Bachelor of Laws Degree in 1980, placed second in the Philippine Bar Examinations, and was admitted to the Philippine Bar in 1981. She obtained her Bachelor of Arts degree from the University of Santo Tomas.

Business and Professional Background/Experience

Ms. Victorio-Aquino was elected to the Board of the PSE in June 2023. She is a member of the Board of Directors of PLDT Inc. ("PLDT"). She is also PLDT's Corporate Secretary and Senior Legal Advisor to the Chairman. She joined First Pacific Company Limited ("First Pacific") in 2012 as an Assistant Director and currently holds various positions in Philippine subsidiaries and affiliates of First Pacific and Metro Pacific Investments Corporation (an affiliate of First Pacific), including President of First Coconut Manufacturing, Inc., and director of PMC and PXP. She is also a director of Lepanto Consolidated Mining Company ("Lepanto"). PMC, PXP, and Lepanto are PSE-listed companies. She also serves as a director of Philex Gold Philippines, Inc., Silangan Mindanao Mining Company, Inc., and Maya Bank, Inc. Prior to joining First Pacific, Atty. Victorio-Aquino retired as a Senior Partner at SyCip Salazar Hernandez and Gatmaitan Law Offices (SyCipLaw). She is a member of the International Pacific Bar Association, Women Lawyers Circle, Federacion Internacional de Abogadas, Philippine Bar Association, and Integrated Bar of the Philippines.

Listed companies in the Philippines of which Ms. Aquino is currently a director:

- PXP
- PMC
- Lepanto
- PLDT
- PSE

5. **JOSEPH H.P. NG – 63**, British Citizen; first elected May 21, 2019; last re-elected on July 11, 2025.

Academic Background

Mr. Ng received an MBA and a Professional Diploma in Accountancy from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, and the Institute of Chartered Accountants in England and Wales.

Business and Professional Background/ Experience:

Mr. Ng. joined First Pacific in 1988 from PriceWaterhouse's audit and business advisory department in Hong Kong. He was appointed as First Pacific's Chief Financial Officer in August 2022 and has been an Associate Director since April 2019. He was the Executive Vice President of Group Finance and served in several senior positions within First Pacific Group, including as the Group Treasurer, the Head of Finance of the Group's regional telecom division, and as a Director of several First Pacific Group's telecom joint ventures in India, Indonesia, and China. Mr. Ng is also a Commissioner of PT Indofood Sukses Makmur Tbk, a Non-Executive Director of PMC, and a Director of PacificLight Power Pte. Ltd., which are First Pacific Group subsidiaries and associates.

Listed companies in the Philippines of which Mr. Ng is currently a director:

- PXP
- PMC

6. **RAY C. ESPINOSA. – 69**, Filipino citizen; first elected July 8, 2024; last re-elected on July 11, 2025.

Academic background

Mr. Ray Espinosa has a Master of Laws Degree from the University of Michigan School of Law and a Bachelor of Laws Degree from the Ateneo de Manila University School of Law. He is a member of the Integrated Bar of the Philippines. He was a partner at SyCip Salazar Hernandez & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington, D.C., USA) from 1987 to 1988, and a law lecturer at the Ateneo de Manila University School of Law from 1983 to 1985 and 1989. He placed first in the 1982 Philippine Bar Examinations.

Business and Professional Background/Experience

Mr. Espinosa served as President and Chief Executive Officer of Manila Electric Company (Meralco) until May 2023 and General Counsel of Meralco from December 2009 until May 2019. He is a Director of Meralco, PLDT Inc. (PLDT), Smart Communications, Inc., Metro Pacific Investments Corporation (MPIC), Meralco PowerGen Corporation, Chromite Gas Holdings, Inc. (CGHI), PacificLight Power Pte. Ltd., Maya Bank, Inc., and PXP. He was a Director of Roxas Holdings, Inc. until February 2025. He also serves as an Independent Director of EEI Corporation and the Chairman of its Risk Oversight Committee and Member of its Executive Committee; an Independent Director of Concreat Holdings Philippines, Inc. (CHPI); and an Independent Director of Lepanto Consolidated Mining Company and Chairman of its Audit Committee; and a Member of the Technology Strategy Committee and Data Privacy and Information Security Committee of PLDT.

Mr. Espinosa is also a trustee of the Beneficial Trust Fund of PLDT. Mr. Espinosa joined First Pacific in 2013. He is First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines.

Listed companies in the Philippines of which Mr. Espinosa is presently a director:

- PXP
- Manila Electric Company
- PLDT Inc.
- EEI Corporation
- Lepanto Consolidated Mining Company

7. **ERIC O. RECTO – 62**, , Filipino citizen; first elected July 8, 2024; last re-elected on July 11, 2025.

Academic Background

Mr. Recto has a degree in Industrial Engineering from the University of the Philippines as well as an MBA from Johnson School, Cornell University.

Business and Professional Background/Experience

Mr. Recto has served as the Chairperson of the Philippine Bank of Communications since May 2012. At present he holds the following positions in public listed companies: Vice Chairman and Lead Independent Director of Aboitiz Power Corporation, Independent Director of PH Resorts Group Holdings, Inc., Independent Director of Manila Water Company, Inc., Independent Director of Sun Life of Canada (Philippines), Inc., Director of PXP; Director of DITO CME Holdings Corp. (formerly ISM Communications Corporation). He is also Chairperson and President of Bedfordbury Development Corporation, Chairman of the Board and CEO of Atok-Big Wedge Co., Inc., Vice Chairman of Alphaland Corporation, Chairman of the Board of Pylon Holdings Corporation, Chairman of the Board of Eight-8-Ate Holdings, Inc. Appointed as Senior Advisor of Stonepeak Infrastructure Partners in the U.S., and is a Director of Miescor Infrastructure Development Corporation.

Prior to his current roles, he was President of Petron Corporation, the largest oil refining and marketing company in the Philippines. He also previously served as Undersecretary of Finance of the Republic of the Philippines from 2002 to 2005.

Listed companies in the Philippines of which Mr. Recto is presently a director:

- PXP
- Aboitiz Power Corporation
- DITO CME Holdings Corp.
- Manila Water Company, Inc.
- PH Resorts Group Holdings, Inc.

8. **RODOLFO MA. A. PONFERRADA – 49**, Filipino citizen; first elected July 8, 2024; last re-elected on July 11, 2025.

Academic Background

Atty. Ponferrada graduated valedictorian with a degree in Bachelor of Laws *cum laude* from the University of the Philippines in 2001 and a degree of Bachelor of Science in Management (Honors Program) *magna cum laude* with a Minor in Japanese Studies from the Ateneo de Manila University in 1997. He placed first in the 2001 Philippine Bar Examinations.

Business and Professional Background/Experience

Atty. Ponferrada is currently the President of DoubleDragon Corporation (PSE:DD) and Hotel of Asia, Inc. He is also the Executive Chairman of Hotel101 Global Holdings Corporation (NASDAQ:HBNB). He was the founding managing partner of Ponferrada & San Juan Law Office. He was the General Counsel and/or Corporate Secretary of the RVO group of companies from 2006 to 2016. He was also the President of Atok-Big Wedge Co., Inc. (PSE:AB) from 2023 to 2024. He was also the President of Alphaland Corporation from 2022 to 2025. He served in government as (1) Technical Assistant to the Executive Secretary under President Gloria Macapagal-Arroyo in 2003, (2) Assistant Chief of Staff to Vice President Noli de Castro from 2004 to 2006, and (3) as a member of the Board of Directors of the Social Housing Finance Corporation from 2006 to 2016. He started his law practice as an associate at SyCip Salazar Hernandez & Gatmaitan in 2002.

Listed companies in the Philippines of which Atty. Ponferrada is presently a director:

- PXP
- Atok-Big Wedge Co., Inc.
- Double Dragon Corporation

9. **EVA B. ARCOS - 64**, Filipino citizen; first elected February 26, 2025; last re-elected July 11, 2025.

Academic Background

Ms. Arcos obtained her Bachelor of Science degree in Business Economics from the University of the Philippines-Diliman in 1982. She also took Masteral studies in Labor Policy and Administration, and Psychology from the same university.

Ms. Arcos took multi-disciplinary courses from the Institute for Pastoral and Social Ministry, Notre Dame University, Indiana, USA; the Mexican American Cultural Center, San Antonio, Texas, USA; the Turin International Training Centre, Italy (with field visits to Austria, Sweden and Germany); the Asian Productivity Organization and Iranian Productivity Organization, Tehran, Iran; Ministry Resource Center, Alamo, Texas; Centro de Enseñanza para Extranjeros, Universidad Nacional Autonoma de Mexico; Cuernavaca Language School, Mexico City; the International Institute – Histadrut, Israel, among others.

Business and Professional Background/Experience

Ms. Arcos was appointed Commissioner of the Social Security System (SSS) on March 23, 2023, and took her Oath of Office on April 3, 2023, and reappointed and took her oath of office anew on April 24, 2024. She also served the Commission in 2015 and 2016 as one of the three (3) Workers' Group Representatives. She was a Member of its Governance, Risk Management and Actuary Oversight, and Contribution and Collection Oversight, and Audit Committees. She is currently the Chair of its Benefits and Environment, Social and Governance Oversight Committee and a Member of its Governance, Audit and Legal, Coverage and Collection Oversight and Information Technology Committees. She has been the Vice Chair of SSS Provident Fund since 2025.

She has been the Vice-Chair of the Board of Directors of the Philamlife Tower Management Corporation since 2025 and served as Vice Chair of the Board of Directors of the AIA Tower Condominium Corporation in 2024. She has been the President and Chief Executive Officer, and Trustee of Duyan Ni Maria Children's Home, Inc. since January 2025. She has been the Vice Chair (External) of Defend Jobs Philippines since 2024. She has three decades of trade union work, was the National Vice President for Education and Information of the Associated Labor Unions (ALU), Associated Philippine Seafarers Union (APSU), and the Associated Professional, Supervisory, Office and Technical Employees Union (APSOTEU), and served as Executive Director of the TUCP Workers' College.

She was a Member of the Global and Asia-Pacific IndustriALL Executive Committee. She was a former Women's Committee Co-Chair of IndustriALL Global Union and IndustriALL Asia-Pacific. She also served as Titular in the UNI-APRO Women Committee, and was a former Member of the International Trade Union Confederation-Asia-Pacific Women's Committee, and its Regional General Executive Council.

Listed company in the Philippines of which Ms. Arcos is currently a director:

- PXP

10. **BENJAMIN S. AUSTRIA – Independent Director; 80**, Filipino citizen; first elected Independent Director on August 4, 2011; last re-elected on July 11, 2025.

Academic background

Dr. Austria received his Bachelor of Science degree in Geology from the University of the Philippines (UP) in 1965. He earned his Master's and Doctorate degrees in Geology from Harvard University in 1968 and 1975, respectively. Dr. Austria retired in 2011 from the (UP) as Professor of Geology after 45 years of service, teaching courses in Economic Geology, Geochemistry and Crystallography. The UP National Institute of Geological Sciences building was completed and inaugurated while he was Director of the Institute from 1987 to 1993.

Business and Professional Background/Experience

Dr. Austria is a registered Geologist and was recognized as the Outstanding Professional in the Field of Geology for 2001 by the Professional Regulation Commission of the Philippines (PRC). He has been a Member of the Board of Geology of the PRC since 2016. He was Officer-in-Charge of the Board of Geology from November 2020 to March 2022. He is a Director and Vice-President (Earth Sciences & Geography Division) of the Philippine Association for the Advancement of Science & Technology, a non-stock, non-profit corporation. On December 9, 2024, Dr. Austria was appointed as Member of the Technical Panel for Geology of the Commission on Higher Education (CHED). On August 16, 2025, the University of the Philippines Alumni Association conferred on Dr. Austria the UPAA Lifetime Distinguished Achievement Award.

Listed company in the Philippines of which Dr. Austria is presently a director:

- PXP (Independent Director)

11. **EMERLINDA R. ROMAN – Independent Director; 76**, Filipino citizen; first elected Independent Director August 4, 2011; last re-elected July 11, 2025.

Academic Background

Dr. Roman received her Bachelor of Science degree in Agriculture from the University of the Philippines-Los Baños in 1972. She earned her Master's Degree in Agribusiness Management in 1977 and her Doctor of Business Administration (DBA) degree in 1989 from the College of Business Administration of the University of the Philippines-Diliman.

Business and Professional Background/Experience

Dr. Roman is the first woman president of the University of the Philippines (UP), where she is now Professor Emeritus at the Cesar E.A. Virata School of Business. Prior to her term as president, she held various administrative positions at UP, including three-time Chancellor of the University's flagship campus, UP Diliman; Vice-President; and Secretary of the Board of Regents. Dr. Roman was President. when the UP celebrated its centennial, at which time the university went on an aggressive fundraising campaign, raising more than P6 billion.

Dr. Roman also served as Chair of the Board of Trustees of the International Rice Research Institute, President of the UP Foundation, Chair of the Friends of UP in America Foundation, and Chair of the UP Provident Fund.

She sits on the boards of Smart Communications, Inc., Digital Telecommunications Philippines, Inc., and One Meralco Foundation, Inc. She is also Chair of the Board of Advisers of Manila Tytana Colleges and a Member of the Board of Trustees of Akademya Filipino.

Listed company in the Philippines of which Dr. Roman is currently a director:

- PXP (Independent Director)

There is no director who has resigned or declined to stand for re-election to the BOD since the July 11, 2025 Annual General Stockholders' Meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices. No director has furnished the Company with a letter describing such disagreement and requesting that the matter be disclosed.

Executive Officers

The following persons are the present executive officers of the Company:

MANUEL V. PANGILINAN – 79, Filipino citizen. Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania.

Mr. Pangilinan is the Chairman of the Board of Directors of the Company. Mr. Pangilinan worked for Philippine Investment Management Consultants Inc. (PHINMA) in the Philippines, and in Hong Kong with Bancom International Limited and American Express Bank. Thereafter he founded First Pacific in May 1981.

Mr. Pangilinan served as Managing Director of First Pacific since its founding in 1981 until 1999. He was appointed Executive Chairman until June 2003, after which he was named Managing Director and Chief Executive Officer. Mr. Pangilinan holds the positions of President Commissioner of PT Indofood Sukses Makmur Tbk in Indonesia. In the Philippines, Mr. Pangilinan was once again appointed as President and CEO of PLDT, Inc and Smart Communications, Inc in January 2024. He also became the President and CEO of Manila Electric Company (Meralco) effective June 1, 2023. He is the Chairman, President and CEO of Metro Pacific Investments Corporation; PLDT Communications and Energy Ventures, Inc., Chairman of Global Business Power Corporation (GBP) - wholly owned by MERALCO PowerGen Corporation (MGen), Terra Solar Philippines, Inc. (TSPI) - wholly owned subsidiary of SP New Energy Corporation (SPNEC), which develops the Philippines' largest solar facility. Maynilad Water Services, Inc., Metro Pacific Tollways Corporation, NLEX Corporation, PMC,

PXP, Landco Pacific Corporation, Metro Pacific Health – the largest group of private hospitals and other healthcare facilities with 23 hospitals such as Makati Medical Center, Cardinal Santos Medical Center, et al; Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV 5), and the Vice Chairman of Roxas Holdings, Inc.

DANIEL STEPHEN P. CARLOS – 62, Filipino citizen. Mr. Carlos obtained his Bachelor of Science degree in Geology from the University of the Philippines in 1984 and his Master of Science degree in Petroleum Geosciences from the Norwegian University of Science and Technology (NTNU) in 2002. He also earned a Diploma in Petroleum Exploration and Reservoir Evaluation from the University of Trondheim (now NTNU) in 1988. He is a licensed Geologist and placed third in the 1985 Geologist Licensure Examination.

Mr. Carlos is the President of the Company. He was with the Department of Energy (1985–1991), Basic Energy Corporation, PNOC Exploration Corporation, Forum Pacific, Inc., and CGG Multiwave. In February 2007, he joined Forum Energy Philippines Corporation as Vice President for Exploration. He was appointed President in July 2013, a position he has held since then, and Chairman in June 2016, a position he continues to hold. He is the Resident Agent of Forum (GSEC 101) Limited – Philippine Branch, which operates SC 72 or Recto Bank. He is the Chairman and President of Forum Exploration, Inc., which operates SC 40 or North Cebu Block. He is also the President and Chief Executive Officer of FEC Resources, Inc., a Canadian public company and a 81.25% subsidiary of PXP.

PARALUMAN M. NAVARRO – 57, Filipino citizen. Ms. Navarro is the Company's Treasurer. She is also Assistant Vice President for Corporate Finance of PMC, and Controller of Silangan Mindanao Mining Co., Inc. She has been with PMC since 1990. Ms. Navarro, a CPA, received her Bachelor of Science in Commerce degree, major in Accounting, from Saint Louis University, Baguio City and graduated cum laude.

BARBARA ANNE C. MIGALLOS – 71, Filipino citizen. Atty. Migallos received her Bachelor of Arts degree in Political Science from the University of the Philippines and graduated cum laude. She obtained her Bachelor of Laws from the University of the Philippine College of Law, graduating cum laude and Class Salutatorian, and ranked 3rd in the 1979 Bar Examinations.

Atty. Migallos is the Company's Corporate Secretary. Atty. Migallos has been a Director of PMC since June 26, 2013. She is also a Director of Mabuhay Vinyl Corporation since 2000, Philippine Resins Industries, Inc. since 2001, and Forum Energy Philippines Corporation since 2013. She is the Corporate Secretary of PMC since July 1998, Philex Gold Philippines, Inc., Silangan Mindanao Mining Co., Inc., Eastern Telecommunications Philippines Inc. since 2005, Nickel Asia Corporation since 2010, Cordillera Exploration Co., Inc., since 2013, and Alliance Select Foods International, Inc. (2015-2025). She was a Senior Partner of Roco Kapunan Migallos and Luna Law Offices from 1988 to 2006. She is the Managing Partner of the Migallos & Luna Law Offices. She is a professional lecturer at the DLSU College of Law for Corporations Law, Securities Regulation and Commercial Laws.

Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

Family Relationships

There are no family relationships up to the fourth civil degree either of consanguinity or affinity among any of the directors, executive officers and persons nominated or chosen to become directors or executive officers.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as a director, executive officers or control persons of the Company have been involved in any legal proceeding, including without limitation being the subject of any:

- a. bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
- b. conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c. order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and
- d. order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation,

for the past five (5) years up to the latest date, that is material to the evaluation of ability or integrity to hold the relevant positions in the Company.

Item 10. Executive Compensation

Independent directors and the SSS representative receive per diems of ₱30,000 per board meeting and ₱20,000 per committee meeting attended. While the Company's By-Laws provide that the directors shall, at the Board's discretion, receive as compensation a share in the Company's net income before tax, but not to exceed one and a half (1-½%) percent, the Company has not paid its directors any fees under this provision since its incorporation in 2007. There are no other arrangements as regards directors' compensation.

Officers of the Company receive such remuneration as the Board may determine upon recommendation of the Compensation Committee.

The following table shows the compensation of the directors and officers for the past three completed fiscal years and estimated to be paid for the ensuing fiscal year.

SUMMARY OF COMPENSATION TABLE		
(In Millions)		
DIRECTORS		
	<u>Year</u>	<u>Directors' Fee</u>
	2026 (Estimate)	₱1.3
	2025	1.1
	2024	1.7
	2023	1.2

OFFICERS

<u>NAME</u>	<u>POSITION</u>
Manuel V. Pangilinan	<i>Chairman</i>
Daniel Stephen P. Carlos	<i>President</i>
Paraluman M. Navarro	<i>Treasurer</i>
Barbara Anne C. Migallos	<i>Corporate Secretary</i>

<u>Year</u>	<u>Total Officers' Salary</u>
2026 (Estimate)	₱9.9
2025	9.9
2024	9.9
2023	9.3

ALL DIRECTORS & OFFICERS AS A GROUP

<u>Year</u>	<u>Total Amount</u>
2026 (Estimate)	₱11.2
2025	11.0
2024	11.6
2023	10.5

Compensation of Directors

There are no other arrangements under which the Company's directors and officers were compensated, or are to be compensated, directly or indirectly, since the Company's incorporation in December 2007, except as described above.

Employment Contracts

There are no special employment contracts between the Company and its named executive officers.

Warrants and Options Outstanding

None of the Company's directors and executive officers hold any warrants or options in the Company.

Other Arrangements

Except as described above, there are no other arrangements pursuant to which any of the Company's directors and officers was compensated, or is to be compensated, directly or indirectly since the Company's incorporation in December 2007.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following stockholders own more than five percent (5%) of the Company's stock as of December 31, 2025⁶:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Total Outstanding Shares
Common	PMC 2 nd Floor LaunchPad, Reliance Street corner Sheridan Street, Mandaluyong City, Metro Manila (Stockholder) See note 2.	PMC (Direct and through PCD Nominee) See Note 2.	Filipino	595,864,728	24.92%
Common	Tidemark 31st Floor Kerry Centre 683 King's Road Quarry Bay, Hong Kong	Atok-Big Wedge Co., Inc.	Non-Filipino	430,243,903	18.00%
Common	PCD Nominee Corporation ("PCD Nominee") (Stockholder) See Note 1.	See Note 1.	Filipino	416,405,908 (excludes shares of PMC, SSS and Two Rivers Pacific Holdings Corp. held through PCD Nominee)	17.42%
Common	Asia Link B.V. PrinsBernhardplein 200, 1097 JB Amsterdam, The Netherlands (Stockholder) See Note 3.	First Pacific Company, Ltd. See Note 3.	Non-Filipino	284,470,725	11.90%

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Total Outstanding Shares
Common	Social Security System c/o Loan and Investment Office, 7/F SSS Building, Diliman, Quezon City (Stockholder) See Note 4.	Social Security System (Direct and through PCD Nominee) See Note 4.	Filipino	200,504,505	8.16%
Common	Two Rivers Pacific Holdings Corp. 10/F MGO Building, Legaspi cor. Dela Rosa Sts., Legaspi Village, Makati City (Stockholder)	Two Rivers Pacific Holdings Corporation	Filipino	131,224,794	5.49%

- (1) PCD Nominee Corporation ("PCD Nominee"), the nominee of the Philippine Depository & Trust Corp., is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owners of such shares are PCD Nominee's participants who hold the shares on their own behalf or in behalf of their clients. PCD Nominee is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The 416,405,908 shares shown above are exclusive of the 335,864,728 shares owned by PMC, the 48,130,867 shares owned by SSS, and the 5,616,638 shares owned by Two Rivers Pacific Holdings Corp., held through PCD Nominee.
- (2) PMC is represented by Mr. Manuel V. Pangilinan, Mr. Eulalio B. Austin Jr., and Mr. Daniel Stephen P. Carlos in the Company's BOD.
- (3) Asia Link B.V. is a wholly owned subsidiary of First Pacific Company, Ltd. ("First Pacific"). Kirtman, part of the First Pacific Group, is the registered shareholder of 65,221,981, shares or 2.73% of the outstanding shares of the Company. Maxella Limited, also part of the First Pacific Group, is the registered shareholder of 64,539,833 shares or 2.70% of the outstanding shares of the Company. Artino Limited, also part of the First Pacific Group, is the registered owner of 10,193,136 shares or 0.43% of the outstanding shares of the Company. Asia Link B.V., as part of the First Pacific Group, is represented by Mr. Joseph H.P. Ng in the Company's BOD.
- (4) Of the 195,086,505 shares of the Social Security System ("SSS"), 48,130,867 shares are held through PCD Nominee. Ms. Eva B. Arcos was nominated to the Company's BOD as the SSS representative.

Security Ownership of Management

The beneficial ownership of the Company's directors and executive officers as of December 31, 2025, is as follows:

Title of Class	Name of Beneficial Owner	Nature of Ownership	Amount Beneficial Ownership	Citizenship	% of Class
Common	Manuel V. Pangilinan	Direct and indirect	1,603,466	Filipino	0.0671%
Common	Daniel Stephen P. Carlos	Direct and indirect	766	Filipino	0.0000%
Common	Eulalio B. Austin, Jr.	Direct and indirect	208,224	Filipino	0.0087%
Common	Benjamin S. Austria	Direct	191	Filipino	0.0000%
Common	Emerlinda R. Roman	Direct	1	Filipino	0.0000%
Common	Marilyn A. Victorio-Aquino	Direct	76,529	Filipino	0.0032%
Common	Barbara Anne C. Migallos	Direct	71,677	Filipino	0.0030%
Common	Paraluman M. Navarro	Direct	2,431	Filipino	0.0001%
Common	Joseph H.P. Ng	Direct	1	British	0.0000%
Common	Eric O. Recto	Direct	347	Filipino	0.0000%
Common	Rodolfo Ma. A. Ponferrada	Direct	3,104,414	Filipino	0.1299%
Common	Ray C. Espinosa	Direct	76,500	Filipino	0.0032%
Common	Eva B. Arcos	Direct	1	Filipino	0.0000%
Directors and Executive Officers as a Group			5,144,548		0.2625%

Voting Trust Holders/Changes in Control

There are no voting trust holders of 5% or more of the Company's stock. There are no arrangements that may result in a change of control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company was not involved in transactions or series of similar transactions in the last two years with a corporation (or any of its subsidiaries) in which any of the Company's directors, executive officers or stockholders owned 10% or more of the total outstanding shares, and members of their immediate family had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Conformance to Corporate Governance Standards & Best Practices

As a publicly-listed Philippine corporation, PXP strives to fully comply with the code of corporate governance and conforms to the corporate governance rules, requirements, and regulations of the SEC and the PSE.

PXP is likewise committed to the highest standards of corporate governance and continues to benchmark against recognized international best practices, and monitor developments in corporate governance in order to elevate the Company's corporate governance structures, processes, and practices to global standards to promote ethical corporate culture guided by core values of Integrity, Teamwork, Respect for Individuals, Work Excellence, Corporate Responsibility, Social & Environment Responsibility.

On February 20, 2014, the Company constituted a Corporate Governance Committee composed of two independent directors, Dr. Emerlinda R. Roman and Dr. Benjamin S. Austria, and one regular director, Atty. Marilyn A. Victorio-Aquino. The Corporate Secretary, Atty. Barbara Anne C. Migallos, was designated Corporate Governance Officer. The Committee has oversight responsibility in ensuring that the Company adopts and complies with leading corporate governance practices.

In January 2017, the Company submitted its 2016 Annual Corporate Governance Report ("ACGR") to the SEC. A copy of the ACGR from 2016 and earlier is available on the Company's website at <http://www.pxpenenergy.com.ph/corporate-governance/cg-manual>. The Company continues to review its corporate governance policies and practices to further enhance adherence to principles and practices of good corporate governance.

On May 31, 2017, the Company's BOD approved a Revised Corporate Governance Manual, Board and Committee Charters, and additional policies such as Board Diversity Policy, a revised Related Party Transaction Policy, among others. This can be found in the Company's website at <http://www.pxpenenergy.com.ph/corporate-governance/company-policies>.

During the last 8 years, the Company has been awarded by the Institute of Corporate Directors as one of the top-performing publicly-listed company in the Philippines under the ASEAN Corporate Governance Scorecard ("ACGS") from 2017 to 2024.

The Audit and the Board Risk and Resources Oversight Committees on a bi-annual basis, conduct a review on the effectiveness of the Group's internal control systems. The review covers all material controls, including financial, operational and compliance controls, and risk management functions. The confirmation statements pertain to the determination of major control issues, identification of risk and corresponding mitigation, and adequacy and effectiveness of internal controls. These can be found in the Company's website at <http://www.pxpenenergy.com.ph/corporate-governance/enterprise-risk-management>.

The Company's other Corporate Governance policies can be found at <https://www.pxpenenergy.com.ph/corporate-governance/company-policies>

Lastly, the Company's list of Corporate Governance Officers can be found at <https://www.pxpenenergy.com.ph/corporate-governance/board-committees/>

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits and Schedules

Statement of Management's Responsibility for Financial Statements

Report of Independent Auditors

Audited Consolidated Financial Statements and Notes for the year ended December 31, 2025

Schedule A - Financial Assets

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)

Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

Schedule D - Deferred Oil and Gas Exploration Costs and Other Noncurrent Assets

Schedule E - Long-Term Debt

Schedule F - Indebtedness to Related Parties

Schedule G - Capital Stock

Other Schedules:

- 1) Financial Soundness Indicators
- 2) Listing of Shares with PSE
- 3) Corporate Structure
- 4) Current Adoption of PFRS

(b) Reports on SEC Form 17-C

There were 28 reports filed by the Company on SEC Form 17-C beginning April 24, 2025 to April 13, 2026.

DATE	REPORT
April 24, 2025	PRESS RELEASE: UNAUDITED FINANCIAL AND OPERATING HIGHLIGHTS FOR THE 1st QUARTER ENDED MARCH 31, 2025
April 24, 2025	[Amend-1] Notice of Annual or Special Stockholders' Meeting
April 24, 2025	Material Information/ Transaction: PRESS RELEASE - UNAUDITED FINANCIAL AND OPERATING HIGHLIGHTS FOR THE 1st QUARTER ENDED MARCH 31, 2025
June 05, 2025	Postponement of Annual Stockholders' Meeting
June 05, 2025	[Amend-2] Notice of Annual or Special Stockholders' Meeting
June 19, 2025	[Amend-3] Notice of Annual or Special Stockholders' Meeting
June 25, 2025	[Amend-2] Amendments to Articles of Incorporation
July 11, 2025	Results of Annual or Special Stockholders' Meeting
July 11, 2025	Results of Organizational Meeting of Board of Directors
July 30, 2025	Material Information/ Transaction: PRESS RELEASE: UNAUDITED FINANCIAL AND OPERATING HIGHLIGHTS FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2025
July 31, 2025	PRESS RELEASE: UNAUDITED FINANCIAL AND OPERATING HIGHLIGHTS FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2025
August 01, 2025	Material Information/ Transaction: Increased Direct Shareholding in FEC
August 06, 2025	Material Information/ Transaction: Additional loans from PMC and Kirtman Limited
October 06, 2025	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
October 09, 2025	Material Information/ Transaction: PRESS RELEASE: PXP ENERGY EXPANDS EXPLORATION PORTFOLIO WITH THE SIGNING OF THREE NEW PETROLEUM SERVICE CONTRACTS

DATE	REPORT
October 09, 2025	PRESS RELEASE: PXP ENERGY EXPANDS EXPLORATION PORTFOLIO WITH THE SIGNING OF THREE NEW PETROLEUM SERVICE CONTRACTS
October 30, 2025	Material Information/ Transaction: PRESS RELEASE: UNAUDITED FINANCIAL AND OPERATING HIGHLIGHTS FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2025
October 30, 2025	PRESS RELEASE: UNAUDITED FINANCIAL AND OPERATING HIGHLIGHTS FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2026
January 06, 2026	Material Information/ Transaction: Execution of Petroleum Service Contract (SC) No. 88 (Galoc Field)
March 02, 2026	PRESS RELEASE: AUDITED FINANCIAL AND OPERATING HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2025
March 02, 2026	Material Information/ Transaction: PRESS RELEASE: AUDITED FINANCIAL AND OPERATING HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2025
March 02, 2026	Postponement of Annual Stockholders' Meeting
March 02, 2026	Notice of Annual or Special Stockholders' Meeting
March 02, 2026	Material Information/ Transaction: Release of 2025 Audited Consolidated Financial Statements
March 03, 2026	[Amend-1] Postponement of Annual Stockholders' Meeting
March 03, 2026	[Amend-1] Notice of Annual or Special Stockholders' Meeting
March 24, 2026	Material Information/ Transaction: Issuance of 561,000,000 new common shares in Forum Exploration Inc.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong, Philippines on MAR 27, 2026.



MANUEL V. PANGILINAN
Chairman



BARBARA ANNE C. MIGADLOS
Corporate Secretary



DANIEL STEPHEN P. CARLOS
President



PARALUMAN M. NAVARRO
Treasurer



MARK RAYMOND H. RILLES
Finance Controller

SUBSCRIBED AND SWORN TO before me this 27 day of MAR 2026 at Mandaluyong City. Affiants exhibiting to me their respective Competent Evidence of Identity indicated opposite their names:

Name	Passport No.	Issued On	Issued At
Manuel V. Pangilinan	P9969361A	18 Dec 2018	DFA NCR East
Daniel Stephen P. Carlos	P5757485A	25 Jan 2018	DFA NCR South
Paraluman M. Navarro	P1430237B	11 Apr 2019	DFA NCR East
Barbara Anne C. Migallos	P7148981A	11 May 2018	DFA NCR South
Mark Raymond H. Rilles	P0559840A	03 Feb 2022	DFA NCR Northeast

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Book No. I
Series of 2 0 2 6

DST PAID : Php 30.00

Documentary Stamp numbered 03272105 is attached to an original version of this document.

NOTARY PUBLIC



BAI SHARIA L. TAMBANG
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-440 (2025-2026)
COMMISSION EXPIRES ON DECEMBER 31 2026
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 10765624, Makati City: 1/5/2026
IBP S.I. No. 580801; Davao Oriental: 12/31/2025
TIN 709-162-495-000
Attorney's Roll No. 31048
MCLE Compliance No. VIII-0028970
Certificate issued on 21 April 2025



PXP ENERGY CORPORATION
(formerly Philex Petroleum Corporation)
Philex Building
2F LaunchPad, Reliance cor. Sheridan Sts.
Mandaluyong City, 1550, Philippines
Tel.: (632) 631-1381 to 88
Fax: (632) 570-0686

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PXP ENERGY CORPORATION** ("the Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2025, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

A handwritten signature in black ink, appearing to be 'M. Pangilinan', written over a horizontal line.

Mr. Manuel V. Pangilinan
Chairman of the Board

A handwritten signature in blue ink, appearing to be 'D. Carlos', written over a horizontal line.

Mr. Daniel Stephen P. Carlos
President

A handwritten signature in blue ink, appearing to be 'P. Navarro', written over a horizontal line.

Ms. Paraluman M. Navarro
Treasurer

Signed this 27th day of February 2026

SUBSCRIBED AND SWORN to before me this 27 day of MAR 2026, affiants exhibiting to me the following:

Name	Government Issued ID Card No.	Date and Place Issued
Manuel V. Pangilinan	Philippine Passport No. P9969361A	Issued on 18 December 2018 at DFA NCR East
Daniel Stephen P. Carlos	Philippine Passport No. P5757485A	Issued on 25 January 2018 at DFA NCR South
Paraluman M. Navarro	Philippine Passport No. P1430327B	Issued on 11 April 2019 at DFA NCR East

each bearing their photographs and signatures, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc No.: 403
Page No.: 82
Book No.: 1
Series of 2026



BAI SHARIA L. TAMBUANG
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-440 (2025-2026)
COMMISSION EXPIRES ON DECEMBER 31 2026
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 10765624; Makati City; 1/5/2026
IBP S.I. No. 580801; Davao Oriental; 12/31/2025
TIN 709-162-495-000
Attorney's Roll No. 90648
MCLE Compliance No. VIII-0028970
Certificate issued on 21 April 2025

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	7	1	9	8	1	9
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COMPANY NAME

P	X	P		E	N	E	R	G	Y		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B
S	I	D	I	A	R	I	E	S																					

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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																												

Form Type

A	A	C	F	S
---	---	---	---	---

Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

pxpenergy_sec@pxpenergy.com.ph

Company's Telephone Number

(632) 8631-1381

Mobile Number

0999-991-0731

No. of Stockholders

38,275

Annual Meeting (Month / Day)

07/11

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Daniel Stephen P. Carlos

Email Address

pxpenergy_sec@pxpenergy.com.ph

Telephone Number/s

(632) 8631-1381

Mobile Number

0999-991-0731

CONTACT PERSON'S ADDRESS

2/F LaunchPad, Reliance corner Sheridan Streets, Mandaluyong City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
PXP Energy Corporation
2/F LaunchPad
Reliance corner Sheridan Streets
Mandaluyong City

Opinion

We have audited the consolidated financial statements of PXP Energy Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Deferred Oil and Gas Exploration Costs, and Goodwill

As at December 31, 2025, the carrying value of the Group's deferred oil and gas exploration costs, and goodwill amounted to ₱2,845 million and ₱254 million, respectively. These deferred oil and gas exploration costs pertain to the expenditures incurred by the Group for various projects, while the Group's goodwill is attributable to Service Contract 72 Recto Bank.

Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, these deferred oil and gas exploration costs shall be assessed for impairment when facts and circumstances suggest that the carrying amounts exceed the recoverable amounts. The ability of the Group to recover its deferred oil and gas exploration costs would depend on the commercial viability of the project. The Group is also required to annually test the amount of goodwill for impairment under PAS 36, *Impairment of Assets*.

We considered this as a key audit matter because of the materiality of the amount involved. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically inflation rates, forecasted oil and gas prices, estimated volume of resources, capital expenditures, production and operating costs and discount rate.

The Group's disclosures about goodwill and deferred oil and gas exploration costs are included in Notes 4 and 11 to the consolidated financial statements, respectively.

Audit response

We obtained management's assessment on whether there is any indication that deferred oil and gas exploration costs may be impaired. We inspected the summary of the status of each exploration project as of December 31, 2025, as certified by the Group's Technical Group Head, the type of expenses incurred, and assessed whether ongoing exploration activities exist to support the continued capitalization of these assets under the Group's accounting policies, and compared it with the disclosures submitted to regulatory agencies. We inspected contracts and agreements, inquired with management whether such exploration is continuing, made reference with existing drilling results and inspected the approved work program and budget for continuing the exploration costs. We inspected the service contracts and relevant joint operations agreements of each exploration project to determine that the period for which the Group has the right to explore in the specific area has not expired, will not expire in the near future, and will be renewed accordingly, and the Group has rights and obligations under the contracts through participating interests. We also inquired about any existing service contract areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas. We also reviewed the adequacy of the Group's disclosures, including those that have the most significant effect on the determination of the recoverable amount of deferred oil and gas exploration costs.



We obtained an understanding of the management's process for evaluating the impairment of goodwill. We involved our internal specialist in evaluating the methodology and the discount rate used. We compared the key assumptions used, such as inflation rates, forecasted oil and gas prices, estimated volume of resources, capital expenditures, production and operating costs, discount rate against industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Marco Rene A. Barredo.

SYCIP GORRES VELAYO & CO.



Marco Rene A. Barredo

Partner

CPA Certificate No. 116783

Tax Identification No. 214-999-478

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116783-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

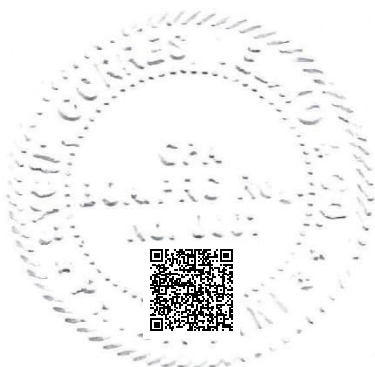
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765015, January 2, 2026, Makati City

February 27, 2026



PXP ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands, Except Par Value per Share and Number of Equity Holders)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱40,143	₱91,414
Trade and other receivables (Note 6)	11,985	17,206
Inventories (Note 7)	6,131	7,077
Other current assets (Note 8)	6,595	8,994
Total Current Assets	64,854	124,691
Noncurrent Assets		
Deferred oil and gas exploration costs (Note 11)	2,844,529	2,799,390
Goodwill (Note 4)	254,397	254,397
Property and equipment (Note 9)	2,629	1,367
Right-of-use (ROU) asset (Note 10)	2,438	2,895
Other noncurrent assets (Note 12)	8,642	7,819
Total Noncurrent Assets	3,112,635	3,065,868
TOTAL ASSETS	₱3,177,489	₱3,190,559
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	₱19,066	₱19,768
Notes payable (Note 17)	105,822	69,414
Current portion of lease liability (Note 10)	891	810
Income tax payable	42	96
Total Current Liabilities	125,821	90,088
Noncurrent Liabilities		
Lease liability - net of current portion (Note 10)	2,756	3,338
Deferred tax liabilities - net (Note 16)	92,976	92,783
Retirement benefits liability (Note 23)	6,801	12,746
Other noncurrent liabilities (Notes 9 and 24)	306,642	287,123
Total Noncurrent Liabilities	409,175	395,990
Total Liabilities	534,996	486,078
Equity		
Capital stock - ₱1 par value per share (Note 15)		
Authorized - 6,800,000,000 common shares		
Issued and subscribed common shares - 2,390,243,903 in 2025 and 1,960,000,000 in 2024	2,390,244	1,960,000
Additional paid-in capital (APIC) (Note 15)	3,925,315	2,816,545
Equity reserves (Note 15)	(718,688)	411,549
Deficit	(3,656,183)	(3,578,653)
Cumulative translation adjustment on foreign subsidiaries	610,802	574,634
Total equity attributable to equity holders of the Parent Company	2,551,490	2,184,075
Non-controlling interests (Note 15)	91,003	520,406
Total Equity	2,642,493	2,704,481
TOTAL LIABILITIES AND EQUITY	₱3,177,489	₱3,190,559

See accompanying Notes to Consolidated Financial Statements



PXP ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Loss per Share)

	Years Ended December 31		
	2025	2024	2023
PETROLEUM REVENUES (Note 22)	₱49,791	₱66,982	₱63,192
COSTS AND EXPENSES			
Petroleum production costs (Note 7)	39,270	37,471	39,893
General and administrative expenses (Note 14)	55,441	54,359	62,677
	94,711	91,830	102,570
OTHER INCOME (CHARGES)			
Reversal of (provision for) plug and abandonment costs (Note 9)	(16,103)	7,327	92,440
Interest expense (Notes 9, 10 and 17)	(12,684)	(10,243)	(7,958)
Loss on write-off of deferred oil and gas exploration costs (Note 11)	(3,990)	—	—
Foreign exchange gains (losses) - net	(1,913)	734	2,108
Provision for impairment of:			
Input value-added tax (VAT) (Note 8)	(1,729)	(4,033)	—
Deferred oil and gas exploration costs (Note 11)	—	—	(128,771)
Interest income (Note 5)	1,284	3,612	1,951
	(35,135)	(2,603)	(40,230)
LOSS BEFORE INCOME TAX	(80,055)	(27,451)	(79,608)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 16)			
Current	135	211	537
Deferred	193	921	(2,968)
	328	1,132	(2,431)
NET LOSS	(₱80,383)	(₱28,583)	(₱77,177)
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company	(₱77,530)	(₱30,880)	(₱97,403)
Non-controlling interests	(2,853)	2,297	20,226
	(₱80,383)	(₱28,583)	(₱77,177)
BASIC/DILUTED LOSS PER SHARE (Note 21)	(₱0.034)	(₱0.016)	(₱0.050)

See accompanying Notes to Consolidated Financial Statements



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

	Years Ended December 31		
	2025	2024	2023
NET LOSS	(P80,383)	(P28,583)	(P77,177)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item to be reclassified to profit or loss</i>			
<i>in subsequent periods:</i>			
Gain (loss) on translation of foreign subsidiaries	36,864	98,877	(22,121)
TOTAL COMPREHENSIVE INCOME (LOSS)	(P43,519)	P70,294	(P99,298)
TOTAL COMPREHENSIVE INCOME (LOSS)			
ATTRIBUTABLE TO			
Equity holders of the Parent Company	(P41,362)	P46,157	(P116,698)
Non-controlling interests	(2,157)	24,137	17,400
	(P43,519)	P70,294	(P99,298)

See accompanying Notes to Consolidated Financial Statements



PXP ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 15)	Additional paid-in capital (Note 15)	Equity Reserves (Note 15)	Deficit	Cumulative Translation on Foreign Subsidiaries	Subtotal	Non-controlling Interests (Note 15)	Total
BALANCES AT DECEMBER 31, 2022	₱1,960,000	₱2,816,545	₱415,207	(₱3,450,370)	₱516,892	₱2,258,274	₱441,491	₱2,699,765
Net income (loss) for the year	—	—	—	(97,403)	—	(97,403)	20,226	(77,177)
Other comprehensive loss:								
Loss on translation of foreign subsidiaries	—	—	—	—	(19,295)	(19,295)	(2,826)	(22,121)
Total comprehensive income (loss) for the year	—	—	—	(97,403)	(19,295)	(116,698)	17,400	(99,298)
Effect of transactions with owners (Note 15)	—	—	(3,658)	—	—	(3,658)	37,378	33,720
BALANCES AT DECEMBER 31, 2023	1,960,000	2,816,545	411,549	(3,547,773)	497,597	2,137,918	496,269	2,634,187
Net income (loss) for the year	—	—	—	(30,880)	—	(30,880)	2,297	(28,583)
Other comprehensive income:								
Gain on translation of foreign subsidiaries	—	—	—	—	77,037	77,037	21,840	98,877
Total comprehensive income (loss) for the year	—	—	—	(30,880)	77,037	46,157	24,137	70,294
BALANCES AT DECEMBER 31, 2024	1,960,000	2,816,545	411,549	(3,578,653)	574,634	2,184,075	520,406	2,704,481
Net loss for the year	—	—	—	(77,530)	—	(77,530)	(2,853)	(80,383)
Other comprehensive income:								
Gain on translation of foreign subsidiaries	—	—	—	—	36,168	36,168	696	36,864
Total comprehensive income (loss) for the year	—	—	—	(77,530)	36,168	(41,362)	(2,157)	(43,519)
Issuance of shares, net of transaction costs (Note 15)	430,244	1,108,770	—	—	—	1,539,014	—	1,539,014
Effect of transactions with owners (Note 15)	—	—	(1,130,237)	—	—	(1,130,237)	(427,246)	(1,557,483)
BALANCES AT DECEMBER 31, 2025	₱2,390,244	₱3,925,315	(₱718,688)	(₱3,656,183)	₱610,802	₱2,551,490	₱91,003	₱2,642,493

See accompanying Notes to Consolidated Financial Statements



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

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(P80,055)	(P27,451)	(P79,608)
Adjustments for:			
Provision for (reversal of) plug and abandonment costs (Note 9)	16,103	(7,327)	(92,440)
Interest expense (Notes 9, 10 and 17)	12,684	10,243	7,958
Provision for (reversal of) retirement benefits costs (Note 23)	(5,945)	(4,669)	18
Loss on write-off of deferred oil and gas exploration costs (Note 11)	3,990	—	—
Provision for impairment of:			
Input VAT (Note 8)	1,729	4,033	—
Deferred oil and gas exploration costs (Note 11)	—	—	128,771
Interest income (Note 5)	(1,284)	(3,612)	(1,951)
Depreciation (Note 14)	931	984	886
Unrealized foreign exchange gains (loss) - net	438	2,748	(884)
Operating loss before working capital changes	(51,409)	(25,051)	(37,250)
Decrease (increase) in:			
Trade and other receivables	5,613	(7,981)	6,281
Inventories	1,038	5,405	(3,833)
Other current assets	765	(4,163)	(100)
Increase (decrease) in trade and other payables	(1,350)	(3,046)	836
Net cash used in operations	(45,343)	(34,836)	(34,066)
Interest received	1,284	3,529	1,690
Income taxes paid	(189)	(404)	(339)
Net cash flows used in operating activities	(44,248)	(31,711)	(32,715)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Deferred oil and gas exploration costs (Note 11)	(13,394)	(16,608)	(13,928)
Property and equipment (Note 9)	(1,686)	(608)	(151)
Proceeds from sale of long lead items (Note 11)	—	—	58,293
Increase in other noncurrent assets	(680)	(815)	(981)
Net cash flows from (used in) investing activities	(15,760)	(18,031)	43,233
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Notes payable (Note 17)	34,245	—	—
Issuance of subsidiary's new shares (Note 15)	—	—	33,720
Payments for:			
Transaction costs related to issuance of shares (Note 15)	(18,469)	—	—
Interest on notes payable (Note 17)	(7,593)	(6,071)	(5,695)
Lease liability (Note 10)	(812)	(736)	(670)
Net cash flows from (used in) financing activities	7,371	(6,807)	27,355
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(52,637)	(56,549)	37,873
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,366	2,814	575
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	91,414	145,149	106,701
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	P40,143	P91,414	P145,149

See accompanying Notes to Consolidated Financial Statements



PXP ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Amounts per Unit, Number of Shares and Loss per Share)

1. Corporate Information, Status of Business Operations, and Authorization for Issuance of the Consolidated Financial Statements

Corporate Information

PXP Energy Corporation (the Ultimate Parent Company or PXP) was incorporated in the Philippines on December 27, 2007 to carry on businesses related to any and all kinds of petroleum and petroleum products, mineral oils, and other sources of energy. PXP was subsequently listed on the Philippine Stock Exchange (PSE) on September 12, 2011 under the ticker “PXP”.

On September 24, 2010, PXP acquired a 51.24% interest in FEC Resources, Inc. (FEC) from Philex Mining Corporation (PMC), resulting in indirect control over Forum Energy Limited (FEL) and an initial combined interest of 64.45% in FEL. Subsequent share issuances, acquisitions from non-controlling interests, loan-to-equity conversions, and participation in rights offerings, between 2012 and 2020 increased PXP’s direct interest in FEL to 72.33% and its ownership in FEC to 78.39%. In 2022, following the buyback of minority shares in Pitkin Petroleum Limited (Pitkin), PXP’s ownership in Pitkin increased to 100%, completing the consolidation of its upstream holding structure.

On December 13, 2023, Pitkin bought back from PXP its 32,000,000 issued shares at US\$0.10 per share for a total consideration of US\$3,200 or ₱177,552. As PXP is the sole shareholder of Pitkin, the transaction did not affect PXP’s stake in Pitkin.

On December 31, 2023, the Board of Directors (BOD) of FEL approved the conversion of total non-interest bearing advances of \$9.2 million to 30,726,463 new FEL shares valued at US\$0.30/share. The transaction resulted in an increase of PXP’s direct ownership to FEL from 72.33% to 72.55%.

On May 10, 2024, the BOD of PXP approved the issuance of 430,243,903 PXP common shares to Tidemark Holdings Limited (Tidemark) in exchange for 24,125,383 common shares held by Tidemark in FEL. The application for Confirmation of Valuation submitted by PXP to the Philippine Securities and Exchange Commission (SEC) was subsequently approved on February 13, 2025. Following the approval by the SEC and satisfaction of other closing conditions, the shares were issued on March 18, 2025 (see Note 15).

On July 31, 2025, PXP converted US\$1.16 million (or ₱67,521) 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. Following the conversion, PXP’s direct ownership in FEC increased from 78.39% to 81.25% (see Notes 15 and 17).

The Parent Company’s registered business address is 2/F LaunchPad, Reliance corner Sheridan Streets, Mandaluyong City.

Business Operations

The Ultimate Parent Company (PXP) and FEL and its subsidiaries are collectively referred to as ‘the Group’ whose revenue is derived primarily from oil and gas assets in the Philippines.

The Group incurred net loss of ₱80,383 and ₱28,583 in 2025 and 2024, respectively, and has deficit of ₱3,656,183 and ₱3,578,653 as of December 31, 2025 and 2024, respectively. In addition, the Group has negative operating cash flows of ₱44,248 and ₱31,711 in 2025 and 2024, respectively. As at December 31, 2025, the Group has negative working capital amounting to ₱60,967.



Despite the losses incurred, the Group remains committed to its long-term strategy of converting its exploration assets into commercial petroleum producing units, particularly Service Contract (SC) 72, SC 75, and SC 40, which show the most potential and are already in the advanced exploration phase (i.e., drilling stage).

On December 18, 2025, Development and Production Petroleum Service Contract (DP PSC) 88 was awarded to replace the expired SC 14C-1 Galoc. This will allow the Galoc Consortium to continue operation until April 2029 and to maximize the value of the estimated remaining reserves in the contract area, subject to technical and commercial considerations.

On December 29, 2025 and February 18, 2026, the Parent Company received a letter from PMC and Kirtman Limited, respectively, confirming that they are not prepared to demand repayment of notes payable amounting to ₱105,822 at least during the next 12 months from December 31, 2025. These shareholders remain fully committed to support the Group's exploration activities on its various interests in certain projects.

PXP Parent Company

The Parent Company's principal asset is a 50% operating interest in SC 75. It covers an area of 6,160 square kilometers (sq. km) in the Northwest (NW) Palawan Basin. However, due to a *force majeure* issued by the Department of Energy (DOE) on April 6, 2022, exploration activities in the area are temporarily suspended as at December 31, 2025.

On November 21, 2025, the Department of Energy (DOE) approved the SC 75 2026 work program and budget (WP&B) that PXP submitted on November 14, 2025. The approved WP&B classified only license administration costs, technical consultancy costs, trainings costs, and SC payments as firm budgets. The implementation of the seismic survey program, which includes the acquisition, processing, and interpretation of at least 1,138 sq. km of 3D seismic data, will be contingent upon the lifting of the *force majeure*. Once the *force majeure* is lifted, PXP will have 18 months to acquire the new seismic data, equivalent to the remaining term of sub-phase (SP) 2 of SC 75 before October 14, 2020.

FEL and its subsidiaries

FEL's principal asset is a 70% interest in SC 72 which covers an area of 8,800 sq. km in the West Philippine Sea. However, due to a *force majeure* issued by the DOE on April 6, 2022, exploration activities in the area are temporarily suspended as at December 31, 2025.

On November 21, 2025, DOE approved SC 72 2026 WP&B that FEL submitted on October 27, 2025. The approved WP&B classified only general and administrative expenses and SC payments as firm budgets. The implementation of the SP 2 work commitment comprising the drilling of two (2) wells, will be contingent upon the lifting of the *force majeure* imposed by the DOE in April 2022. Once the *force majeure* is lifted, the joint venture (JV) has 20 months, equivalent to the remaining SP 2 period when the *force majeure* was declared on December 15, 2014, to complete the SP 2 work commitment comprising the drilling of two (2) wells.

On December 18, 2025, SC 88 was executed between the Republic of the Philippines and the consortium composed of NPG Pty. Ltd. (Operator), The Philodrill Corporation, and Forum Energy Philippines Corporation (FEPC, a subsidiary of FEL), following the contract's expiry on December 17, 2025. SC 88 covers the former SC 14C-1 Galoc field.



Pitkin and its subsidiaries

Pitkin is an international upstream oil and gas group and was engaged primarily in the acquisition, exploration and development of oil and gas properties and the production of hydrocarbon products in Peru.

Pitkin's subsidiaries, Pitkin Petroleum Peru Z-38 SRL (Z38), Pitkin Vamex LLC (PVX), and Pitkin Peru LLC (PPR) were liquidated on September 20, December 12, and December 13, 2023, respectively.

Recovery of Deferred Oil and Gas Exploration Costs

The Group's ability to realize its deferred oil and gas exploration costs with carrying values amounting to ₱2,844,529 and ₱2,799,390 as at December 31, 2025 and 2024, respectively (see Note 11), depends on the success of its exploration and future development work in proving the viability of its oil and gas properties to produce oil and gas in commercial quantities, which cannot be determined yet at this time. The consolidated financial statements do not include any adjustment that might result from these uncertainties.

Authorization for Issuance of the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, were authorized for issuance by the BOD on February 27, 2026.

2. Basis of Preparation and Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis. The consolidated financial statements are presented in Philippine Peso (Peso), which is PXP's functional and reporting currency, rounded to the nearest thousand (₱000) except when otherwise indicated.

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as adopted by the Financial and Sustainability Reporting Standards Council (FSRSC).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these amendments did not have an impact on the consolidated financial statements of the Group:

- Amendments to PAS 21, *Lack of exchangeability*

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2026

- 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*

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*

Material Accounting Policy Information

Presentation of Consolidated Financial Statements

The Group has elected to present all items of recognized income and expenses in two statements: a statement displaying components of profit or loss in the consolidated statements of income and a second statement beginning with profit or loss and displaying components of other comprehensive income (OCI) in the consolidated statements of comprehensive income.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only, if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a



subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, including reacquiring the Company's own shares, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it derecognizes the assets (including goodwill), and liabilities, non-controlling interests, and other components of equity while any resulting gain or loss is recognized in the consolidated statements of income. Any investment retained is recognized at fair value.

The Parent Company's principal subsidiaries and their nature of business are as follows:

Subsidiary	Nature of Business
FEL	Incorporated on April 1, 2005 in England and Wales primarily to engage in the business of oil and gas exploration and production, with focus on the Philippines.
Forum Energy Philippines Corporation (FEPC)	FEPC was incorporated in the Philippines on March 27, 1998, and is involved in oil and gas exploration in the Philippines, particularly a 4.69174% interest in SC 88 Galoc (Formerly SC 14C-1 Galoc).
Forum Exploration, Inc. (FEI)	FEI was incorporated in the Philippines on September 11, 1997, and is involved in oil and gas exploration in the Philippines, particularly a 100% operating interest in SC 40 North Cebu.
FGL	FGL was incorporated in Jersey, UK on March 31, 2005, and is involved in oil and gas exploration in the Philippines, particularly a 70% interest in SC 72 Recto Bank.
Forum (GSEC 101) Ltd. - Philippine Branch (FGLP)	FGLP was established as a Philippine branch on October 17, 2005, and is involved in oil and gas exploration in the Philippines.
Forum (GSEC 101) Philippines, Inc. (FGPI)	FGPI was incorporated in the Philippines on February 2, 2022, and is involved in oil and gas exploration in the Philippines. FGPI is currently non-operating.
ForumPH SC72 Holdings, Inc. (SC72 Holdings)	SC72 Holdings was incorporated in the Philippines on January 8, 2020 to primarily act as a holding company.
ForumPhil SC72 ProjectCo, Inc. (ProjectCo)	ProjectCo was incorporated in the Philippines on January 23, 2020, and is involved in oil and gas exploration in the Philippines.
Pitkin	Pitkin was incorporated and registered in England and Wales on April 6, 2005, and was engaged primarily in the acquisition, exploration and development of oil and gas properties, and the production of hydrocarbon products.
Pitkin Petroleum (Philippines) Plc (PPP)	PPP was registered as the Philippine Branch of Pitkin Petroleum Limited on March 19, 2008. On April 26, 2023, the BOD approved the closure of PPP. As of December 31, 2025, the request for dissolution of PPP is pending with the SEC for final review and action.



Subsidiary	Nature of Business
FEC	Incorporated on February 8, 1982 under the laws of Alberta, Canada. Primarily acts as an investment holding company.
Brixton Energy & Mining Corporation (BEMC)	Incorporated in the Philippines on July 19, 2005 to engage in exploration development and utilization of energy-related resources. On April 26, 2023, the BOD approved the closure of BEMC. As of December 31, 2025, the planned dissolution of BEMC is under review and evaluation by the Bureau of Internal Revenue (BIR).

The ownership of the Parent Company over the foregoing companies as at December 31, 2025 and 2024 is summarized as follows:

	2025			2024		
	Direct	Indirect	Total	Direct	Indirect	Total
FEL	92.55	5.53	98.08	72.55	5.33	77.88
FEPC	—	98.08	98.08	—	77.88	77.88
FEI	—	65.39	65.39	—	51.92	51.92
FGL	—	98.08	98.08	—	77.88	77.88
FGLP	—	98.08	98.08	—	77.88	77.88
FGPI	—	98.08	98.08	—	77.88	77.88
SC72 Holdings	—	98.08	98.08	—	77.88	77.88
ProjectCo	—	98.08	98.08	—	77.88	77.88
Pitkin	100.00	—	100.00	100.00	—	100.00
PPP	100.00	—	100.00	100.00	—	100.00
FEC	81.25	—	81.25	78.39	—	78.39
FEL	92.55	5.53	98.08	72.55	5.33	77.88
BEMC	100.00	—	100.00	100.00	—	100.00

Non-controlling interest (NCI)

NCI represents interest in a subsidiary that is not owned, directly or indirectly, by the Parent Company. Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interest. Total comprehensive income (loss) is attributed to the equity holders of the Parent Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest represents the portion of profit or loss and the net assets not held by the Parent Company.

Business Combination and Goodwill

Acquisition method

Business combinations, except for business combinations between entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue



producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is remeasured at fair value, with changes in fair value recognized either in OCI in accordance with PFRS 9. If the contingent consideration is not within the scope of PFRS 9, it is measured at fair value with the changes in fair value recognized in the consolidated statements of income in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in the consolidated statements of income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statements of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Interest in Joint Arrangements

PFRS Accounting Standards defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.



In relation to its interests in joint operations, the Group recognizes its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

Foreign Currency Translation of Foreign Operations

The Group's consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's functional currency. Each subsidiary in the Group determines its own functional currency and items included in the financial statements of each subsidiary are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to the consolidated statements of comprehensive income reflects the amount that arises from using this method.

For purposes of consolidation, the financial statements of FEL, Pitkin, and FEC, which are expressed in United States dollar (US\$) amounts, have been translated to Peso amounts as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the consolidated statements of financial position
- income and expenses in the statements of income are translated at exchange rates at the weighted average prevailing rates for the year
- all resulting exchange differences in OCI

On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the consolidated statements of comprehensive income.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and Subsequent Measurement of Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing the financial assets. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group has no financial assets at FVPL and FVOCI.

Subsequent Measurement

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, trade and accrued interest receivables, and guaranteed deposits (see Notes 5, 6 and 12).

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date.

In determining the credit risk exposure for cash in banks and short-term investments, the Group has established probability of default rates based on available credit ratings published by third party credit rating agencies. The credit ratings already considered forward-looking information. When a counterparty does not have published credit ratings, the Group benchmarks the credit ratings of comparable companies, adjusted to account for the difference in size and other relevant metrics.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual



amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one (1) year and not subject to enforcement activity.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, and payables net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables (except statutory payables), notes payable, lease liability, and other noncurrent liabilities.

Subsequent measurement

After initial recognition, trade payables and accrued expenses are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized, as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of income.

Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an



exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Determination of Fair Value

An analysis of the fair values of financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed and further details as to how they are measured are provided in Note 19.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting date.



Inventories

Petroleum inventories are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Cost of petroleum inventory includes production costs consisting of costs incurred in bringing the inventories to their present location and condition. Unit cost is determined using the weighted average method.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depletion and depreciation, and accumulated impairment losses, if any.

The initial cost of property and equipment, other than oil and gas properties consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use and any estimated cost of dismantling and removing the property and equipment item, and restoring the site on which it is located to the extent that the Group had recognized the obligation to that cost. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of 'Property and equipment' as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in the consolidated statements of income when incurred.

Oil and gas properties pertain to those costs relating to exploration projects where technical feasibility is demonstrated and commercial quantities are discovered and are subsequently reclassified to 'Property and equipment' from 'Deferred oil and gas exploration costs' account upon commercial viability.

Oil and gas properties also include its share in the estimated cost of decommissioning the SCs for which the Group is constructively liable. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depletion of oil and gas properties is calculated using the units-of-production (UOP) method based on estimated proved and probable developed reserves.

Depreciation of other items of property and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Asset Category</u>	<u>Number of Years</u>
Machinery and equipment	2 to 5
Surface structures	10

Depletion of oil and gas properties commences upon commercial production. Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.



When assets are sold or retired, the cost and related accumulated depletion and depreciation, and accumulated impairment in value are removed from the accounts and any resulting gain or loss is recognized in the consolidated statements of income.

The estimated recoverable reserves, useful lives, and depletion and depreciation methods are reviewed periodically to ensure that the estimated recoverable reserves, periods and methods of depletion and depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer in use. No further depreciation is charged to current operation for these items.

Deferred Oil and Gas Exploration Costs

Exploration and evaluation activity involve the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under 'Deferred oil and gas exploration costs'. The Group's deferred oil and gas exploration costs are specifically identified for each SC area. All oil and gas exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities. Capitalized expenditures include costs of technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses.

If no potentially commercial hydrocarbons are discovered, the deferred oil and gas exploration asset is written off through the consolidated statements of income. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred oil and gas exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics, and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred oil and gas exploration costs.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the oil and gas exploration costs relating to the SC, where oil and gas in commercial quantities are discovered, then the remaining balance is transferred to 'Oil and gas properties' account shown under the 'Property and equipment' account in the consolidated statements of financial position.

Deferred oil and gas exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statements of income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The recoverability of deferred oil and gas exploration costs is dependent on the commercial viability of the reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

A valuation allowance is provided for unrecoverable deferred oil and gas exploration costs based on the Group's assessment of the future prospects of the exploration project.



Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's goodwill, input VAT, property and equipment, ROU asset, and deferred oil and gas exploration costs (see Notes 4, 8, 9, 10 and 11).

The Group assesses, at each reporting date, whether there is an indication that its input VAT, property and equipment, ROU asset, and deferred oil and gas exploration costs may be impaired. If any indication exists, the Group makes an estimate of their recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, the asset is tested as part of a larger CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows to be generated by such items are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognized in the consolidated statements of income.

For assets and CGUs excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized, impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU does not exceed the lower of its recoverable amount, or the carrying amount that would have been determined, net of depreciation or depletion, had no impairment loss been recognized for the asset or CGU in prior years. Such a reversal is recognized in the statements of income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount on a systematic order over its remaining estimated useful life.

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative fair values of the operation disposed of and the portion of the CGU retained. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the



Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Provision for plug and abandonment costs

Plug and abandonment costs on oil and gas fields are based on estimates made by the SC operator. The timing and amount of future expenditures are reviewed annually. Liability and capitalized costs included in oil and gas properties is equal to the present value of the Group's proportionate share in the total plug and abandonment costs of the consortium on initial recognition.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related oil and gas properties to the extent that it was incurred by the development/construction of the field. Any plug and abandonment obligations that arise through the production of inventory are expensed when the inventory item is recognized in petroleum production costs.

Changes in the estimated timing or cost of plug and abandonment are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas properties. Any reduction in the plug and abandonment liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statements of income.

If the change in estimate results in an increase in the plug and abandonment liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of plug and abandonment provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statements of income as 'interest expense'.

The Group recognizes neither the deferred tax asset in respect of the temporary difference on the plug and abandonment liability nor the corresponding deferred tax liability in respect of the temporary difference on a plug and abandonment asset.

For closed sites or areas, changes to estimated costs are recognized immediately in the consolidated statements of income.

Retirement Benefit Costs

The Group's retirement benefits liability is measured using the accrual approach based on the minimum retirement benefits required under Republic Act (R.A.) No. 7641, otherwise known as The Philippine Retirement Pay Law. Accrual approach is applied by calculating the expected liability as at reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.



Capital Stock and Additional Paid-in Capital (APIC)

Capital stock is measured at par value for all shares issued. The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value issued shares and any excess of the proceeds over the par value or shares issued less any incremental transaction costs directly attributable to the issuance, net of tax, is presented in equity as APIC.

Equity Reserves

Equity reserves is the difference between the acquisition cost of an entity under common control and the Parent Company's proportionate share in the net assets of the entity acquired as a result of a business combination accounted for using the pooling-of-interests method. This is derecognized when the subsidiaries are deconsolidated, which is the date on which control ceases.

An increase or decrease in the Parent Company's ownership interest that does not result in a loss of control of a subsidiary is accounted for as an equity transaction, i.e., a transaction with owners in their capacity as owners. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary in this account.

Deficit

Deficit represents accumulated losses of the Group, prior period adjustments, effect of changes in accounting policies, and other capital adjustments.

Related Party Relationships and 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.

Revenue Recognition

Revenue from sale of petroleum products is recognized at a point in time when the control of the goods has transferred from the Consortium Operator of the joint arrangement to the customer, which is typically upon delivery of the petroleum products to the customers. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those goods, which is typically the fair value of the consideration received, excluding discounts, rebates, and other sales tax or duty. The Group has generally concluded that it is the principal in its revenue arrangements.

Under the terms of the relevant joint operating agreements, the Group is entitled to its participating share in the sale of petroleum products based on the Group's participative interest. The revenue recognized from the sale of petroleum products pertains to the Group's share in revenue from the joint operations. The revenue sharing is accounted for in accordance with PFRS 11, *Joint Arrangements*.

Costs and Expenses Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in the consolidated statements of income in the year they are incurred.

Petroleum production costs

Petroleum production costs, which include all direct materials and labor costs, depletion of oil and gas properties, and other costs related to the oil and gas operations, are expensed when the related revenue is recognized.



General and administrative expenses

General and administrative expenses constitute the costs of administering the business and are recognized when incurred.

Other income (charges)

Other income (charges) include other income and expenses which are incidental to the Group's business operations and are recognized in the consolidated statements of income.

Leases

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities at the present value of lease payments and ROU assets representing the right to use the underlying assets.

ROU assets

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The remaining lease term of the ROU asset is 5 years.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.



OCI

OCI comprises items of income and expense (including items previously presented under the consolidated statements of changes in equity) that are not recognized in the consolidated statements of income.

Foreign Currency-Denominated Transactions and Translations

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statements of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss on translation of non-monetary items measured at fair value of the item is treated in line with the recognition of the gain or loss arising on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Income Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and net operating loss carry-over (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, excess MCIT and NOLCO can be utilized, except:



- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items outside of profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the consolidated statements of income.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Loss Per Share

Basic loss or earnings per share (EPS) is computed by dividing the net income or loss attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared during the year, if any. Shares subscriptions that are entitled to dividends are part of the computation of the weighted average number of common shares outstanding for basic EPS computation.

Diluted loss or EPS is calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued during the year plus the weighted average number of common shares that would be issued on the conversion of all potentially dilutive common shares into common shares.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products to different markets.



Segment assets include operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, inventories, property and equipment and ROU asset, net of allowances, and provisions.

Segment liabilities include all operating liabilities and consist principally of trade and other payables.

Events After the Reporting Period

Events after the reporting period that provide additional information about the Group's position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. Material Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards 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 the accompanying 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 consolidated financial statements as they become reasonably determinable.

Accounting judgments, estimates and assumptions 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. Actual results could differ from such estimates.

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 consolidated financial statements.

Determination of the functional currency

PXP and BEMC, based on the relevant economic substance of the underlying circumstances, have determined their functional currency to be the Philippine Peso. FEL's, Pitkin's, and FEC's functional currency is the United States dollar. These are the currencies of the primary economic environments in which the entities primarily operate.

Determination and classification of a joint arrangement

Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries as set out in Note 2.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement - whether it is structured through a separate vehicle



- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
 - a. The legal form of the separate vehicle
 - b. The terms of the contractual arrangement
 - c. Other facts and circumstances (when relevant)

This assessment often requires significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment for each assessment.

As at December 31, 2025 and 2024, the Group's joint arrangements are in the form of a joint operation (see Notes 1 and 11).

Accounting Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of oil and gas reserves

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil and gas properties. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the extent and volume of the hydrocarbon field and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil in place, recovery factors, and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the service contracts. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

The Group estimates and reports hydrocarbon reserves in line with the principles contained in the Society of Petroleum Engineers Petroleum Resources Management Reporting System framework. As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of deferred oil and gas exploration costs; oil and gas properties, and property and equipment, may be affected due to changes in estimated future cash flows.
- Depreciation and amortization charges in the consolidated statements of income may change where such charges are determined using the UOP method, or where the useful life of the related assets change.
- Provisions for plug and abandonment may require revision - where changes to the reserves estimates affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.



Impairment testing of goodwill

The Group reviews the carrying values of goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs impairment test of goodwill annually every December 31. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Assessments require the use of estimates, judgements and assumptions such as forecasted oil and gas prices, estimated volume of reserves, capital expenditures, production and operating costs, and discount rate. If the recoverable amount of the unit exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU shall be regarded as not impaired. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized.

No provision for impairment losses were recognized in 2025 and 2024. The carrying value of goodwill as at December 31, 2025 and 2024 amounted to ₱254,397 (see Note 4).

Estimation of provision for plug and abandonment costs

Plug and abandonment costs will be incurred by the Group at the end of the operating life of its oil fields. The Group assesses its plug and abandonment provision at each reporting date. The ultimate plug and abandonment costs are uncertain, and cost estimates can vary in response to many factors, including changes to relevant legal requirements, estimates of the extent and costs of decommissioning activities, the emergence of new restoration techniques or experience at other production sites, cost increases as compared to the inflation rates and changes in discount rates. The expected timing, extent and amount of expenditure may also change, for example, in response to changes in oil reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The provision at reporting date represents management's best estimate of the present value of the future plug and abandonment costs required.

Provision for plug and abandonment costs amounted to ₱95,604 and ₱79,478 as at December 31, 2025 and 2024, respectively (see Note 9). The Group recognized accretion of interest amounting to ₱4,377, ₱3,908, and ₱1,776 in 2025, 2024, and 2023, respectively. The discount rate range used by the Group to value the provision as at December 31, 2025 and 2024 is 12.50% and 6.08% to 11.67%, respectively.

Recoverability of deferred oil and gas exploration costs

Deferred exploration costs pertain to expenditures incurred in the exploration stage of its oil and gas assets. Oil and gas assets relate to projects that are currently on-going. These deferred oil and gas exploration costs shall be assessed for impairment when the facts and circumstances suggest that the carrying amounts exceeds the recoverable amounts. The ability of the Group to recover its deferred oil and gas exploration costs would depend on the commercial viability of the reserves. In addition, the recovery of these costs also depends upon the success of exploration activities and future development or the discovery of oil and gas producible in commercial quantities. Allowances shall be provided for oil and gas assets that are specifically identified to be unrecoverable.

Provision for impairment of deferred oil and gas exploration costs recognized in 2025, 2024, and 2023 amounted to nil, nil, and ₱128,771, respectively. In 2025, the Group recognized loss on write-off amounting to ₱3,990. As at December 31, 2025 and 2024, the carrying value of deferred oil and gas exploration costs amounted to ₱2,844,529 and ₱2,799,390, respectively, net of allowance for impairment amounting to ₱927,738 and ₱915,705 as at those dates, respectively (see Note 11).



Recoverability of input VAT

The Group provides allowance for impairment losses on input VAT when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease other current and other noncurrent assets.

The carrying amount of input VAT amounted to nil as at December 31, 2025 and 2024, net of allowance for impairment amounting to ₱19,644 and ₱17,915 as at those dates, respectively. The Group recognized provision for impairment losses amounting to ₱1,729, ₱4,033 and nil in 2025, 2024, and 2023, respectively (see Note 8).

Assessing realizability of deferred tax assets

The Group reviews the carrying amounts at each reporting period and adjusts the balance of deferred tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

The carrying amount of deferred tax assets amounted to ₱14,319 and ₱14,499 as at December 31, 2025 and 2024, respectively. Details of excess MCIT, NOLCO, and temporary differences for which no deferred tax assets were recognized are provided in Note 16.

4. Business Combination

Acquisition of BEMC and FEC

On September 24, 2010, pursuant to an internal reorganization whereby all of the energy assets of PMC are to be held by PXP, PMC transferred all of its investment in shares of stock in BEMC and FEC (see Note 1). This qualified as a business combination under common control. The investment in FEL was previously recognized as an investment in associate. Goodwill arising from the business combination amounted to ₱258,593.

	Amount
Goodwill attributable to:	
SC 72 (Recto Bank)	₱254,397
Former SC 14C-1 Galoc and SC 14 A & B Nido - Matinloc	4,196
	<u>₱258,593</u>

The Group performs an annual impairment test of goodwill. In 2019, the Group wrote off its goodwill relating to Former SC 14C-1 Galoc and SC 14 A & B Nido - Matinloc amounting to ₱4,196, which was triggered by downward reserves revisions.

As at December 31, 2025 and 2024, the Group's remaining goodwill amounting to ₱254,397 is related to SC 72 (Recto Bank).

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal and value in use. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the recoverable amount of the CGUs was determined based on a value in use calculation using a discounted cash flow model from financial budgets covering the duration of the service contracts for the oil and gas fields. Based on its analysis, management concluded that the remaining goodwill as at December 31, 2025 and 2024 is recoverable.



The calculation of the value in use for the CGU incorporates the following key assumptions:

- a) *inflation rates* - which are estimated with reference to external market forecast for long-term inflation rate;
- b) *forecasted oil and gas prices* - which are estimated with reference to external market forecasts of Brent crude prices and Japan liquefied natural gas prices;
- c) *estimated volume of resources* - which are based on resources report prepared by third party competent persons;
- d) *capital expenditure, production and operating costs* - which are based on the Group's historical experience, approved work programs and budgets, and latest life of well models; and
- e) *discount rate* - which represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the Group's weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU and to determine the pre-tax rate. The WACC takes into account both debt and equity. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The pre-tax discount rate applied to cash flow projection is 15.5% as at December 31, 2025 and 2024.

Value in use is most sensitive to changes in forecasted oil and gas prices and discount rate. With regard to the assessment of value in use for SC 72 Recto Bank, management believes that there are no reasonably possible changes in any of the above key assumptions that would cause the carrying value of the CGU to materially exceed its recoverable amount.

5. Cash and Cash Equivalents

	2025	2024
Cash in banks	₱28,355	₱53,685
Short-term investments	11,788	37,729
	₱40,143	₱91,414

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the cash requirements of the Group and earn interest at the respective short-term investments rates. Interest income amounted to ₱1,284, ₱3,612, and ₱1,951 in 2025, 2024, and 2023, respectively.

The Group has cash in bank and short-term investments denominated in US\$ amounting to US\$554 and US\$810 as at December 31, 2025 and 2024, respectively.



6. Trade and Other Receivables

	2025	2024
Trade	₱6,291	₱11,594
Accrued interest receivable	—	83
Others	6,514	6,336
	12,805	18,013
Less allowance for ECL of receivables	820	807
	₱11,985	₱17,206

Trade receivables are non-interest bearing and currently due and demandable. These include receivables from the sale of petroleum.

Other receivables pertain to cash calls paid to oil operators pending liquidation. These are liquidated upon submission of the financial reports by the operator in the subsequent month following the month of cash call.

The Group has no related party balances included in the trade and other receivables account as at December 31, 2025 and 2024.

Movements in allowance for ECL of receivables in 2025 and 2024 are as follows:

	2025	2024
Balances at January 1	₱807	₱772
Translation adjustment	13	35
Balances at December 31	₱820	₱807

7. Inventories

The cost of petroleum inventories amounted to ₱6,131 and ₱7,077 as at December 31, 2025 and 2024, respectively.

The cost of petroleum inventories recognized as expense and included in 'Petroleum production costs' amounted to ₱39,270, ₱37,471, and ₱39,893 in 2025, 2024, and 2023, respectively.

8. Other Current Assets

	2025	2024
Input VAT	₱19,644	₱17,915
Prepaid expenses	6,595	8,994
	26,239	26,909
Less allowance for impairment of input VAT	19,644	17,915
	₱6,595	₱8,994

Prepaid expenses include prepaid rentals, insurance premiums, prepaid taxes, advances for liquidations, and other expenses paid in advance.



Movements in allowance for impairment loss on input VAT in 2025 and 2024 are as follows:

	2025	2024
Balances at January 1	₱17,915	₱13,882
Provision for impairment	1,729	4,033
Balances at December 31	₱19,644	₱17,915

9. Property and Equipment

	2025			
	Oil and Gas Properties	Machinery and Equipment	Surface Structures	Total
Cost				
Balances at January 1	₱1,077,950	₱255,448	₱37,659	₱1,371,057
Additions	—	1,686	—	1,686
Effect of translation adjustment	14,085	1,175	—	15,260
Balances at December 31	1,092,035	258,309	37,659	1,388,003
Accumulated depletion and depreciation				
Balances at January 1	606,593	101,134	8,886	716,613
Depreciation (Note 14)	—	436	—	436
Effect of translation adjustment	9,754	1,127	—	10,881
Balances at December 31	616,347	102,697	8,886	727,930
Accumulated impairment losses				
Balances at January 1	471,357	152,947	28,773	653,077
Effect of translation adjustment	4,331	36	—	4,367
Balances at December 31	475,688	152,983	28,773	657,444
Net book values	₱—	₱2,629	₱—	₱2,629

	2024			
	Oil and Gas Properties	Machinery and Equipment	Surface Structures	Total
Cost				
Balances at January 1	₱1,041,062	₱251,748	₱37,659	₱1,330,469
Additions	—	608	—	608
Effect of translation adjustment	36,888	3,092	—	39,980
Balances at December 31	1,077,950	255,448	37,659	1,371,057
Accumulated depletion and depreciation				
Balances at January 1	581,049	97,692	8,886	687,627
Depreciation (Note 14)	—	493	—	493
Effect of translation adjustment	25,544	2,949	—	28,493
Balances at December 31	606,593	101,134	8,886	716,613
Accumulated impairment losses				
Balances at January 1	460,013	152,839	28,773	641,625
Effect of translation adjustment	11,344	108	—	11,452
Balances at December 31	471,357	152,947	28,773	653,077
Net book values	₱—	₱1,367	₱—	₱1,367

As at December 31, 2025 and 2024, the cost of fully depreciated machinery and equipment still being used in the Group's operations amounted to ₱635.

The details of the Group's provision for plug and abandonment costs are as follows:

	2025	2024
Beginning balances	₱79,478	₱47,046
Effect of change in estimate:		
Recognized in the consolidated statements of income	16,103	(7,327)
As adjustment to deferred oil and gas exploration cost	(6,110)	33,781
Accretion	4,377	3,908
Effect of translation adjustment	1,756	2,070
	₱95,604	₱79,478



Discount rate range of 12.50% and 6.08% to 11.67% in 2025 and 2024, respectively, were used to compute the present values of provision for plug and abandonment costs. The provision for plug and abandonment costs are recorded under 'Other noncurrent liabilities' in the consolidated statements of financial position (see Note 24).

SC 88 (Galoc) - formerly SC 14 Block C-1

As at December 31, 2025, the Galoc Field has already produced about 25.33 million barrels of oil since the start of production in October 2008.

In 2025, 2024, and 2023, the field produced 399,004, 447,857, and 502,624 barrels of oil, respectively. In 2025, three (3) liftings were made in February, June, and October with a total of 414,124 barrels sold. In 2024, three (3) liftings were made in February, April, and September with a total of 498,168 barrels sold. In 2023, three (3) liftings were made in January, May, and September with a total of 475,183 barrels sold. The Group's share in revenue amounted to ₱49,791, ₱66,982, and ₱63,192 in 2025, 2024, and 2023, respectively (see Note 22).

The field's profitability is expected to continue over the next two (2) years subject to effective cost management, operational efficiency, high oil prices, and sustained performance of the production wells.

In December 2023, the DOE released Department Circular (DC) no. 2023-12-0033 on the awarding of DP PSC through direct negotiations. It took effect on January 3, 2024. The DP PSC covers expiring service contracts but with ongoing production (e.g., Galoc Field in SC 14C-1) or producible petroleum reserves as validated by the DOE (e.g., West Linapacan A Field in SC 14C-2 and Cadlao Field in the former SC 6B). 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.

SC 14C-1 qualified for the issuance of a DP PSC allowing production operations at Galoc Field beyond the original end of the SC's term on December 17, 2025. Accordingly, the Galoc 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 88, on December 18, 2025, and following the withdrawal of one company from the application, FEPC's participating interest increased from 3.2103% under the expired SC 14C-1 to 4.69174%.

In 2025, the provision for plug and abandonment costs was adjusted to consider the change in the estimated cost in the updated decommissioning plan. While in 2024, the provision was adjusted to consider the change in the year the plug and abandonment will be carried out. As at December 31, 2025 and 2024, the provision for plug and abandonment costs for Galoc amounted to nil and ₱16,594, respectively, while the related decommissioning fund amounted to ₱8,295 and ₱7,477, respectively (see Note 12).

West Linapacan DP PSC - formerly SC 14 Block C-2

The West Linapacan A Field was discovered in 1990 and produced over 8 million barrels of oil (MMBO) from 1992 before being shut-in in 1996. The Consortium continues with evaluating the viability of redeveloping the West Linapacan A Field.

In 2025 and 2024, the provision for plug and abandonment costs was adjusted to consider the change in the estimated period the plug and abandonment will be carried out. As at December 31, 2025 and 2024, the provision for plug and abandonment costs for West Linapacan amounted to ₱67,381 and ₱29,103, respectively.



On November 17, 2025, the Consortium submitted a Letter of Intent to apply for a DP PSC covering SC14C-2, which expired on December 17, 2025, together with additional open acreages. The block qualifies for a DP PSC based on the declared reserves in the West Linapacan A Field. The new DP PSC will provide a new evaluation period to assess West Linapacan B, Linapacan B in the former SC 74 block, and other adjacent structures for potential cluster development with West Linapacan A. The Consortium is awaiting formal feedback from the DOE as of December 31, 2025.

SC 40 (North Cebu)

In 2003, Forum-1XA and Forum-2X wells were drilled onshore Northern Cebu. Forum-1XA reached a total depth of 2,000 feet, exhibited oil and gas potential but was ultimately lost due to a gas kick. Forum-2X, drilled to a depth of 1,732 feet, also indicated oil and gas shows; however, testing results remained inconclusive following its reentry in 2007.

In 2025 and 2024, the provision for plug and abandonment costs was adjusted to consider the change in the estimated period the plug and abandonment will be carried out. As at December 31, 2025 and 2024, the provision for plug and abandonment costs for Forum-1XA and Forum-2, which was capitalized to deferred oil and gas exploration cost, amounted to ₱27,671 and ₱33,781 in 2025 and 2024, respectively.

10. Leases

The Group has a lease contract for a parcel of land for use in its operations. Term of lease is 27 years. The Group also has certain leases of office space and machinery and equipment with lease terms of 12 months or less and leases of machinery and equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of the ROU asset follows:

	2025	2024
Cost		
Balance at January 1	₱5,870	₱5,619
Effect of translation adjustment	96	251
Balance at December 31	5,966	5,870
Accumulated depreciation		
Balance at January 1	2,975	2,373
Depreciation (Note 14)	495	491
Effect of translation adjustment	58	111
Balance at December 31	3,528	2,975
	₱2,438	₱2,895

The following are the amounts recognized in the consolidated statements of income:

	2025	2024
Expenses relating to short-term leases (included in general and administrative expenses)	₱4,876	₱4,876
Depreciation of ROU assets	495	491
Interest expense on lease liability	311	345
Expenses relating to low-value assets (included in general and administrative expenses)	224	224
	₱5,906	₱5,936



The rollforward analysis of lease liability follows:

	2025	2024
Balance at January 1	₱4,148	₱4,539
Payments	(812)	(736)
Interest expense	311	345
Balance at December 31	3,647	4,148
Less noncurrent portion	2,756	3,338
Current portion	₱891	₱810

Shown below is the maturity analysis of the undiscounted lease payments:

	2025	2024
One (1) year	₱891	₱810
More than one (1) year to two (2) years	980	891
More than two (2) to three (3) years	1,078	980
More than three (3) to four (4) years	1,186	1,078
More than five (5) years	201	1,387

11. Deferred Oil and Gas Exploration Costs

The rollforward analysis of this account are as follows:

	2025	2024
Cost		
Balance at January 1	₱3,715,095	₱3,526,802
Additions, including adjustments to SC 40 P&A	7,284	50,389
Write-off	(3,990)	–
Translation adjustment	53,878	137,904
Balance at December 31	3,772,267	3,715,095
Less allowance for impairment losses		
Balance at January 1	915,705	884,360
Translation adjustment	12,033	31,345
Balance at December 31	927,738	915,705
Net book values	₱2,844,529	₱2,799,390

The total carrying value of deferred oil and gas exploration costs pertains to Philippine exploration assets as at December 31, 2025 and 2024.

With the unfavorable results of the different evaluation studies conducted for SC 74 (Linapacan), the Consortium decided to surrender SC 74 to the DOE on December 13, 2023. The DOE acknowledged the Notice of Surrender on December 18, 2023, and subsequently requested the submission of the consolidated technical reports and data generated under SC 74. Consequently, the Group recognized provision for impairment losses amounting to ₱128,771 related to SC 74 in 2023.

The DOE approved the surrender of the block on July 12, 2024, but it remains subject to the settlement of the remaining financial commitment, which comprises the scholarship fund. In early December 2024, the DOE conducted a meeting with the academic institution where the funds will be allocated. To complete this requirement, a Memorandum of Agreement on Scholarship Assistance was ceremonially signed at the DOE on October 22, 2025, awarding the outstanding US\$55,000 scholarship



commitment to Palawan State University. This settlement formally released the SC 74 Consortium from all remaining financial obligations under SC 74.

In 2025, the Group recognized loss on write-off of deferred oil and gas exploration cost amounting to ₱3,990 related to cost incurred for technical studies for a potential farm-in opportunity. The results did not identify any material drillable prospect in the area evaluated. Accordingly, the Group decided not to proceed and wrote off the related costs during the year.

PXP and FEL, through their subsidiaries, have various participating interests in petroleum service contracts as follows as at December 31, 2025:

Service Contract	Participating interest	
	PXP	FEL
SC 40 (North Cebu Block)	—	100.00%
SC 72 (Recto Bank)	—	70.00%
SC 75 (Northwest Palawan)	50.00%	—
SC 80 (Sulu Sea)	12.50%	—
SC 81 (Sulu Sea)	12.50%	—
SC 86	6.84%	6.84%
SC 88 (Galoc, formerly SC 14C-1)	—	4.69%

SC 72 (Recto Bank)

SC 72 was awarded on February 15, 2010, to FGL, a subsidiary of FEL, and Monte Oro Resources & Energy, Inc. It covers an area of 8,800 sq. km and contains the Sampaguita Gas Discovery. A 2012 study by Weatherford Petroleum Consultants estimated the field to have 2.6 trillion cubic feet (TCF) of In-Place Contingent Resources and 5.4 TCF of In-Place Prospective Resources. The study also identified two (2) drilling locations, Sampaguita-4 and Sampaguita-5, which could increase recoverable resources. However, due to maritime disputes between the Philippines and China in the West Philippine Sea, including the SC 72 area, FGL was unable to commence drilling. In December 2014, the DOE suspended exploration activities, pending further notice.

In July 2016, the United Nations Arbitral Tribunal ruled that Recto Bank (Reed Bank), where SC 72 is located, falls within the Philippines' Exclusive Economic Zone (EEZ). Despite a 2018 Memorandum of Understanding between the Philippines and China on joint oil and gas development, negotiations failed by June 2022. Meanwhile, the DOE lifted the *force majeure* on SC 72 on October 16, 2020, allowing exploration to resume. FGL then began preparations for drilling, acquiring equipment, securing materials, and signing technical service agreements, with plans to drill the Sampaguita-4 and Sampaguita-5 wells starting in the second quarter of 2022.

On April 6, 2022, the DOE ordered FGL to suspend all exploration activities for SC 72 until the Security, Justice, and Peace Coordinating Cluster (SJGCC) issued the necessary clearance. FGL immediately complied but sent a letter on April 8, 2022, expressing readiness to resume operations. FGL advised that if no confirmation was received by April 10, 2022, it would consider the suspension indefinite and declare a *force majeure* event, relieving FGL of its obligations and entitling it to an extension of the exploration period. With no response from the DOE, FGL formally declared *force majeure* on April 11, 2022, and terminated contracts with several service providers.

On October 11, 2022, the 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* to its re-imposition (October 14, 2020, to April 6, 2022) would be credited back to SC 72. Once the *force majeure* is lifted, FGL will have 20 months to drill two (2) commitment wells, equivalent to the remaining term of SP 2 before October 14, 2020.

On November 21, 2025, the DOE approved the WP&B for 2026 with only License Administration costs and Service Contract payments classified as firm budget. The implementation of the SP 2 work commitment comprising the drilling of two (2) wells, will be contingent upon the lifting of the *force majeure* imposed by the DOE in April 2022.

Sale of long lead items (LLIs)

On June 10, 2022, FGL, on behalf of the SC 72 Joint Venture, executed a Sale and Purchase Agreement (SPA) with Nido Petroleum Philippines Pty Ltd (Nido) to sell most of its LLIs for \$2.9 million, payable over 12 months.

In May 2023, an amendment to the SPA between FGL and Nido was signed, granting Nido an extension to settle the remaining balance of the purchase price. Following Nido's full payment of the balance in October 2023, a Deed of Absolute Sale was executed, finalizing the transfer of ownership of the LLIs to Nido. FGL's 70% share on the proceeds from the sale transaction amounted to ₱58,293, net of deposit received.

SC 40 (North Cebu Block)

SC 40 was awarded on February 9, 1995, and, at present, has an area of 3,400 sq. km from the original coverage of 6,112.53 sq. km. It is being operated by FEI, a subsidiary of FEL.

In June 2022, FEI contracted a drilling consultant to prepare drilling programs and budgets for two (2) wells, one of which is located in the Dalingding Prospect. FEI's re-evaluation of the prospect concluded that the Dalingding-1 well, drilled in 1996, did not reach the Barili target, which is currently estimated to be at 1,830 feet, or 480 feet below the well's final depth. A new well is proposed to be drilled to a depth of 2,760 feet to reach the Barili Limestone.

An independent technical evaluation involving a review of available data, project risking, and project economics of the Dalingding Prospect started in the first quarter of 2023. The results indicate that deterministic and probabilistic volumetric estimates for the prospect show mean resources of 10 billion cubic feet (BCF) for a Gas Case and 3.5 MMBO for an Oil Case. The study was completed in March 2024.

In early 2024, the DOE approved FEI's proposal to conduct a magnetotelluric (MT) survey to further evaluate the Dalingding Prospect. The survey aimed to define the top of the carbonate buildup and help determine its depth from surface.

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 Northwest-Southeast direction, and 20 stations on one (1) perpendicular line oriented in a Northeast-Southwest direction.

The MT survey set-up consisted of four (4) electric field probes buried in north, east, west, and south directions, connected to a car battery-powered ADU-07e (recording unit) via a 20-50 meters cable. Daily data acquisition ran at one (1) station per day for an average of six (6) hours and 46 minutes. A quick quality control (QC) check was conducted at the end of the day to identify any potential issues or errors in the acquired data and to pinpoint stations that require resurveying.



The initial results of the MT data processing and interpretation were presented by FEI's consultant on October 31, 2024. It was found that, while the reef trap structure was not well imaged, the average top depth structure identified agrees with previous studies. The data undergone further processing due to a high amount of cultural noise. Once completed, the information obtained was expected to be correlated with existing seismic, gravity, magnetic, and well data in the area and will also be used to refine the drilling program for the Dalingding Prospect.

In April 2025, the processing and interpretation of MT data was completed. The results successfully mapped the presence of a reef boundary, presumably the Barili Limestone, identified through sharp resistivity contrasts with surrounding formations.

A data integration study was conducted by FEI following the receipt of the MT report, which was completed in June 2025. The subsurface resistivity data derived from the MT method indicate that resistivity can vary laterally within a formation, reflecting differences in its physical properties. 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 resources, the porosity distribution on the Barili Limestone surface was successfully estimated and mapped.

Due to its ongoing comprehensive review of potential options for further evaluation of the Dalingding Prospect, including the possible drilling of an exploration well, FEI requested an extension until the end of February 2026 for submission of the WP&B for 2026. On February 27, 2026 the 2026 WP&B was submitted to DOE.

SC 75 (Northwest Palawan)

SC 75 was awarded on December 27, 2013, to a consortium consisting of PXP (50% operating interest), PNOC Exploration Corporation (35%), and PetroEnergy Resources Corporation (15%). The contract covers a 6,160 sq. km area in the Northwest Palawan Basin. From 2014 to 2015, the consortium completed its first sub-phase work commitments, including acquiring 2D seismic, marine magnetic, and gravity data, processing and interpretation of these datasets, and conducting geological and geophysical studies.

In September 2015, the DOE placed the area under *force majeure*, suspending all exploration activities from December 27, 2015, to October 16, 2020. After the *force majeure* was lifted, the consortium proceeded with the second sub-phase, which required acquiring at least 1,000 sq. km of 3D seismic data. Shearwater GeoServices was contracted for the project.

By September 2021, Shearwater conducted a Survey Evaluation and Design (SED) Study to finalize survey parameters. The study was completed in November 2021, and its results were integrated into the seismic data acquisition contract to guide the next steps in exploration.

On April 6, 2022, the DOE ordered PXP to suspend all exploration activities for SC 75 until clearance was issued by the SJGCC. PXP immediately complied, informing its contractors, including Shearwater, which had already deployed a seismic vessel for 3D data acquisition. On April 8, PXP wrote to the DOE expressing readiness to resume operations but stated that if no confirmation was received by April 10, 2022, it would consider the suspension indefinite and declare a *force majeure* event. With no response from the DOE, PXP formally declared *force majeure* on April 11, 2022, and terminated contracts with several service providers, including Shearwater.

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 recoverable, pending audit, and granted an extension of the exploration period equivalent to the time



lost. 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.

On November 21, 2025, the DOE approved the WP&B for 2026 with only license administration costs and SC payments classified as firm budgets. The implementation of the seismic survey program, which includes the acquisition, processing, and interpretation of at least 1,138 sq. km of 3D seismic data, will be contingent upon lifting of the *force majeure* imposed by the DOE in April 2022.

SC 80 (Sulu Sea) - formerly Pre-determined Area Bangsamoro Petroleum-2 (PDA-BP-2)

SC 80 was awarded on September 24, 2025, with Triangle Energy (Global) Limited 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 Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) Conventional Energy Bid Round jointly conducted by the DOE and the Ministry of Environment, Natural Resources and Energy (MENRE) of the 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 sq. km and water depths ranging from 200 to 3,000 meters in the east of the block.

Between 2009 and 2010, ExxonMobil, as the Operator, along with Consortium members BHP Billiton and Mitra Energy, drilled four (4) wells in deeper waters within SC 80 area. Two (2) of these wells—Dabakan and Palendag—discovered gas in multiple stacked turbidite sands within deepwater thrust anticline traps.

Under the first sub-phase of SC 80, which has a 24-month term, comprehensive geologic and geophysical (G&G) studies will be carried out, including the reprocessing of existing 3D seismic data using the Pre-Stack Depth Migration (PSDM) method.

SC 81 (Sulu Sea) - formerly PDA-BP-3

On September 24, 2025, SC 81 was awarded with Triangle Energy (Global) Limited of Australia 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 service contract signing.

SC 81 is located south of and adjacent to SC 80 and is also among the blocks offered for bidding in early 2024. It has an area of 5,321 sq. km and water depths ranging from less than 100 meters in the west to an excess of 3,000 meters in the east. The block is covered by 2D and 3D seismic data with seven (7) wells drilled by previous operators. While there are no commercial discoveries yet in SC 81, hydrocarbon indications were recorded in some wells. Multiple leads have also been identified by previous operators.

The first sub-phase of SC 81 has a term of 24 months. During this period, G&G studies will be conducted, including the PSDM reprocessing of existing 2D and 3D seismic data.



SC 86 (Octon Block) – formerly SC 6A or Nominated Area No. 10

The original term of SC 6A was set to expire on February 28, 2024. In view of this, the Consortium decided to surrender the contract effective March 31, 2021 and, upon its approval by the DOE, apply for a new contract under the Philippine Conventional Energy Contracting Program (PCECP) on area nomination. The surrender of the SC was approved by the DOE on September 5, 2022.

On January 26, 2023, the DOE granted an Area Clearance over an Area of Interest (AOI) that includes the former SC 6A block and additional areas surrendered from an adjacent block in 2022.

On March 17, 2023, Philodrill submitted the documents for the application for the new SC that includes the former SC 6A and an additional area to the east termed Nominated Area No. 10 by the DOE.

On June 26, 2023, the DOE sent a Notice of Qualification of the Consortium to Enter a Petroleum Service Contract for Nominated Area No. 10 to Philodrill. On October 8, 2025, SC 86 was awarded, with PXP and FEPC as consortium members, each holding a 6.8439% participating interest.

Service contracts under application and nomination

West Linapacan DP PSC - formerly SC 14 Block C-2

The SC 14 Block C-2 in the Northwest Palawan Basin hosts two (2) main oil-bearing structures, West Linapacan A and West Linapacan B, and several seismic leads. The West Linapacan A Field was discovered in 1990 and produced over 8 MMBO from 1992 before being shut-in in 1996. It is located in 300 to 350 meters of water, approximately 60 km offshore from Palawan Island.

In 2018, Philodrill, as Operator, completed the mapping and interpretation of reprocessed 3D seismic data, focusing on the West Linapacan B structure, which was drilled in 1991. The SC 14C-2 and SC 74 Consortia conducted joint Rock Physics and Quantitative Inversion (QI) studies in 2019 using existing 3D seismic and well data, with Ikon Science completing the initial phase in October 2019. However, only the SC 74 JV proceeded with the second phase of the QI Study.

In September 2021, the Consortium began a technical study on the West Linapacan B Field, including geologic data review, well log digitization, reservoir modeling, and resource estimation. Phase 1, completed in November 2021, indicated that a stand-alone development for West Linapacan B was not economically viable. Phase 2 explored a joint development of the West Linapacan A and B Fields, concluding that feasibility depended on recoverable reserves, development costs, production rates, and oil prices.

On October 20, 2022, Nido, a current member of the SC 14C-2 Consortium, submitted a proposal to drill a well and to conduct an Extended Well Test (EWT) on West Linapacan A in exchange for acquiring an additional 62.721% of the Filipino partners' current participating interest. Under the proposal, Nido will have a post-farm-in interest of 85% while the Filipino partners will retain 15%. On October 28, 2022, the Filipino partners submitted a counter-proposal for sharing the proceeds during production. A draft Farm-in Agreement/Heads of Agreement has been prepared and remains under Nido's consideration.

On December 20, 2024, Philodrill submitted the WP&B for 2025 to the DOE. The firm program includes the preparation of a plan and design study for a new well, West Linapacan A-7, and a POD for the West Linapacan A Field.

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 acreages. The block qualifies for a DP PSC based on the declared reserves in the West Linapacan A Field. The new DP PSC



will provide a new evaluation period to assess West Linapacan B, Linapacan B in the former SC 74 block, and other adjacent structures for potential cluster development with West Linapacan A. The Consortium is awaiting formal feedback from the DOE as of December 31, 2025.

Cadlao DP PSC - formerly SC 6B

SC 6B had an area of 567 sq. km and contains the Cadlao Oil Field. The field was discovered in 1977 and produced about 11 MMBO from two (2) subsea production wells from 1981 to 1991. The remaining recoverable reserves are estimated at 3.7 MMBO for proven reserves (1P) and 5.7 MMBO for proven plus probable reserves (2P), according to a 2012 study by Gaffney, Cline & Associates Inc. Additionally, near Cadlao lies the East Cadlao Prospect, where Philodrill estimated recoverable resources of 1.48 MMBO at the P10 level and 1.17 MMBO at the P50 level in 2016.

In December 2021, Nido submitted a farm-in proposal to the Consortium to increase its participating interest in SC 6B from 9.09% to 72.727% and take over the operatorship of the license. A farm-in agreement (FIA) was later executed on February 11, 2022, with FEPC's interest being reduced from 8.182% to 2.4546%. Under the FIA, Nido will fund 100% of the drilling of a well, Cadlao-4, the conduct of an EWT, and the subsequent development of the Cadlao Field.

Nido proposes a two-phase re-development consisting of:

- Phase 1: A 3 to 9-month EWT 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 (DOA) of Participating Interest to Nido and the revised 2022 WP&B were submitted to the DOE on April 11, 2022. The WP&B includes the drilling of Cadlao-4 and the conduct of an EWT. However, the spud date of the well will depend on rig and FSO unit availability. The DOA was approved on December 19, 2022.

From November 28 to December 1, 2022, Nido conducted a geophysical site survey at Cadlao using the vessel Cassandra VI. The purpose of the survey was to identify possible constraints and hazards on the seafloor where the Cadlao-4 will be located.

On November 15, 2023, Nido and PNOC EC signed an FIA that provides for PNOC EC's acquisition of a 20% participating interest in SC 6B, including sharing of the cost of drilling and EWT for the Cadlao-4. While PNOC EC's participation was approved by the Consortium, the formal transfer and assignment of the 20% interest from Nido to PNOC EC shall be subject to the approval of DOE.

On January 5, 2024, the SC 6B Consortium submitted a letter of intent to the DOE to apply for a DP PSC before the expiration of the SC 6B production term on February 28, 2024. On January 26, 2024, Nido submitted the application documents over the former SC 6B block and additional open areas. These documents include a copy of the POD for the Cadlao Field. The new SC will replace SC 6B, which expired on February 28, 2024. The Consortium is now awaiting the final approval of the application from the Office of the President of the Philippines.



Block A (North Recto Bank) or Nominated Area No. 6

In March 2020, PXP submitted a bid for Block A or Nominated Area No. 6.

Block A is located north of and contiguous with SC 72 in offshore NW Palawan, approximately 180 to 375 km from Palawan Island. It has an area of 14,300 sq. km, covering all of Nares Bank and parts of the greater Recto Bank, with water depths ranging from 20 to 2,500 meters.

There are no recent subsurface data in Block A apart from a few academic studies using mostly potential fields of geophysical data and the legacy Joint Marine Seismic Undertaking (JMSU) 2D dataset, which is unavailable to PXP. The closest relevant subsurface information in Block A comes from SC 72, with Reed Bank A-1 and B-1 wells located in the northern part of SC 72.

On September 14, 2020, the DOE opened the bid by PXP and found the application documents complete and qualified to undergo further substantive legal, technical, and financial evaluation.

The SC application is still ongoing and once a SC is granted, the proposed work program for the first SP would include the acquisition of at least 2,200 line-km of 2D seismic data, along with marine gravity and magnetic data.

12. Other Noncurrent Assets

	2025	2024
Decommissioning fund	₱8,295	₱7,477
Guaranteed deposits	347	342
	₱8,642	₱7,819

Funding for the plug and abandonment costs of the Galoc field commenced in 2016. FEL's contribution to the decommissioning fund amounted to ₱818 and ₱1,108 in 2025 and 2024, respectively (see Note 9).

Guaranteed deposits are related to certain exploration contracts of the Group, which were made to ensure satisfactory completion of projects and work commitments.

13. Trade and Other Payables

	2025	2024
Trade	₱5,252	₱5,541
Accrued expenses	8,113	6,013
Accrued interest (Note 17)	719	316
Withholding taxes	655	484
Other nontrade liabilities	4,327	7,414
	₱19,066	₱19,768

The Group's trade payables are non-interest bearing and are generally settled within 30 to 60 days.

Accrued expenses primarily include the accruals for light and water, payroll, security, and professional consultancy fees.

Other nontrade liabilities include payable to a third-party.



The Group has no related party balances included in the trade and other payables account as at December 31, 2025 and 2024.

14. General and Administrative and Expenses

	2025	2024	2023
Professional fees	₱22,328	₱21,152	₱22,904
Personnel costs	13,592	13,865	16,317
Rental (Note 10)	5,100	5,100	5,100
Insurance	3,774	4,745	4,723
Taxes and licenses	1,269	1,025	5,599
Office supplies	1,200	1,132	1,280
Directors' fees	1,070	1,680	1,240
Depreciation (Notes 9 and 10)	931	984	886
Stock transfer expenses	702	664	650
Association dues	581	481	481
Travel and transportation	510	288	297
Communications, light and water	459	508	500
Repairs and maintenance	417	325	323
Donations	50	5	77
Others	3,458	2,405	2,300
	₱55,441	₱54,359	₱62,677

Others consist of stockholders' meeting expenses, security services and other administrative expenses.

Personnel Costs

	2025	2024	2023
Salaries and wages	₱19,537	₱18,534	₱16,299
Provision for (reversal of) retirement benefits costs (Note 23)	(5,945)	(4,669)	18
	₱13,592	₱13,865	₱16,317

15. Equity

Capital Stock

On September 12, 2011, the 1,700,000,000 common shares of the Parent Company were listed and traded on the PSE at an initial offer price of ₱1.20 per share.

Details of the Parent Company's capital stock follow:

	Number of Shares	
	2025	2024
Common stock - ₱1 par value per share		
Authorized	6,800,000,000	6,800,000,000
Issued and fully paid	2,390,243,903	1,960,000,000
Subscribed capital stock	—	—
Capital stock	2,390,243,903	1,960,000,000



On October 26, 2018, PXP, PMC, and Dennison Holdings Corp. (DHC) signed a subscription agreement wherein PMC and DHC subscribed to 260,000,000 and 340,000,000 common shares of PXP, respectively, for a total consideration of ₱3,081,000 and ₱4,029,000, respectively. Each share was valued at ₱11.85, which represents a 20% discount to the 90-day volume weighted average price (VWAP) of PXP shares. The agreement was approved by the Group or PXP's BOD on October 25, 2018. The subscription was payable in two (2) tranches.

On December 27, 2018, PMC paid the 25% downpayment of ₱770,250. As a result of the transaction, PMC's total ownership interest in PXP increased from 19.76% to 30.40% as at December 31, 2018.

On January 7, 2019, DHC paid an initial downpayment of ₱40,290, with the remaining balance due on March 31, 2019. On March 31, 2019, PXP and DHC mutually agreed to terminate the subscription agreement. All rights of DHC to subscribe to the aforesaid common shares of PXP, and any obligation of PXP to issue such shares to DHC, are terminated without any residual rights of any kind remaining with DHC. Accordingly, PXP recognized the forfeited down payment amounting to ₱40,290 as other income.

From 2019 to 2021, PMC paid the remaining subscription payable amounting to ₱2,310,750.

On February 27, 2025, the PSE approved PXP's application to list additional 260,000,000 common shares to cover the Parent Company's private placement transaction with PMC.

On May 10, 2024, the BOD of PXP approved the issuance of 430,243,903 PXP common shares at the aggregate value of ₱1,557,483 (or at an issue price of ₱3.62 per share) to Tidemark in exchange for 24,125,383 shares held by Tidemark in FEL valued at ₱1,557,483 at the share swap ratio of 17.8337 PXP Shares for every Tidemark - FEL Share.

On February 13, 2025, the SEC approved the valuation of the Tidemark - FEL Shares in the amount of ₱1,557,483 to be applied as payment for the issuance of the PXP Shares to Tidemark with APIC of ₱1,127,239.

Following the approval by the SEC of the valuation and satisfaction of other closing conditions, on March 18, 2025, PXP issued the PXP Shares to Tidemark, and Tidemark transferred the Tidemark - FEL Shares to PXP. Transaction cost amounting to ₱18,469 was accounted for as deduction from the APIC.

As a result of the share swap transaction, (a) PXP's total issued shares increased from 1,960,000,000 to 2,390,243,903 common shares, (b) PXP's direct interest in FEL increased from 72.55% to 92.55% and (c) Tidemark owns 18% of the resulting total issued and outstanding capital stock of PXP.

As at December 31, 2025 and 2024, PXP had 38,275 and 38,350 stockholders, respectively.

The movements in APIC are as follows:

	2025	2024
Balance at beginning of the year	₱2,816,545	₱2,816,545
Issuance of common stock	1,127,239	—
Transaction costs	(18,469)	—
Balance at end of year	₱3,925,315	₱2,816,545



Record of Registration of Securities with the SEC

In accordance with Revised SRC Rule 68, Annex 68–K, below is a summary of the Parent Company’s track record of registration of securities:

Issue	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders of securities as at December 31		
				2025	2024	2023
Common shares	1,700,000,000	₱1.00 par value; ₱1.20 issue price	September 12, 2011	38,275	38,350	38,426
Common shares	260,000,000	₱1.00 par value; ₱11.85 issue price	February 27, 2025			
Common shares	430,243,903	₱1.00 par value; ₱3.62 issue price	March 18, 2025			

Equity Reserves

In May 2012, certain directors and employees of FEL exercised their option over 2,185,000 common shares. This resulted in the Group’s effective economic interest in FEL decreasing from 51.95% to 48.76% as at December 31, 2012. ‘Effect of transactions with non-controlling interests’ amounting to ₱40,711 and an increase in non-controlling interests amounting to ₱85,333 were recognized as a result of the dilution of interest in FEL.

In July 2014, Pitkin tendered an offer to buy back 11,972,500 of its outstanding shares for a consideration of US\$1.00 per share. The Parent Company surrendered 2,000,000 of its shares wherein non-controlling interests surrendered 9,099,000 shares. As a result of the share buyback transaction, the Parent Company’s ownership interest increased from 50.28% to 53.07%. The total consideration paid by Pitkin to shareholders amounted to ₱482,363, wherein ₱395,733 is attributable to non-controlling interest. An increase in equity of the Parent Company amounting to ₱46,382 resulted from the transaction, while the rest of the movement was due to share option cancellation during the period.

In May 2015, Pitkin tendered another offer to buy back its outstanding shares for a consideration of US\$0.75 per share. The Parent Company and the non-controlling interests surrendered 21,373,000 shares and 19,499,500 shares, respectively. As a result, the PXP’s interest in Pitkin has increased from 53.07% to 53.43%. The total consideration paid by Pitkin to shareholders amounted to ₱1,365,404, wherein ₱651,436 is attributable to non-controlling interests. An increase in equity of Parent amounting to ₱102,949 resulted from the transaction.

In June and November 2015, PXP bought additional investments from NCI owners of FEL, including FEC. In total, the NCI owners sold 4,383,777 for a total consideration of ₱63,706. The transactions resulted in increased ownership of PXP over FEL from 36.44% to 48.77%. A decrease in equity of the Parent Company amounting to ₱31,747 resulted from the transaction.

In January 2016, FEC cancelled its 30,000,000 shares previously held under escrow for ₱1,694. As a result, PXP’s ownership interest increased from 51.24% to 54.99%. An increase in equity of the Parent Company amounting to ₱8,670 resulted from the transaction.

On February 17, 2017, Pitkin tendered its offer to buy back 11,430,500 outstanding shares for a consideration of US\$0.35 per share. The Parent Company surrendered 6,107,000 shares for a consideration of ₱107,717, while the NCI owners surrendered their proportionate stake of 5,323,500 shares for a total payment of ₱92,788. The transaction did not change the ownership percentages for both PXP and NCI owners.



On March 23, 2017, PXP entered into an agreement with FEL and FGL to capitalize a part of the maturing long-term loan of FGL from PXP amounting to US\$11,805 into 39,350,920 new common shares of FEL. In addition to the conversion of FEL shares, Tidemark subscribed to additional 6,600,000 shares in FEL for ₱100,650.

On May 17, 2017, PXP bought additional investment from the NCI owners of FEL, wherein Asia Link B. V. sold 1,185,000 shares valued at US\$0.30 per share, for a total consideration of ₱17,705. Furthermore, on November 23, 2017, PXP purchased additional 1,000,000 shares held by FEC in FEL for a total consideration of ₱15,219. The loan to equity conversion and subsequent purchases of shares were all priced at US\$0.30 per share. As a result of the transactions, the Parent Company's economic interest in FEL increased from 58.90% to 75.92%.

In December 2019, PXP bought additional investment from the NCI owners of FEL, wherein PXP purchased 50,000 shares in FEL for a total consideration of ₱786. As a result of the transaction, the Parent Company's total interest in FEL increased to 75.98%.

On April 16, 2020, PXP increased its direct shareholding in FEL from 72.24% to 72.33%. This increased PXP's total interest in FEL from 75.98% to 76.07%. The additional interest was acquired through a subscription to 6,099,626 new ordinary shares of FEL. The new shares were issued at approximately US\$0.30 per share for a total consideration of ₱92,958. Further, major shareholders, Tidemark and FEC subscribed to 1,666,666 shares and 567,038 shares of FEL, amounting to ₱25,400 and ₱8,642, respectively, both paid for in cash.

On August 5, 2020, PXP increased its direct shareholding in FEC from 54.99% to 78.39%. This increases PXP's total economic interest in FEL from 76.07% to 77.66%. The additional interest was acquired through a subscription to 449,999,986 new ordinary shares of FEC through a stock rights offering. The new shares were issued at approximately US\$0.00225 per share for a total consideration of ₱49,688. The acquisition of additional shares in FEC did not result in a change in the board of FEC or FEL.

On October 2, 2020, Pitkin bought back 8.5 million of its total issued shares at a price of US\$0.10 per share for a total consideration of ₱41,208. PXP sold 4,541,464 of Pitkin shares for a total consideration of ₱22,017 while the minority shareholders sold their pro-rata share of 3,958,536 shares for a total consideration of ₱19,191. The transaction did not affect PXP's 53.43% stake in Pitkin.

On December 2, 2022, Pitkin bought back from minority shareholders its 31,713,464 issued shares at a price of £0.01 per share for a total consideration of US\$3,500 or ₱199,588. The transaction increased PXP's stake in Pitkin from 53.43% to 100%.

On December 13, 2023, Pitkin bought back from PXP its 32,000,000 issued shares at US\$0.10 per share for a total consideration of US\$3,200 or ₱177,552. As a sole shareholder, the transaction did not affect PXP's stake in Pitkin.

On December 31, 2023, PXP increased its direct shareholding in FEL from 72.33% to 72.55%. This increased PXP's total interest in FEL from 77.66% to 77.88%. The additional interest was acquired through a subscription to 22,491,770 new ordinary shares of FEL. The new shares were issued at approximately US\$0.30 per share for a total consideration of ₱374,387 which was settled through conversion of advances to equity. Further, major shareholders, Tidemark and FEC subscribed to 6,145,293 shares and 2,089,400 shares of FEL, amounting to ₱103,052 and ₱32,958 respectively, both through conversion of advances to equity.



The share swap transaction between PXP and Tidemark, completed on March 18, 2025, as discussed in the previous section, increased PXP's direct interest in FEL from 72.55% to 92.55% and its total economic interest from 77.88% to 97.88%.

On July 31, 2025, PXP converted US\$1.16 million (or ₱67,521) 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. Following the conversion, PXP's direct ownership in FEC increased from 78.39% to 81.25%. This also increased PXP's total economic interest in FEL from 97.88% to 98.08%.

As a result of the transactions with owners in 2025 that increased the Parent Company's ownership interests in FEL and FEC, total non-controlling interest amounting to ₱1,130,237 was adjusted to equity to reflect the changes in the relative interest in these subsidiaries.

Non-controlling Interest

Non-controlling interests consist of the following:

Percentage of Ownership					
	2025	2024	Country of Incorporation and Operation	2025	2024
Non-controlling interests in the net assets of:					
FEL and its subsidiaries	1.92%	22.12%	UK/Philippines	₱52,990	₱473,772
FEC	18.75%	21.61%	Canada	38,013	46,634
				₱91,003	₱520,406

Financial information of subsidiaries that have material non-controlling interests are provided below:

Income (loss) allocated to material non-controlling interest:

	2025	2024	2023
FEL and its subsidiaries	(₱160)	₱4,544	₱22,140
FEC	(2,693)	(2,247)	(1,914)

Other comprehensive income (loss) allocated to material non-controlling interest:

	2025	2024	2023
FEL and its subsidiaries	₱705	₱21,844	(₱3,984)
FEC	(9)	(4)	1,158



The summarized financial information of these subsidiaries before intercompany eliminations and purchase price allocations arising from the Parent Company's cost of acquisition of these subsidiaries is provided below:

Statements of comprehensive income as of December 31, 2025:

	FEC	FEL and its subsidiaries
Revenue	P—	P49,791
Cost of sales	—	(39,270)
General and administrative expenses	(12,862)	(12,704)
Other charges	(148)	(19,931)
Interest expense	(2,382)	—
Loss before tax	(15,392)	(22,114)
Provision for income tax	—	46
Net loss	(15,392)	(22,160)
Other comprehensive income (loss)	(222,357)	32,796
Total comprehensive income (loss)	(P237,749)	P10,636
Attributable to non-controlling interests	(P2,702)	P545

Statements of comprehensive income as of December 31, 2024:

	FEC	FEL and its subsidiaries
Revenue	P—	P66,982
Cost of sales	—	(37,471)
General and administrative expenses	(10,314)	(12,305)
Other income (charges)	(85)	4,256
Interest expense	(3,564)	—
Income (loss) before tax	(13,963)	21,462
Provision for income tax	—	64
Net income (loss)	(13,963)	21,398
Other comprehensive income	424,149	87,964
Total comprehensive income	P410,186	P109,362
Attributable to non-controlling interests	(P2,251)	P26,388

Statements of comprehensive income as of December 31, 2023:

	FEC	FEL and its subsidiaries
Revenue	P—	P63,192
Cost of sales	—	(39,893)
General and administrative expenses	(8,845)	(13,832)
Other income (charges)	(11)	90,838
Interest expense	(1,813)	(15,199)
Income (loss) before tax	(10,669)	85,106
Provision for income tax	—	50
Net income (loss)	(10,669)	85,056
Other comprehensive income (loss)	5,584	(9,844)
Total comprehensive income (loss)	(P5,085)	P75,212
Attributable to non-controlling interests	(P756)	P18,156



Statements of financial position as at December 31, 2025:

	FEC	FEL and its subsidiaries
Current assets	₱1,398	₱35,710
Noncurrent assets	333,929	2,550,142
Current liabilities	(3,494)	(11,916)
Noncurrent liabilities	–	(556,579)
Total equity	331,833	2,017,357
Attributable to:		
Equity holders of the Parent Company	₱269,614	₱1,978,624
Non-controlling interests	62,219	38,733

Statements of financial position as at December 31, 2024:

	FEC	FEL and its subsidiaries
Current assets	₱824	₱69,711
Noncurrent assets	555,414	2,506,059
Current liabilities	(54,176)	(12,557)
Noncurrent liabilities	–	(556,493)
Total equity	502,062	2,006,720
Attributable to:		
Equity holders of the Parent Company	₱393,566	₱1,562,834
Non-controlling interests	108,496	443,886

Statements of cash flows as at December 31, 2025:

Activities	FEC	FEL and its subsidiaries
Operating	(₱1,812)	(₱1,184)
Investing	–	(2,339)
Financing	2,353	(24,372)
Net increase (decrease) in cash and cash equivalents	₱541	(₱27,895)

Statements of cash flows as at December 31, 2024:

Activities	FEC	FEL and its subsidiaries
Operating	(₱10,630)	₱17,229
Investing	–	(14,803)
Financing	10,553	–
Net increase (decrease) in cash and cash equivalents	(₱77)	₱2,426

Statements of cash flows as at December 31, 2023:

Activities	FEC	FEL and its subsidiaries
Operating	(₱10,446)	(₱2,168)
Investing	(11,295)	46,734
Financing	21,422	(26,422)
Net increase (decrease) in cash and cash equivalents	(₱319)	₱18,144



16. Income Taxes

In 2025, current provision for income tax amounting to ₱135 pertains to PXP and FEL's MCIT. In 2024, current provision for income tax amounting to ₱211 pertains to PXP's MCIT and FEL's RCIT.

The components of the Group's deferred tax assets (liabilities) at effective tax rate as at December 31, 2025 and 2024 are as follows:

	2025	2024
Deferred tax assets		
Allowance for impairment loss on deferred oil and gas exploration costs	₱13,586	₱13,586
MCIT	733	913
	14,319	14,499
Deferred tax liabilities		
Unrealized gain on dilution of interest	(105,512)	(105,512)
Unrealized foreign exchange gain	(1,783)	(1,770)
	(107,295)	(107,282)
Deferred tax liabilities - net	(₱92,976)	(₱92,783)

A reconciliation of the Group's benefit from income tax computed at the statutory income tax rate based on loss before income tax to the benefit from income tax follows:

	2025	2024	2023
Benefit from tax computed at the statutory tax rate of 25%	(₱20,014)	(₱6,863)	(₱19,902)
Additions to (reductions in) income tax resulting from:			
Movement in unrecognized deferred tax assets	18,882	9,388	15,942
Nontaxable petroleum revenue	(11,878)	(15,979)	(15,076)
Nondeductible petroleum production costs	9,818	9,368	9,973
Nondeductible expenses and permanent difference due to foreign exchange translation	3,841	6,121	7,100
Interest income subjected to final tax	(321)	(903)	(468)
Provision for (benefit from) income tax	₱328	₱1,132	(₱2,431)

The Group's NOLCO incurred from 2023 to 2025 can be claimed as deductions from the regular taxable income for the next three (3) consecutive taxable years from the year incurred. On September 30, 2020, the BIR issued Revenue Regulations (RR) 25-2020 implementing Section 4 (bbbb) of "Bayanihan to Recover as One Act" allowing NOLCO incurred for taxable years 2020 and 2021 to be carried over and claimed as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.



As at December 31, 2025, the Group's NOLCO that can be claimed as deduction from future taxable income and excess MCIT that can be deducted against income tax due are as follows:

Year Incurred	Year of Expiration		NOLCO	Excess MCIT
	NOLCO	Excess MCIT		
2021	2026	2024	₱14,538	₱—
2023	2026	2026	14,888	537
2024	2027	2027	14,727	149
2025	2028	2028	42,012	42
			₱86,165	₱728

The following are the movements of the Group's NOLCO and excess MCIT as at December 31, 2025 and 2024:

	NOLCO		Excess MCIT	
	2025	2024	2025	2024
Beginning balance	₱99,953	₱85,226	₱913	₱980
Additions	42,012	14,727	42	149
Application	—	—	—	(167)
Expirations	(55,800)	—	(227)	(49)
Ending balance	₱86,165	₱99,953	₱728	₱913

The Group did not recognize deferred tax assets on the following NOLCO and deductible temporary differences as at December 31, 2025 and 2024:

	2025	2024
NOLCO	₱86,165	₱99,953
Provision for plug and abandonment costs	67,381	45,697
Provision for impairment of input VAT	19,644	17,915
Excess of depreciation expense and interest expense over lease payments	1,209	1,253

17. 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 that 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 enter into transactions with related parties which consist 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. On November 24, 2010, Forum Philippine Holdings Limited (FPHL) secured a US\$10 million loan facility from PMC to fund its 70% share of the first SP work program under SC 72. The facility, available for three (3) years, carried an interest rate of London Interbank Offered Rate (LIBOR) + 4.5% for drawn amounts and a 1% commitment fee for undrawn amounts. In June 2012, the loan facility was increased to US\$15 million. On November 21, 2013, PMC assigned its rights and obligations under the agreement to PXP, which then increased the facility to US\$18 million and extended the term by three (3) years.

In 2015, FPHL transferred its rights and obligations under the facility to FGL, releasing FPHL from any further liabilities. On March 23, 2017, PXP, FEL, and FGL agreed to convert US\$11.805 million of the outstanding loan into equity through the subscription of 39,350,920 new FEL common shares. Additionally, a US\$1 million repayment was made through Tidemark's share subscription, while a new US\$6 million loan facility was established between PXP and FGL, from which US\$5.52 million was drawn to fully settle the remaining long-term loan.

On April 16, 2020, FGL made a partial repayment of US\$431 toward the principal, along with a full payment of US\$958 in accrued interest. The remaining loan balance of US\$5.091 million was granted successive extensions, first to December 31, 2021, and later to March 31, 2022, providing FGL with financial flexibility while ensuring continued operational stability.

On July 7, 2022, PXP approved a ratification on the extension of term of the loan from March 31, 2022 to July 8, 2022 and a further extension of the loan from July 8, 2022 to December 31, 2022 with interest to accrue and payable thereafter on a monthly basis at the end of each calendar month.

In 2022, FGL made a partial repayment of the maturing loan principal amounting to US\$1,500, together with payment of accrued interest amounting to US\$88.

On January 5, 2023, FGL proposed to PXP a further extension of the due date of repaying the loan principal from December 31, 2022 to March 31, 2023, with interest to accrue and payable thereafter on a monthly basis at the end of each calendar month and the payment of the accrued interest of US\$68 as of December 31, 2022 by January 31, 2023.

On January 6, 2023, PXP approved the repayment plan proposed by the borrower, with all other terms of the loan remain unchanged, to change the maturity date of the loan from December 31, 2022 to March 31, 2023. On March 28, 2023, the BOD approved the extension of the maturity date of the loan from March 31, 2023 to June 30, 2023. On October 13, 2023, the BOD further approved the maturity of the loan principal and accrued interest be extended from June 30, 2023 to October 10, 2023, and from October 10, 2023 to November 30, 2023.

On November 30, 2023, the parties agreed to off-set \$2,196 loan receivable from FGL to PXP's share on the \$3,000 funding request called by FGL on the same date. On December 6, 2023, FGL paid its remaining loan and interest amounting to \$1,548.

Interest income amounted to nil, nil, and ₱15,197 in 2025, 2024, and 2023, respectively. These were eliminated upon consolidation.



- b. In March 2022, PXP made interest bearing advances to FEC amounting to US\$199. 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 and US\$356 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 (or ₱67,521) 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 (see Note 15).

In December 2025, PXP made interest bearing advances to FEC amounting to US\$40. 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.

Interest income amounted to ₱2,363 and ₱3,572 in 2025 and 2024, respectively. Accrued interest receivable as at December 31, 2025 and 2024 amounted to ₱15 and ₱6,099, respectively. As at December 31, 2025 and 2024, advances to FEC amounted to ₱2,352 and ₱45,709, respectively. These were eliminated upon consolidation.

- c. On November 3, 2021, the BOD of FEL approved the request for funding contribution amounting to \$3,300 from its major shareholders, pro-rata to their shareholdings in FEL. PXP and FEC shares in the funding contribution in 2021 amounted to \$2,417 and \$224, respectively, which were eliminated upon consolidation. The fund was used for the pre-drilling activities of SC 72 Recto Bank.

On February 16, 2022, additional funding was requested from major shareholders amounting to \$3,407. PXP and FEC's share in the funding contribution amounted to \$2,136 and \$199, respectively, which were eliminated upon consolidation.

On October 30, 2023, additional funding was requested from major shareholders amounting to \$3,000. Funding contribution per shareholder was calculated based on their ownership interest in FEL. FEL and PXP agreed that PXP's share shall be off-set from existing loan receivable from FGL, which shall then be deemed as partially repaid on due dates.

On December 31, 2023, the BOD of FEL approved the conversion of total non-interest bearing advances of \$9.2 million to 30,726,463 new FEL shares valued at US\$0.30/share. The transaction resulted to increase of PXP's direct ownership of FEL from 72.33% to 72.55%.

- d. 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 ₱737,815. On December 19, 2019, PXP paid the advances from PMC amounting ₱737,815.



In 2021, BEMC partially paid advances from PXP amounting to ₱1,500. As at December 31, 2025 and 2024, advances from PXP amounted to ₱736,313. These were eliminated upon consolidation.

- e. 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, 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 (₱13,228), with the same terms as the first promissory note.

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

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

On August 6, 2025, PXP entered into an agreement of promissory note with PMC and Kirtman. The drawdown amount were both US\$300 (₱34,245), with terms similar to the first and second promissory notes.

On January 5, 2026, PXP, PMC, and Kirtman agreed to provide funding totaling of US\$300 each, respectively, on or before April 30, 2026 to PXP, with the first and partial drawdown on February 27, 2026. The terms of this promissory note are consistent with those of the first, second, and third promissory notes.

In 2025, 2024, and 2023, total interest expense amounted to ₱7,996, ₱5,990, and ₱5,812, respectively. Accrued interest payable amounted to ₱719 and ₱316 as at December 31, 2025 and 2024, respectively (see Note 13).

	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
<i>Notes payable to shareholders</i>					
PMC	2025	₱18,204	₱52,911	Collectible in cash, payable on demand at interest rate of prevailing SOFR on the interest repricing date plus 3.5% margin	Unsecured, no guarantee
	2024	₱—	₱34,707		
Kirtman	2025	18,204	52,911		
	2024	—	34,707		
Total	2025	₱36,408	₱105,822		
	2024	₱—	₱69,414		

- f. The compensation of key management personnel pertaining to short-term and other long-term employee benefits is as follows:

	2025	2024	2023
Short-term employee benefits	₱10,985	₱9,915	₱9,266
Other long-term employee benefits	3,814	3,024	3,024
	₱14,799	₱12,939	₱12,290

- g. 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.



18. Financial Instruments

PFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The carrying values of the Group's assets and liabilities approximate their fair values as at December 31, 2025 and 2024.

Cash and cash equivalents, trade and accrued interest receivables, trade and other payables (except statutory payables), notes payable, and other noncurrent liabilities

The carrying amounts of these financial instruments reasonably approximate their fair values because these are mostly short-term in nature.

Guaranteed deposits and other noncurrent liabilities

The carrying amounts of these financial instruments reasonably approximate their fair values since the difference between the present value of all future cash receipts/payments discounted at the prevailing market interest rates and the carrying amount is not material.

There were no transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurement as at December 31, 2025 and 2024.

19. Financial Risk Management Objectives and Policies

The Group's financial instruments consist of cash and cash equivalents, trade and accrued interest receivables, trade and other payables (except statutory payables), lease liability, notes payable, and other noncurrent liabilities. The main purpose of these financial instruments is to provide financing for the Group's operations.

Risk Management Structure

The BOD is mainly responsible for the overall risk management and approval of the 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 further be classified to foreign currency risk and interest rate 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, receivables, and deposits, 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:

	2025	2024
Cash in banks and short-term investments	₱40,143	₱91,414
Trade receivables	5,471	10,787
Accrued interest receivable	—	83
Guaranteed deposits	347	342
	₱45,961	₱102,626

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 PMC.

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 at December 31, 2025 and 2024, respectively:

As at December 31, 2025:

	On demand	Less than three (3) months	Three (3) to 12 months	Over 12 months	Total
Cash in banks	₱28,355	₱—	₱—	₱—	₱28,355
Short-term investments	—	11,788	—	—	11,788
Trade and other receivables	5,471	—	—	820	6,291
Guaranteed deposits	—	347	—	—	347
Total undiscounted financial assets	₱33,826	₱12,135	₱—	₱820	₱46,781

	On demand	Less than three (3) months	Three (3) to 12 months	Over 12 months	Total
Trade and other payables:					
Trade	₱—	₱5,252	₱—	₱—	₱5,252
Accrued expenses	—	5,119	—	—	5,119
Accrued interest	—	719	—	—	719
Notes payable	105,822	—	—	—	105,822
Lease liability	—	—	891	3,445	4,336
Other noncurrent liabilities	—	—	—	211,038	211,038
Total undiscounted financial liabilities	₱105,822	₱11,090	₱891	₱214,483	₱332,286

As at December 31, 2024:

	On demand	Less than three (3) months	Three (3) to 12 months	Over 12 months	Total
Cash in banks	₱53,685	₱—	₱—	₱—	₱53,685
Short-term investments	—	37,729	—	—	37,729
Trade and other receivables	10,787	—	—	807	11,594
Accrued interest receivable	—	83	—	—	83
Guaranteed deposits	—	342	—	—	342
Total undiscounted financial assets	₱64,472	₱38,154	₱—	₱807	₱103,433



	On demand	Less than three (3) months	Three (3) to 12 months	Over 12 months	Total
Trade and other payables:					
Trade	P–	P5,541	P–	P–	P5,541
Accrued expenses	–	6,013	–	–	6,013
Accrued interest	–	316	–	–	316
Notes payable	69,414	–	–	–	69,414
Lease liability	–	–	810	4,336	5,146
Other noncurrent liabilities	–	–	–	207,645	207,645
Total undiscounted financial liabilities	P69,414	P11,870	P810	P211,981	P294,075

The Group plans to address the deficit by employing a mix of financing from related parties and cash calls from other consortium members, as required by the SCs.

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 Group's transactional currency exposures arise from cash and cash equivalents and notes payable of the Parent Company. The corresponding net foreign exchange gains (losses) amounting to (P1,913), P734, and P2,108 arising from the translation of these foreign currency denominated financial instruments were recognized by the Group in 2025, 2024, and 2023, respectively. The exchange rates of the Peso to US dollar were P58.79, P57.85, and P55.37 to US\$1 for the years ended December 31, 2025, 2024, and 2023, respectively.

The Group's foreign currency-denominated monetary assets and liabilities as at December 31, 2025 and 2024 are as follows:

	2025		2024	
	US\$	Peso Equivalent	US\$	Peso Equivalent
Asset				
Cash and cash equivalents	US\$383	P22,515	US\$787	P45,502
Liabilities				
Accrued interest payable	(12)	(719)	(5)	(316)
Notes payable	(1,800)	(105,822)	(1,200)	(69,414)
	(1,812)	(106,541)	(1,205)	(69,730)
Net monetary liabilities	(US\$1,429)	(P84,026)	(US\$418)	(P24,228)

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

US Dollar (Depreciates) Appreciates	Effect on Loss Before Income Tax
2025	
Appreciate by 6%	(P5,042)
Depreciate by (6%)	5,042
2024	
Appreciate by 5%	(P1,211)
Depreciate by (5%)	1,211

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



Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term debt obligations with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates as at December 31, 2025 and 2024, with all variables held constant.

Increase/decrease interest rate	Effect on profit before tax	
	Increase/(decrease) in 2025	Increase/(decrease) in 2024
+1.0%	(P1,058)	(P694)
-1.0%	1,058	694

20. Capital Management

The Group maintains a capital base to cover risks inherent in the business. The primary objective of the Group's capital management is to optimize the use and earnings potential of the Group's resources, ensuring that the Group complies with externally imposed capital requirements, if any, and considering changes in economic conditions and the risk characteristics of the Group's activities. No significant changes have been made in the objectives, policies and processes of the Group from the previous year.

The table below summarizes the total capital considered by the Group:

	2025	2024
Capital stock, issued and outstanding (Note 15)	P2,390,244	P1,960,000
APIC	3,925,315	2,816,545
Deficit	(3,656,183)	(3,578,653)
	P2,659,376	P1,197,892

21. Basic/Diluted Loss per Share

Basic loss per share is computed as follows:

	2025	2024	2023
Net loss attributable to equity holders of the Parent Company	(P77,530)	(P30,880)	(P97,403)
Divided by weighted average number of common shares issued during the year	2,301,350,535	1,960,000,000	1,960,000,000
Basic/diluted loss per share	(P0.034)	(P0.016)	(P0.050)

There have been no other transactions involving potential common shares between the reporting date and the date of authorization of the consolidated financial statements.

22. Segment Information

The Group has two reportable segments, namely oil and gas, and coal mining. The coal mining operations of BEMC ended in 2014. No operating segments have been aggregated to form the two reportable operating segments.



The Chief Operating Decision Maker is the Group's BOD. Operating results of the Group is regularly reviewed by the Group's President, with the authority from the BOD, for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on core net income (loss). Segment performance is evaluated based on core net income or loss for the year.

The Group uses core net income (loss) in evaluating total performance. Core income 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).

Core net income (loss) is not a uniform or legally defined financial measure. Core net income (loss) 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 Accounting Standards and uses core net income (loss) only as supplementary information.

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 operating assets are principally located in the Philippines. Thus, geographical business operation is not required.

Revenues from oil and gas operations of the Group, which are solely from the share in SC 14 Block C-1 (Galoc) amounted to ₱49,791, ₱66,982, and ₱63,192 in 2025, 2024, and 2023, respectively. From 2022 to 2025, crude oil liftings were all sold to Trafigura Pte. Ltd., a company based in Singapore.

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 at December 31, 2025:

	Oil and Gas	Coal	Eliminations	Total
Consolidated revenue				
External customers	₱49,791	₱–	₱–	₱49,791
Results				
EBITDA	(₱59,338)	(₱24)	(₱2,643)	(₱62,005)
Interest income	3,647	–	(2,363)	1,284
Loss on write-off and provision for impairment	(5,719)	–	–	(5,719)
Income tax expense	(328)	–	–	(328)
Depreciation	(931)	–	–	(931)
Interest expense and other charges - net	(15,066)	–	2,382	(12,684)
Consolidated net loss	(₱77,735)	(₱24)	(₱2,624)	(₱80,383)
Core net loss	(₱50,233)	(₱24)	₱19	(₱50,238)
Consolidated total assets	₱7,417,117	₱431	(₱4,240,059)	₱3,177,489
Consolidated total liabilities	₱921,183	₱736,335	(₱1,122,522)	₱534,996
Other segment information				
Capital expenditures	₱15,080	₱–	₱–	₱15,080
Non-cash items other than depreciation	18,720	–	–	18,720



As at December 31, 2024:

	Oil and Gas	Coal	Eliminations	Total
Consolidated revenue				
External customers	P66,982	P—	P—	P66,982
Results				
EBITDA	(P9,176)	(P26)	(P6,601)	(P15,803)
Interest income	7,184	—	(3,572)	3,612
Reversal of (provision for) impairment	(4,033)	—	—	(4,033)
Income tax expense	(1,132)	—	—	(1,132)
Depreciation	(984)	—	—	(984)
Interest expense and other charges - net	(13,807)	—	3,564	(10,243)
Consolidated net loss	(P21,948)	(P26)	(P6,609)	(P28,583)
Core net loss	(P33,222)	(P26)	(P9)	(P33,257)
Consolidated total assets	P5,667,069	P453	(P2,476,963)	P3,190,559
Consolidated total liabilities	P938,605	P736,333	(P1,188,860)	P486,078
Other segment information				
Capital expenditures	P17,216	P—	P—	P17,216
Non-cash items other than depreciation	3,362	—	—	3,362

As at December 31, 2023:

	Oil and Gas	Coal	Eliminations	Total
Consolidated revenue				
External customers	P63,192	P—	P—	P63,192
Results				
EBITDA	P52,380	(P37)	P3,713	P56,056
Reversal of (provision for) impairment	48,781	—	(177,552)	(128,771)
Interest income	18,963	—	(17,012)	1,951
Income tax benefit	2,431	—	—	2,431
Depreciation	(886)	—	—	(886)
Interest expense and other charges - net	(24,970)	—	17,012	(7,958)
Consolidated net loss	P96,699	(P37)	(P173,839)	(P77,177)
Core net loss	(P42,457)	(P37)	P—	(P42,494)
Consolidated total assets	P5,393,227	P479	(P2,311,119)	P3,082,587
Consolidated total liabilities	P860,358	P736,333	(P1,148,291)	P448,400
Other segment information				
Capital expenditures	P13,261	P—	P—	P13,261
Non-cash items other than depreciation	37,223	—	—	37,223



The table below shows the Group's reconciliation of core net loss to the consolidated net loss for the years ended December 31, 2025, 2024, and 2023:

	2025	2024	2023
Core net loss	(P50,238)	(P33,257)	(P42,494)
Non-recurring gains (losses)			
Reversal of plug and abandonment cost	(15,794)	5,707	71,789
Loss on write-off of deferred oil and gas exploration costs	(3,990)	—	—
Non-recurring professional and advisory expenses	(3,910)	—	—
Provision for impairment of:			
Input VAT	(1,729)	(4,033)	—
Deferred oil and gas exploration costs	—	—	(128,771)
Foreign exchange gains (losses) - net	(1,869)	703	2,073
Net income (loss) attributable to:			
Equity holders of the Parent Company	(77,530)	(30,880)	(97,403)
Non-controlling interests	(2,853)	2,297	20,226
	(P80,383)	(P28,583)	(P77,177)

23. Retirements Benefits Liability

The Group accrues estimated retirement benefits cost for its regular employees pursuant to RA 7641. The RA provides that in absence of a retirement plan or agreement providing retirement benefits of employees, an employee upon reaching the age of 60 years or more, but not beyond 65 years which is hereby declared the compulsory retirement age, who has served at least five (5) years, may retire and shall be entitled to retirement pay equivalent to at least one-half month salary for every year of service. The law does not require minimum funding of the plan.

The following table presents the amounts recognized in the consolidated statements of financial position and consolidated statements of income.

	2025	2024
Beginning balance	P12,746	P17,415
Reversal (Note 14)	(5,945)	(4,669)
Ending balance	P6,801	P12,746

The Group recognized a reversal of its retirement benefits costs amounting to P5,945 and P4,669 in 2025 and 2024, respectively. These reversals resulted from change in assumptions and employee headcount, respectively.

24. Other Noncurrent Liabilities

	2025	2024
Payable to third party	P211,038	P207,645
Provision for plug and abandonment costs (Note 9)	95,604	79,478
	P306,642	P287,123



Share Purchase Agreement (SPA) between FEL and Forum Pacific, Inc.

Under the SPA for FEI dated March 11, 2003, an amount is due to Forum Pacific, Inc. out of the Group's share of future net revenues generated from SC 40. The timing of such payments is dependent upon future field production performance and cannot be accurately determined at this stage. The payable to third party amounted to ₱211,038 and ₱207,645 as at December 31, 2025 and 2024, respectively.

25. Changes in Liabilities Arising from Financing Activities

	January 1, 2025	Cash flows	Others	December 31, 2025
Lease liability (Note 10)	₱4,148	(₱812)	₱311	₱3,647
Notes payable (Note 17)	69,414	34,245	2,163	105,822
Interest payable (Note 17)	316	(7,593)	7,996	719
	₱73,878	₱25,840	₱10,470	₱110,188

	January 1, 2024	Cash flows	Others	December 31, 2024
Lease liability (Note 10)	₱4,539	(₱736)	₱345	₱4,148
Notes payable (Note 17)	66,444	—	2,970	69,414
Interest payable (Note 17)	397	(6,071)	5,990	316
	₱71,380	(₱6,807)	₱9,305	₱73,878

Others in 2025 and 2024 include the following:

- Foreign exchange loss of ₱2,163 and ₱2,970 in 2025 and 2024, respectively.
- Interest expense on lease liability of ₱311 and ₱345 in 2025 and 2024, respectively.
- Interest expense on notes payable of ₱7,996 and ₱5,990 in 2025 and 2024, respectively.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
PXP Energy Corporation
2/F LaunchPad
Reliance corner Sheridan Streets
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PXP Energy Corporation and its subsidiaries (the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 27, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo

Marco Rene A. Barredo

Partner

CPA Certificate No. 116783

Tax Identification No. 214-999-478

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116783-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

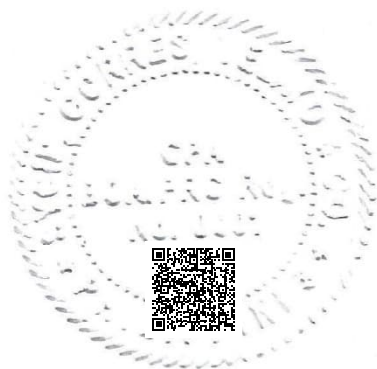
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765015, January 2, 2026, Makati City

February 27, 2026



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
PXP Energy Corporation
2/F LaunchPad
Reliance corner Sheridan Streets
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PXP Energy Corporation and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 27, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo

Marco Rene A. Barredo

Partner

CPA Certificate No. 116783

Tax Identification No. 214-999-478

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116783-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

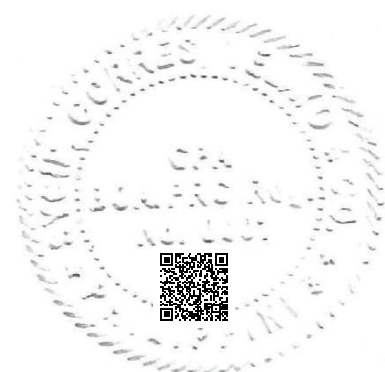
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765015, January 2, 2026, Makati City

February 27, 2026



PXP ENERGY CORPORATION AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANNEX I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2025

PXP ENERGY CORPORATION
2/F LaunchPad, Reliance corner Sheridan Streets, Mandaluyong City
(Amounts in Thousands)

Unappropriated Retained Earnings (Deficit), beginning of reporting period		<u>(P336,219)</u>
Add: <u>Category A: Items that are directly credited to Unappropriated Retained Earnings</u>		
Reversal of Retained Earnings Appropriation/s	—	
Effect of restatements or prior-period adjustments	—	
Others (describe nature)	—	—
Less: <u>Category B: Items that are directly debited to Unappropriated Retained Earnings</u>		
Dividend declaration during the reporting period	—	
Retained Earnings appropriated during the reporting period	—	
Effect of restatements or prior-period adjustments	—	
Others (describe nature)	—	—
Unappropriated Retained Earnings (Deficit), as adjusted		(336,219)
Add: Net Income (loss) for the current year		(39,880)
Less: <u>Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</u>		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gains, except those attributable to cash and cash equivalents	432	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS (describe nature)	—	
Subtotal		432
Add: <u>Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</u>		
Realized foreign exchange gain, except those attributable to Cash and Cash Equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	—	
Subtotal	—	—

(Forward)

Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P—
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Reversal of previously recorded fair value gain of Investment Property	—
Reversal of other unrealized gains or adjustments to the retained Earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	—
Subtotal	—
Adjusted Net Loss	(40,312)

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	—
Unrealized foreign exchange loss	—
Provision for impairment of input VAT	1,729
Subtotal	1,729

Add: Category E: Adjustments related to relief granted by the SEC and BSP

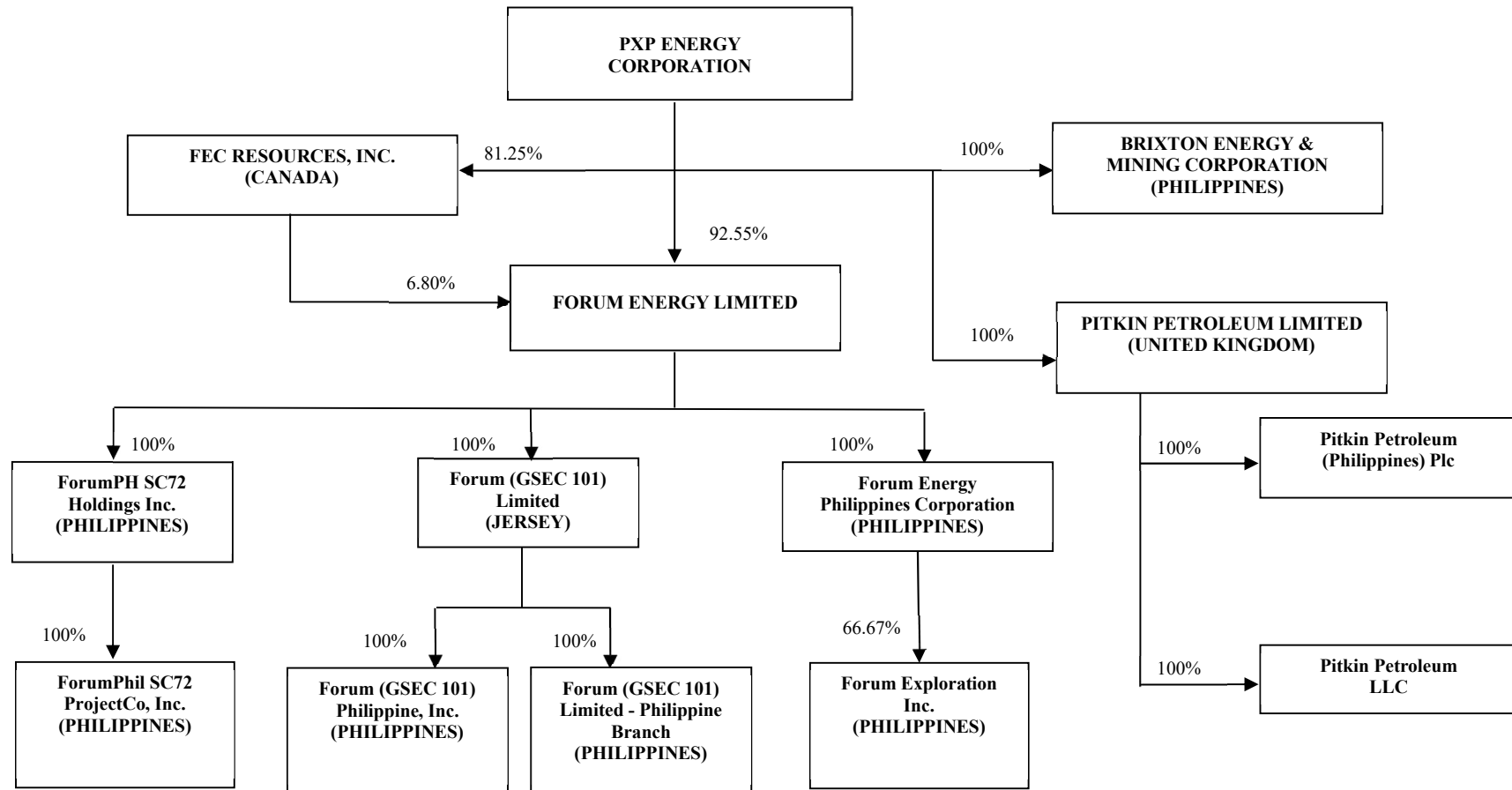
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others (describe nature)	—
Subtotal	—

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	193
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP - gain (loss)	—
Others - deferred tax assets, beginning	—
Others - reversal of impairment of investment in a subsidiary	—
Subtotal	193

Total Retained Earnings, end of the reporting period available for dividend	(P374,609)
--	-------------------

ANNEX II
PXP ENERGY CORPORATION AND SUBSIDIARIES
A MAP SHOWING THE RELATIONSHIP BETWEEN THE PARENT COMPANY
AND ITS SUBSIDIARIES
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2025



ANNEX III
PXP ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE A
FINANCIAL ASSETS
December 31, 2025
(Amounts in Thousands, Except Number of Shares)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
---	---	--------------------------------------	---	-----------------------------

NOT APPLICABLE

ANNEX III
PXP ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING CONSOLIDATION
December 31, 2025
(Amounts in Thousands)

Name and Designation of Debtor	Balance at beginning of period	Additions ¹	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Subsidiary							
<i>Receivables:</i>							
Brixton Energy & Mining Corporation	₱736,315	₱—	₱—	₱—	₱736,315	₱—	₱736,315
Forum Energy Philippines Corporation	185,823	3,036	—	—	188,859	—	188,859
Forum Energy Limited	76,494	—	21,945	—	54,549	—	54,549
FEC Resources, Inc. (FEC)	51,808	18,079	67,521 ²	—	2,366	—	2,366
	₱1,050,440	₱21,115	₱89,466	₱—	₱982,089	₱—	₱982,089

¹ Additions include changes arising from foreign currency translation for the year.

² On July 31, 2025, PXP converted US\$1.16 million (or ₱67,521) 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 (see Notes 15 and 17 to consolidated financial statements).

ANNEX III
PXP ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE D
LONG TERM DEBT
December 31, 2025
(Amounts in Thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown caption "Long-term Debt" in related balance sheet
---------------------------------------	--------------------------------	---	--

NOT APPLICABLE

ANNEX III
PXP ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE D
LONG TERM DEBT
December 31, 2025
(Amounts in Thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown caption "Long-term Debt" in related balance sheet
---------------------------------------	--------------------------------	---	--

NOT APPLICABLE

ANNEX III
PXP ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES (LONG - TERM LOANS FROM RELATED COMPANIES)
December 31, 2025

Name of the Related Party

Balance at beginning of period

Balance at end of period

NOT APPLICABLE

ANNEX III
PXP ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
December 31, 2025

Name of issuing entity of securities guaranteed by the company for which the statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is lifted	Nature of guarantee
--	--	--	---	---------------------

NOT APPLICABLE

ANNEX III
PXP ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE G
CAPITAL STOCK
December 31, 2025

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding and shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	6,800,000,000	2,390,243,903	–	595,864,728	5,144,548	–

PXP ENERGY CORPORATION AND SUBSIDIARIES
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2025

Ratio	Formula (Amounts in Thousands)	2025	2024	2023
Current ratio	Total current assets	₱64,854	1.38	1.95
	Divided by current liabilities	125,821		
	Current ratio	0.52		
Acid test ratio	Total current assets	₱64,854	1.21	1.72
	Less: Inventories	6,131		
	Other current assets	6,595		
		52,128		
	Divided by total current liabilities	125,821		
	Acid test ratio	0.41		
Solvency ratio	Net loss	(₱80,383)	(0.15)	(0.17)
	Add depreciation	931		
		(79,452)		
	Divided by total liabilities	534,996		
	Solvency ratio	(0.15)		
Debt-to-equity ratio	Total liabilities	₱534,996	0.20	0.17
	Divided by total equity	2,642,493		
	Debt-to-equity ratio	0.20		
Asset-to-equity ratio	Total assets	₱3,177,489	1.20	1.17
	Divided by total equity	2,642,493		
	Asset-to-equity ratio	1.20		
Interest rate coverage ratio	Loss before income tax	(₱80,055)	(8.64)	(3.33)
	Add finance charges	8,307		
		(71,748)		
	Divided by finance charges	8,307		
	Interest rate coverage ratio	(8.64)		
Return on equity	Net loss	(₱80,383)	(0.03)	(0.01)
	Total equity	2,642,493		
	Return on equity	(0.03)		
Return on assets	Net loss	(₱80,383)	(0.03)	(0.02)
	Divided by average total assets			
	Assets at beginning of the year	3,190,559		
	Assets at end of the year	3,177,489		
	Average total assets	3,184,024		
	Return on assets	(0.03)		
Net profit margin	Net loss	(₱80,383)	(1.61)	(0.43)
	Divided by total revenue	49,791		
	Net profit (loss) margin	(1.61)		

PXP ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
As of December 31, 2025

	Current Year (2025)	Prior Year (2024)
Total Audit Fees (Section 2.1a)	₱1,200,000	₱1,200,000
Non-audit services fees:		
Tax services	—	—
All other services	—	—
Total Non-audit fees (Section 2.1b)	—	—
Total Audit and Non-audit fees¹	₱1,200,000	₱1,200,000
Audit and Non-audit fees of other related entities (Section 2.1c)		
	Current Year (2025)	Prior Year (2024)
Audit fees		
<i>In PHP</i>	₱200,000	₱200,000
<i>In USD</i>	US\$17,500	US\$17,500
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Audit and Non-Audit Fees of other related entities¹		
<i>In PHP</i>	₱200,000	₱200,000
<i>In USD</i>	US\$17,500	US\$17,500

¹The above fees are based on engagement agreements signed with SGV & Co. within the year reported and are exclusive of 12% VAT and out-of-pocket expenses.

Kristine M. Marcos

From: eafs@bir.gov.ph
Sent: Monday, 13 April 2026 8:53 pm
To: Kristine M. Marcos
Cc: Kristine M. Marcos
Subject: Your BIR AFS eSubmission uploads were received

Hi PXP ENERGY CORPORATION,

Valid files

- EAFS006940588AFSTY122025.pdf
- EAFS006940588ITRTY122025.pdf
- EAFS006940588RPTTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-3SNY13YS0VSYVMMXMSY3441S06AB57875**
Submission Date/Time: **Apr 13, 2026 08:53 PM**
Company TIN: **006-940-588**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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PXP ENERGY CORPORATION
(formerly Philex Petroleum Corporation)
Philex Building
2F LaunchPad, Reliance cor. Sheridan Sts.
Mandaluyong City, 1550, Philippines
Tel.: (632) 631-1381 to 88
Fax: (632) 570-0686

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **PXP ENERGY CORPORATION** ("the Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2025**. Management is likewise responsible for all the information contained in the financial statements accompanying the (Annual Income Tax Return or Annual Information Return) covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2025** and the accompanying Annual Income Tax Return are in accordance with the books and records of **PXP ENERGY CORPORATION**, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the **PXP ENERGY CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Mr. Manuel V. Pangilinan
Chairman of the Board

Mr. Daniel Stephen P. Carlos
President

Ms. Paraluman M. Navarro
Treasurer

Signed this 27th day of February 2026

SUBSCRIBED AND SWORN to before me this 27 day of MAR 2026, affiants exhibiting to me the following:

Name	Government Issued ID Card No.	Date and Place Issued
Manuel V. Pangilinan	Philippine Passport No. P9969361A	Issued on 18 December 2018 at DFA NCR East
Daniel Stephen P. Carlos	Philippine Passport No. P5757485A	Issued on 25 January 2018 at DFA NCR South
Paraluman M. Navarro	Philippine Passport No. P1430237B	Issued on 11 April 2019 at DFA NCR East

each bearing their photographs and signatures, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc No.: 402
Page No.: 82
Book No.: I
Series of 2026



BAI SHARIA L. TAMBUANG
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-440 (2025-2026)
COMMISSION EXPIRES ON DECEMBER 31 2026
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 10765624; Makati City: 1/5/2026
IBP S.I. No. 580801; Davao Oriental; 12/31/2025
TIN 709-162-495-000
Attorney's Roll No. 90248
MCLE Compliance No. VIII-0028970
Certificate issued on 21 April 2025



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 006-940-588-000
Name	: PXP ENERGY CORPORATION
RDO	: 041
Form Type	: 1702
Reference No.	: 462600072007583
Amount Payable (Over Remittance)	: 41,565.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2025
Date Filed	: 04/13/2026
Tax Type	: IT

[Proceed to Payment](#)

[[BIR Main](#) | [eFPS Login](#) | [User Menu](#) | [Help](#)]

UBP Payment Status

Filing Reference Number	462600072007583
Payment Transaction Number	266023163
TIN	006940588
Branch Number	000
Return Period	12/31/2025
Tax Type	IT
Amount Due	41,565.00
Actual Amount Paid	41,565.00
Transacting Bank's Code	043000
Depository Bank's Code	043000
UBP Acknowledgement Number	266023163S75429273A
Payment Transaction Date	04/13/2026

Your payment instruction in favor of BIR has been successfully submitted to Union Bank and the corresponding amount has been debited from your account. For your protection, payment shall be credited to BIR upon successful transaction validation. (Cut-Off time for same-day payments is 9:30 PM.)

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Reference No : 462600072007583
Date Filed : April 13, 2026 01:46 PM
Batch Number : 0



Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

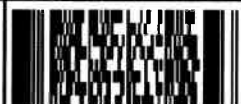
For BIR Use Only: BCS/Item:

BIR Form No. 1702-RT January 2018(ENCS) Page 1		Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.</i>		 1702-RT 01/18ENCS P1	
1 For ☐ Calendar ☐ Fiscal		3 Amended Return? ☐ Yes ☒ No		4 Short Period Return? ☐ Yes ☒ No	
2 Year Ended (MM/20YY) 12/2025		5 Alphabetic Tax Code (ATC) IC055 ☐ Minimum Corporate Income Tax (MCIT) ☒ IC010 ☒			
Part I - Background Information					
6 Taxpayer Identification Number (TIN) 006 - 1940 - 1588 - 000		7 RDO Code 041			
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) PXP ENERGY CORPORATION					
9A Registered Address (Indicate complete registered address) 2/F LAUNCHPAD RELIANCE COR SHERIDAN STREETS MANDALUYONG CITY					
9B Zipcode 1550					
10 Date of Incorporation/Organization (MM/DD/YYYY)					
11 Contact Number 6311381			12 Email Address mhrilles@pxpenergy.com.ph		
13 Method of Deductions ☒ Itemized Deductions [Section 34 (A-J), NIRC] ☐ Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]					
Part II - Total Tax Payable (Do NOT enter Centavos)					
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)				88,530	
15 Less: Total Tax Credits/Payments (From Part IV Item 55)				46,965	
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)				41,565	
Add Penalties					
17 Surcharge				0	
18 Interest				0	
19 Compromise				0	
20 Total Penalties (Sum of Items 17 to 19)				0	
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)				41,565	
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) ☒ To be refunded ☐ To be issued a Tax Credit Certificate (TCC) ☐ To be carried over as tax credit next year/quarter					
We declare under the penalty of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)					
Daniel Stephen P. Carlos Signature over printed name of President/Principal Officer/Authorized Representative			Mark Raymond H. Rilles Signature over printed name of Treasurer/Assistant Treasurer		
22 Number of Attachments					
Title of Signatory L. President		TIN 108105015		Title of Signatory Finance Controller	
				TIN 235826642	
Part III - Details of Payment					
Particulars		Drawee Bank/Agency		Number	
23 Cash/Bank Debit Memo				Date (MM/DD/YYYY)	
24 Check				Amount	
25 Tax Debit Memo				0	
26 Others (Specify Below)				0	
				0	
Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)				Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	

BIR Form No. 1702-RT January 2018(ENCS) Page 2	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P2
Taxpayer Identification Number (TIN) 006 - 940 - 588 - 000		Registered Name PXP ENERGY CORPORATION
Part IV - Computation of Tax (Do NOT enter Centavos)		
27 Sales/Receipts/Revenues/Fees		0
28 Less: Sales Returns, Allowances and Discounts		0
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)		0
30 Less: Cost of Sales/Services		0
31 Gross Income from Operation (Item 29 Less Item 30)		0
32 Add: Other Taxable Income Not Subjected to Final Tax		4,426,484
33 Total Taxable Income (Sum of Items 31 and 32)		4,426,484
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	44,557,412	
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0	
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)	0	
37 Total Deductions (Sum of Items 34 to 36)	44,557,412	
OR [in case taxable under Sec 27(A) & 28(A)(1)]		
38 Optional Standard Deduction (40% of Item 33)	0	
39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)		(40,130,928)
40 Applicable Income Tax Rate		25%
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)		0
42 MCIT Due (2% of Item 33)		88,530
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)		88,530
Less: Tax Credits/Payments (attach proof)		
44 Prior Year's Excess Credits Other Than MCIT		0
45 Income Tax Payment under MCIT from Previous Quarter/s		46,965
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s		0
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)		0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307		0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter		0
50 Foreign Tax Credits, if applicable		0
51 Tax Paid in Return Previously Filed, if this is an Amended Return		0
52 Special Tax Credits (To Part V Item 58)		0
Other Credits/Payments (Specify)		
53		0
54		0
55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)		46,965
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)		41,565
Part V - Tax Relief Availment		
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)		0
58 Add: Special Tax Credits (From Part IV Item 52)		0
59 Total Tax Relief Availment (Sum of Items 57 and 58)		0

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to
REGULAR Income Tax Rate



1702-RT 01/18ENC5 P3

Taxpayer Identification Number (TIN)				Registered Name
006	940	588	000	PXP ENERGY CORPORATION

Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s. if necessary)

1	Amortizations	0
2	Bad Debts	0
3	Charitable Contributions	0
4	Depletion	0
5	Depreciation	436,040
6	Entertainment, Amusement and Recreation	0
7	Fringe Benefits	464,673
8	Interest	7,996,236
9	Losses	0
10	Pension Trust	0
11	Rental	3,822,948
12	Research and Development	0
13	Salaries, Wages and Allowances	18,861,391
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	556,424
15	Taxes and Licenses	772,957
16	Transportation and Travel	506,758
17	Others (Deductions Subject to Withholding Tax and Other Expenses) [Specify below; Add additional sheet(s), if necessary]	
a	Janitorial and Messengerial Services	0
b	Professional Fees	2,542,356
c	Security Services	290,481
d	COMMUNICATION, LIGHT AND WATER	115,050
e	FUEL AND OIL	635,536
f	INSURANCE	3,688,555
g	MISCELLANEOUS	1,213,712
h	OFFICE SUPPLIES	23,571
i	OTHERS	2,630,724
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 34)		
18	Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 34)	44,557,412

Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
		
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 35)		0

BIR Form No. 1702-RT January 2018(ENCS) Page 4	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4
Taxpayer Identification Number (TIN) 006 - 940 - 588 - 000		Registered Name PXP ENERGY CORPORATION

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)	
1 Gross Income (From Part IV Item 33)	4,426,484
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	44,557,412
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	(40,130,928)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)		
Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4 2025	40,130,928	0
5 2024	24,618,141	0
6 2023	12,963,106	0
7 2022	3,377,535	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4 0	0	40,130,928
5 0	0	24,618,141
6 0	0	12,963,106
7 0	0	3,377,535
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)	0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)			
Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1 2024	0	149,284	149,284
2 2023	0	494,844	494,844
3 2022	0	268,571	268,571

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1 0	0	0	149,284
2 0	0	0	494,844
3 0	268,571	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)	
1 Net Income/(Loss) per books	(39,598,624)
Add: Non-deductible Expenses/Taxable Other Income	
2 PROVISION FOR IMPAIRMENT OF INPUT VAT	1,729,096
3 OTHERS	4,718,093
3.1 LOSS ON WRITE OFF	3,990,041
3.2 NONDEDUCTIBLE DONATIONS	50,000
3.3 UNREALIZED FOREX GAIN	678,052
4 Total (Sum of Items 1 to 3)	(33,151,435)
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME SUBJECT TO FINAL TAX, NET OF FINAL	824,295
6	0
B) Special Deductions	
7 PROVISION FOR RETIREMENT LIABILITY	5,426,041
8 UNREALIZED FOREX	729,157
9 Total (Sum of Items 5 to 8)	6,979,493
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	(40,130,928)



PXP ENERGY CORPORATION
(formerly Philex Petroleum Corporation)
Philex Building
2F LaunchPad, Reliance cor. Sheridan Sts.
Mandaluyong City, 1550, Philippines
Tel.: (632) 631-1381 to 88
Fax: (632) 570-0686

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PXP ENERGY CORPORATION** ("the Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2025, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

A handwritten signature in black ink, appearing to be "Manuel V. Pangilinan".

Mr. Manuel V. Pangilinan
Chairman of the Board

A handwritten signature in blue ink, appearing to be "Daniel Stephen P. Carlos".

Mr. Daniel Stephen P. Carlos
President

A handwritten signature in blue ink, appearing to be "Paraluman M. Navarro".

Ms. Paraluman M. Navarro
Treasurer

A handwritten signature in blue ink, appearing to be "Paraluman M. Navarro".

Signed this 27th day of February 2026

SUBSCRIBED AND SWORN to before me this 27 day of MAR 2026, affiants exhibiting to me the following:

Name	Government Issued ID Card No.	Date and Place Issued
Manuel V. Pangilinan	Philippine Passport No. P9969361A	Issued on 18 Dec 2018 at DFA NCR East
Daniel Stephen P. Carlos	Philippine Passport No. P5757485A	Issued on 25 January 2018 at DFA NCR South
Paraluman M. Navarro	Philippine Passport No. P1430237B	Issued on 11 April 2019 at DFA NCR East

each bearing their photographs and signatures, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

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Page No.: 82
Book No.: 1
Series of 2026



BAI SHARIA L. TAMBUANG
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-140 (2025-2026)
COMMISSION EXPIRES ON DECEMBER 31, 2026
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 18765624, Makati City; 1/5/2026
IBP S.I. No. 580801; Davao Oriental; 12/31/2025
TIN 709-162-495-000
Attorney's Roll No. 90048
MCLE Compliance No. VIII-0028970
Certificate issued on 21 April 2025

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
PXP Energy Corporation
2/F LaunchPad
Reliance corner Sheridan Streets
Mandaluyong City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of PXP Energy Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2025 and 2024, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of the financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 21 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of PXP Energy Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marco Rene A. Barredo

Marco Rene A. Barredo

Partner

CPA Certificate No. 116783

Tax Identification No. 214-999-478

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 116783-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-160-2025, December 18, 2024, valid until December 17, 2027

PTR No. 10765015, January 2, 2026, Makati City

February 27, 2026



PXP ENERGY CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱26,139,117	₱50,053,316
Receivables (Notes 5 and 15)	245,928,246	314,316,883
Other current assets (Note 6)	637,158	3,093,158
Total Current Assets	272,704,521	367,463,357
Noncurrent Assets		
Investments in subsidiaries (Note 7)	3,863,832,425	2,238,828,885
Property and equipment (Note 8)	2,206,286	956,434
Deferred oil and gas exploration costs (Note 9)	215,687,057	214,269,596
Total Noncurrent Assets	4,081,725,768	2,454,054,915
TOTAL ASSETS	₱4,354,430,289	₱2,821,518,272
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 10 and 15)	₱146,366,920	₱143,190,149
Notes payable (Note 15)	105,822,000	69,414,000
Income tax payable	41,565	96,353
Total Current Liabilities	252,230,485	212,700,502
Noncurrent Liabilities		
Deferred tax liabilities - net (Note 14)	118,239,284	118,046,467
Retirement benefits liability (Note 19)	6,801,498	12,746,139
Total Noncurrent Liabilities	125,040,782	130,792,606
Total Liabilities	377,271,267	343,493,108
Equity (Notes 13 and 18)		
Capital stock - ₱1 par value per share		
Authorized - 6,800,000,000 common shares		
Issued and subscribed common shares - 2,390,243,903 in 2025		
and 1,960,000,000 in 2024	2,390,243,903	1,960,000,000
Additional paid-in capital (APIC)	3,925,314,839	2,816,544,913
Deficit	(2,338,399,720)	(2,298,519,749)
Total Equity	3,977,159,022	2,478,025,164
TOTAL LIABILITIES AND EQUITY	₱4,354,430,289	₱2,821,518,272

See accompanying Notes to Parent Company Financial Statements.



PXP ENERGY CORPORATION**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2025	2024
GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	₱29,552,828	₱31,428,694
OTHER INCOME (CHARGES)		
Finance cost (Note 15)	(7,996,236)	(5,989,522)
Loss on write-off of deferred oil and gas exploration costs (Note 9)	(3,990,041)	—
Provision for impairment of input value-added tax (VAT) (Note 6)	(1,729,096)	(4,032,925)
Others - net (Note 12)	3,669,577	13,411,168
	(10,045,796)	3,388,721
LOSS BEFORE INCOME TAX	39,598,624	28,039,973
PROVISION FOR INCOME TAX (Note 14)		
Current	88,530	149,284
Deferred	192,817	919,920
	281,347	1,069,204
NET LOSS	39,879,971	29,109,177
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE LOSS	₱39,879,971	₱29,109,177

See accompanying Notes to Parent Company Financial Statements.



PXP ENERGY CORPORATION**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY****FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	Capital stock (Note 13)	Additional paid-in capital (APIC) (Note 13)	Deficit	Total
BALANCES AT JANUARY 1, 2024	₱1,960,000,000	₱2,816,544,913	(₱2,269,410,572)	₱2,507,134,341
Net loss	—	—	(29,109,177)	(29,109,177)
Other comprehensive income	—	—	—	—
Total comprehensive loss	—	—	(29,109,177)	(29,109,177)
BALANCES AT DECEMBER 31, 2024	1,960,000,000	2,816,544,913	(2,298,519,749)	2,478,025,164
Net loss	—	—	(39,879,971)	(39,879,971)
Other comprehensive income	—	—	—	—
Total comprehensive loss	—	—	(39,879,971)	(39,879,971)
Issuance of shares, net of transaction costs (Notes 7 and 13)	430,243,903	1,108,769,926	—	1,539,013,829
BALANCES AT DECEMBER 31, 2025	₱2,390,243,903	₱3,925,314,839	(₱2,338,399,720)	₱3,977,159,022

See accompanying Notes to Parent Company Financial Statements.

PXP ENERGY CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(P39,598,624)	(P28,039,973)
Adjustments for:		
Interest expense (Note 15)	7,996,236	5,989,522
Reversal of retirement benefit costs (Note 19)	(5,944,641)	(4,669,109)
Loss on write-off of deferred oil and gas exploration costs (Note 9)	3,990,041	–
Provision for impairment of input VAT (Note 6)	1,729,096	4,032,925
Interest income (Notes 4, 12, and 15)	(3,187,105)	(6,231,669)
Unrealized foreign exchange losses (gains) - net	731,988	(607,213)
Depreciation (Note 8)	436,040	486,737
Operating loss before working capital changes	(33,846,969)	(29,038,780)
Decrease (increase) in:		
Receivables	7,135,232	(14,429,803)
Other current assets	726,904	(4,416,865)
Increase in trade and other payables	639,300	4,864,689
Net cash used in operations	(25,345,533)	(43,020,759)
Interest received	803,730	2,705,707
Income taxes paid	(143,318)	(205,300)
Net cash flows used in operating activities	(24,685,121)	(40,520,352)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment (Note 8)	(1,685,892)	(607,330)
Deferred oil and gas exploration costs (Note 9)	(5,407,502)	(1,804,980)
Cash flows used in investing activities	(7,093,394)	(2,412,310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable (Note 15)	34,245,000	–
Payments for:		
Transaction costs related to issuance of new shares (Notes 7 and 13)	(18,469,100)	–
Interest on notes payable (Note 15)	(7,592,827)	(6,070,787)
Net cash flows from (used in) financing activities	8,183,073	(6,070,787)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,595,442)	(49,003,449)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(318,757)	(274,549)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50,053,316	99,331,314
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P26,139,117	P50,053,316

See accompanying Notes to Parent Company Financial Statements.



PXP ENERGY CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information, Status of Business Operations, and Authorization for Issuance of the Parent Company Financial Statements

Corporate Information

PXP Energy Corporation (the Parent Company or PXP) was incorporated in the Philippines on December 27, 2007 to carry on businesses related to any and all kinds of petroleum and petroleum products, mineral oils, and other sources of energy. PXP was subsequently listed on the Philippine Stock Exchange (PSE) on September 12, 2011 under the ticker “PXP”.

PXP’s registered business address is 2/F LaunchPad, Reliance corner Sheridan Streets, Mandaluyong City.

Forum Energy Limited (FEL) and FEC Resources, Inc. (FEC)

On December 31, 2023, the Board of Directors (BOD) of FEL approved the conversion of total non-interest bearing advances of \$9,217,939 to 30,726,463 new FEL shares valued at US\$0.30/share. The transaction resulted in an increase of PXP’s direct ownership to FEL from 72.33% to 72.55%.

On May 10, 2024, the BOD of PXP approved the issuance of 430,243,903 PXP common shares to Tidemark Holdings Limited (Tidemark) in exchange for 24,125,383 common shares held by Tidemark in FEL. The application for Confirmation of Valuation submitted by PXP to the Philippine Securities and Exchange Commission (SEC) was subsequently approved on February 13, 2025. Following the approval by the SEC and satisfaction of other closing conditions, the shares were issued on March 18, 2025 (see Notes 7 and 13).

On July 31, 2025, PXP converted US\$1.16 million (or ₱67,520,611) 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. Following the conversion, PXP’s direct ownership in FEC increased from 78.39% to 81.25% (see Notes 7 and 15).

Pitkin Petroleum Limited (Pitkin)

Pitkin is an international upstream oil and gas group and was engaged primarily in the acquisition, exploration and development of oil and gas properties and the production of hydrocarbon products in Peru.

Pitkin’s subsidiaries, Pitkin Petroleum Peru Z-38 SRL (Z38), Pitkin Vamex LLC (PVX), and Pitkin Peru LLC (PPR) were liquidated on September 20, December 12, and December 13, 2023, respectively.

Business Operations

The Parent Company incurred net loss of ₱39,879,971 and ₱29,109,177 in 2025 and 2024, respectively, and has deficit of ₱2,338,399,720 and ₱2,298,519,749 as of December 31, 2025 and 2024, respectively. In addition, the Parent Company has negative operating cash flows of ₱24,685,121 and ₱40,520,352 in 2025 and 2024, respectively. As at December 31, 2025, the Parent Company has negative working capital amounting to ₱20,474,036.

Despite the losses incurred, the Parent Company remains committed to its long-term strategy of advancing its exploration assets toward potential commercial development. This includes its core portfolio, particularly Service Contract (SC) 75, as well as newly awarded contracts SC 80, SC 81, and SC 86, while maintaining flexibility in the timing and scope of activities based on technical progress, regulatory developments, and funding considerations.



On December 29, 2025 and February 18, 2026, the Parent Company received a letter from PMC and Kirtman Limited, respectively, confirming that they are not prepared to demand repayment of notes payable amounting to ₱105,822,000 at least during the next 12 months from December 31, 2025. These shareholders remain fully committed to support the Parent Company's exploration activities on its various interests in certain projects.

The Parent Company's ability to realize its deferred oil and gas exploration costs with carrying value amounting to ₱215,687,057 and ₱214,269,596 as at December 31, 2025 and 2024, respectively (see Note 9), depends on the success of its exploration and future development work in proving the viability of its oil and gas properties to produce oil and gas in commercial quantities, which cannot be determined yet at this time. The parent company financial statements do not include any adjustment that might result from this uncertainty.

Authorization for Issuance of the Parent Company Financial Statements

The accompanying parent company financial statements as at and for the years ended December 31, 2025 and 2024 were authorized for issuance by the BOD on February 27, 2026.

2. Basis of Preparation and Material Accounting Policy Information

Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis. The parent company financial statements are presented in Philippine peso (Peso), which is the Parent Company's functional currency, and all amounts are rounded to the nearest Peso except when otherwise indicated.

The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as adopted by the Financial and Sustainability Reporting Standards Council (FSRSC).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective in 2025. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new amendments did not have an impact on the parent company financial statements:

- Amendments to PAS 21, *Lack of exchangeability*

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Parent Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the parent company financial statements.

Effective beginning on or after January 1, 2026

- 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*

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*

Material Accounting Policy Information

Presentation of Financial Statements

The Parent Company has elected to present all items of recognized income and expenses in one single parent company statement of comprehensive income.

Interests in Joint Arrangements

PFRS Accounting Standards defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Parent Company recognizes its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and Subsequent Measurement of Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing the financial assets. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.



In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The Parent Company has no financial assets at FVPL and FVOCI.

Subsequent Measurement

Financial assets at amortized cost (debt instruments)

The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company's financial assets at amortized cost include cash and cash equivalents, receivables, security deposits under 'Other current assets', and advances to affiliates (see Notes 4, 5, 6 and 15).

Impairment of Financial Assets

The Parent Company recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables due in less than 12 months, the Parent Company applies the simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime ECL at each reporting date.



In determining the credit risk exposure for cash and cash equivalents, the Parent Company has established probability of default rates based on available credit ratings published by third party credit rating agencies. The credit ratings already considered forward-looking information. When a counterparty does not have published credit ratings, the Parent Company benchmarks the credit ratings of comparable companies, adjusted to account for the difference in size and other relevant metrics.

The Parent Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one (1) year and not subject to enforcement activity.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired.
- the Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables net of directly attributable transaction costs.

This category includes the Parent Company's trade and other payables (except government payables), notes payable and advances from affiliates.



Subsequent measurement

After initial recognition, trade payables and accrued expenses are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statements of income when the liabilities are derecognized, as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting date.

Input Value-added Tax (VAT)

Input VAT represents VAT imposed on the Parent Company by its suppliers and contractors for the acquisition of goods, services, and capital assets required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset against the Parent Company's current output VAT liabilities. Input VAT is stated at its recoverable amount.



Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Parent Company recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of 'Property and equipment' as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the parent company statement of comprehensive income when incurred.

Depreciation of items of property and equipment is computed using the straight-line method over their estimated useful lives of the assets, as follows:

<u>Asset Category</u>	<u>Number of Years</u>
Transportation equipment	5
Office equipment	3-5

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*. Depreciation is recognized in the parent company statement of comprehensive income or capitalized as part of cost of another asset, as applicable.

When assets are sold or retired, the cost and related accumulated depreciation and accumulated impairment in value are removed from the accounts and any resulting gain or loss is recognized in the parent company statement of comprehensive income.

The estimated useful lives and depreciation methods are reviewed periodically to ensure that residual values, periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer in use. No further depreciation is charged to current operation for these items.

Deferred Oil and Gas Exploration Costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under 'Deferred oil and gas exploration costs' account. The Parent Company's deferred oil and gas exploration costs are specifically identified of each SC area. All oil and gas exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses.

If no potentially commercial hydrocarbons are discovered, the deferred oil and gas exploration asset is written off through the parent company statement of comprehensive income. If extractable



hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred oil and gas exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred oil and gas exploration costs.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the oil and gas exploration costs relating to the SC, where oil and gas in commercial quantities are discovered, is assessed for impairment and (if required) and any impairment loss is recognized in the profit or loss. After which the remaining balance is transferred to 'Oil and gas' account which will be shown under the 'Property and equipment' account in the parent company statement of financial position.

Deferred oil and gas exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the parent company statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The recoverability of deferred oil and gas exploration costs is also dependent on the commercial viability of the reserves, the ability of the Parent Company to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

A valuation allowance is provided for unrecoverable deferred oil and gas exploration costs based on the Parent Company's assessment of the future prospects of the exploration project.

Investments in Subsidiaries

Subsidiaries are entities over which the Parent Company has the power to govern the financial and operating policies of the entities.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only, if the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights



The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the parent company statement of comprehensive income from the date the Parent Company gains control until the date the it ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities, non-controlling interests and other components of equity while any resulting gain or loss is recognized in the parent company statement of comprehensive income. Any investment retained is recognized at fair value.

The Parent Company's principal subsidiaries and their nature of business are as follows:

Subsidiary	Nature of Business
FEL	Incorporated on April 1, 2005 in England and Wales primarily to engage in the business of oil and gas exploration and production, with focus on the Philippines.
Forum Energy Philippines Corporation (FEPC)	FEPC was incorporated in the Philippines on March 27, 1998, and is involved in oil and gas exploration in the Philippines, particularly a 4.69174% interest in SC 88 Galoc (formerly SC 14C-1 Galoc).
Forum Exploration, Inc. (FEI)	FEI was incorporated in the Philippines on September 11, 1997, and is involved in oil and gas exploration in the Philippines, particularly a 100% operating interest in SC 40 North Cebu.
Forum (GSEC 101) Limited (FGL)	FGL was incorporated in Jersey, UK on March 31, 2005, and is involved in oil and gas exploration in the Philippines, particularly a 70% interest in SC 72 Recto Bank.
Forum (GSEC 101) Ltd. - Philippine Branch (FGLP)	FGLP was established as a Philippine branch on October 17, 2005, and is involved in oil and gas exploration in the Philippines.
Forum (GSEC 101) Philippines, Inc. (FGPI)	FGPI was incorporated in the Philippines on February 2, 2022, and is involved in oil and gas exploration in the Philippines. FGPI is currently non-operating.
ForumPH SC72 Holdings, Inc. (SC72 Holdings)	SC72 Holdings was incorporated in the Philippines on January 8, 2020 to primarily act as a holding company.
ForumPhil SC72 ProjectCo, Inc. (ProjectCo)	ProjectCo was incorporated in the Philippines on January 23, 2020, and is involved in oil and gas exploration in the Philippines.
Pitkin	Pitkin was incorporated and registered in England and Wales on April 6, 2005, and is engaged primarily in the acquisition, exploration, and development of oil and gas properties and the production of hydrocarbon products.
Pitkin Petroleum (Philippines) Plc (PPP)	PPP was registered as the Philippine Branch of Pitkin Petroleum Limited on March 19, 2008. On April 26, 2023, the BOD approved the closure of PPP. As of December 31, 2025, the request for dissolution of PPP is pending with the SEC for final review and action.
FEC	Incorporated on February 8, 1982 under the laws of Alberta, Canada. Primarily acts as an investment holding company.
Brixton Energy & Mining Corporation (BEMC)	Incorporated in the Philippines on July 19, 2005 to engage in exploration development and utilization of energy-related resources. On April 26, 2023, the BOD approved the closure of BEMC. As of December 31, 2025, the planned dissolution of BEMC is under review and evaluation by the Bureau of Internal Revenue (BIR).

Investment in subsidiaries are accounted for under the cost method.



Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Parent Company's input VAT, investments in subsidiaries, property and equipment and deferred oil and gas exploration costs (see Notes 6, 7, 8 and 9).

The Parent Company assesses at each financial reporting date whether there is indication that its input VAT, investments in subsidiaries, property and equipment, and deferred oil and gas explorations costs may be impaired. If any indication exists, the Parent Company makes an estimate of their recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU)'s fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, the asset is tested as part of a larger CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows to be generated by such items are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company estimates the asset's or CGU's recoverable amount. A previously recognized, impairment loss is reversed only if there has been a change in the assumptions used to determine the asset' or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU does not exceed the lower of its recoverable amount, or the carrying amount that would have been determined, net of depreciation or depletion, had no impairment loss been recognized for the asset or CGU in prior years. Such a reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount on a systematic order over its remaining estimated useful life.

Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Parent Company expects some or all of a provision to be reimbursed, the reimbursement is recognized a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Retirement Benefit Costs

Retirement benefits liability is determined using the projected unit credit (PUC) method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The PUC method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation.



Capital Stock and Additional Paid-in Capital (APIC)

Capital stock is measured at par value for all shares issued. The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value issued shares and any excess of the proceeds over the par value or shares issued less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as APIC.

Deficit

Deficit represents accumulated losses of the Parent Company, prior period adjustments, effect of changes in accounting policies, and other capital adjustments.

Related Party Relationships and 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.

Expenses

Expenses are decreases in economic benefits during the reporting period in the form of outflows or decreases of assets or incurrence of liability that result in decreases in equity, other than those relating to distribution to equity participants. Expenses are recognized in the parent company statement of comprehensive income in the year they are incurred.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the rate of exchange at the end of reporting period. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognized in OCI, any foreign exchange component of that gain or loss shall be recognized in OCI. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss.

Leases

The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities at the present value of lease payments and right of use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Parent Company applies the short-term lease recognition exemption to its short-term leases of apartment space and machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.



Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, excess MCIT and NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period.

Events After the Reporting Period

Events after the reporting period that provide additional information about the Parent Company's financial position at the end of reporting period (adjusting events) are reflected in the parent company financial statements. Events after the end of reporting period that are not adjusting events, if any, are disclosed when material to the parent company financial statements.



3. Material Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in accordance with PFRS Accounting Standards requires the management to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses, and related disclosures. Future events may occur which will cause the assumptions used in arriving at the accounting estimate to change. The effects of any change in accounting estimates are reflected in the parent company financial statements as they become reasonably determinable.

Accounting judgments, estimates, and assumptions 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. Actual results could differ from such estimates.

Judgments

In the process of applying the Parent Company'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 parent company financial statements.

Determining and classifying a joint arrangement

Judgment is required to determine when the Parent Company has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Parent Company has determined that the relevant activities for its joint arrangement are those relating to the operating and capital decisions of the arrangement.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Parent Company to assess its rights and obligations arising from the arrangement. Specifically, the Parent Company considers:

- The structure of the joint arrangement - whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Parent Company also considers the rights and obligations arising from:
 - a. The legal form of the separate vehicle
 - b. The terms of the contractual arrangement
 - c. Other facts and circumstances (when relevant)

This assessment often requires significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment for each assessment.

As at December 31, 2025 and 2024, the Parent Company's joint arrangements are in the form of joint operations. Existing joint arrangements entered by the Parent Company are discussed in Note 9.

Accounting Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of provision for ECLs on receivables

The Parent Company uses the general approach model. An assessment of the ECLs relating to receivables is undertaken upon initial recognition and each financial year. The general approach of the



ECL impairment model involves exercise of significant judgment. Key areas of judgment include: defining default, determining assumptions to be used such as timing and amounts of expected net recoveries from defaulted accounts, determining debtor's capacity to pay, and incorporating forward looking information.

No provision for ECL was recognized in 2025 and 2024. Total carrying value of receivables amounted to ₱245,928,246 and ₱314,316,883 as at December 31, 2025 and 2024, respectively, net of allowance for ECL amounting to ₱736,315,120 as at December 31, 2025 and 2024 (see Note 5).

Assessment of impairment of investments in subsidiaries

The Parent Company assesses whether there are indications of impairment on its investments in subsidiaries. If there are indications of impairment, impairment testing is performed. This requires an estimation of the value in use of the CGUs to which the assets belong. Estimating the value in use requires the Parent Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

As at December 31, 2025 and 2024, the carrying value of investments in subsidiaries amounted to ₱3,863,832,425 and ₱2,238,828,885, respectively, net of allowance for impairment loss amounting to ₱1,160,724,019 as at December 31, 2025 and 2024 (see Note 7).

Recoverability of deferred oil and gas exploration costs

Deferred exploration costs pertain to expenditures incurred in the exploration stage of its oil and gas assets. Oil and gas assets relate to projects that are currently on-going. These deferred exploration cost shall be assessed for impairment when the facts and circumstances suggest that the carrying amounts exceeds the recoverable amounts. The ability of the Parent Company to recover its deferred exploration costs would depend on the commercial viability of the reserves. In addition, the recovery of these costs also depends upon the success of exploration activities and future development or the discovery of oil and gas producible in commercial quantities. Allowances shall be provided for oil and gas assets that are specifically identified to be unrecoverable.

Provision for impairment loss recognized in 2025 and 2024 amounted to nil. In 2025, the Parent Company recognized loss on write-off amounting to ₱3,990,041. The carrying value of deferred oil and gas exploration costs amounted to ₱215,687,057 and ₱214,269,596 as at December 31, 2025 and 2024, respectively, net of allowance for unrecoverable portion amounting to ₱183,113,902 as at December 31, 2025 and 2024 (see Note 9).

Recoverability of input VAT

The Parent Company provides allowance for impairment losses on input VAT when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Parent Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease other current and other noncurrent assets.

The Parent Company recognized provision for impairment loss on input VAT amounting to ₱1,729,096 and ₱4,032,925 in 2025 and 2024, respectively. The carrying amount of input VAT amounted to nil as at December 31, 2025 and 2024, net of allowance for impairment amounting to ₱19,644,212 and ₱17,915,116 as at December 31, 2025 and 2024, respectively (see Note 6).

Assessing realizability of deferred tax assets

The Parent Company reviews the carrying amounts at the end of the reporting period and adjusts the balance of deferred tax assets to the extent that it is no longer probable that sufficient future taxable



profits will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Parent Company will utilize all or part of the deferred tax assets.

The Parent Company has temporary differences amounting to ₱254,353,713 and ₱227,334,534 as at December 31, 2025 and 2024, respectively, for which deferred tax assets were not recognized since the management believes that it is not probable that sufficient future taxable profits will be available to allow all or part such deferred tax asset to be utilized. The Parent Company's deferred tax assets amounted to ₱14,318,472 and ₱14,498,513 as at December 31, 2025 and 2024, respectively (see Note 14).

4. Cash and Cash Equivalents

	2025	2024
Cash in banks	₱14,350,742	₱12,324,231
Short term investments	11,788,375	37,729,085
	₱26,139,117	₱50,053,316

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the cash requirements of the Parent Company and earn interest at the respective short-term investments rates. Interest income amounted to ₱824,295 and ₱2,659,512 in 2025 and 2024, respectively.

The Parent Company has cash in banks and short-term investments denominated in United States (US\$) Dollar amounting to US\$382,972 and US\$786,616 as at December 31, 2025 and 2024, respectively (see Note 12).

5. Receivables

	2025	2024
Advances to affiliates (Note 15)	₱982,075,008	₱1,044,342,440
Accrued interest receivable (Note 15)	14,569	6,181,194
Others	153,789	108,369
	982,243,366	1,050,632,003
Less allowance for ECL (Note 15)	736,315,120	736,315,120
	₱245,928,246	₱314,316,883

Advances to affiliates include advances that are interest and non-interest bearing, and are due upon demand (see Note 15).

Accrued interest receivable pertains to the interest due from advances to a related party and time deposits. As at December 31, 2025 and 2024, accrued interest receivable from time deposit amounted to nil and ₱82,513, respectively, while accrued interest receivable from advances to a related party amounted to ₱14,569 and ₱6,098,681, respectively (see Note 15).

Other receivables are non-interest bearing and are generally collected within one (1) year from business transaction date.



6. Other Current Assets

	2025	2024
Input VAT	₱19,644,212	₱17,915,116
Prepayments	—	2,456,000
Security deposits	637,158	637,158
	20,281,370	21,008,274
Less allowance for impairment of input VAT	19,644,212	17,915,116
	₱637,158	₱3,093,158

Security deposits are advance payments of rent which can be refunded or applied at the last month prior to the end of the lease agreement which normally has a term of not more than 12 months.

Prepayments include prepaid rentals, insurance premiums, prepaid taxes, advances for liquidations, and other expenses paid in advance.

Movements in allowance for impairment loss on input VAT in 2025 and 2024 are as follows:

	2025	2024
Beginning balance	₱17,915,116	₱13,882,191
Provision for impairment	1,729,096	4,032,925
Ending balance	₱19,644,212	₱17,915,116

7. Investments in Subsidiaries

The table below shows the details of investments in shares of stock of subsidiaries:

	2025	2024
Pitkin	₱1,241,159,771	₱1,241,159,771
FEL	3,278,670,688	1,721,187,759
FEC	459,725,985	392,205,374
BEMC	45,000,000	45,000,000
	5,024,556,444	3,399,552,904
Less allowance for impairment losses	1,160,724,019	1,160,724,019
	₱3,863,832,425	₱2,238,828,885



The ownership of the Parent Company over the foregoing companies as at December 31, 2025 and 2024 is summarized as follows:

	2025			2024		
	Direct	Indirect	Total	Direct	Indirect	Total
FEL	92.55	5.53	98.08	72.55	5.33	77.88
FEPC	—	98.08	98.08	—	77.88	77.88
FEI	—	65.39	65.39	—	51.92	51.92
FGL	—	98.08	98.08	—	77.88	77.88
FGLP	—	98.08	98.08	—	77.88	77.88
FGPI	—	98.08	98.08	—	77.88	77.88
SC72 Holdings	—	98.08	98.08	—	77.88	77.88
ProjectCo	—	98.08	98.08	—	77.88	77.88
Pitkin	100.00	—	100.00	100.00	—	100.00
PPP	100.00	—	100.00	100.00	—	100.00
FEC	81.25	—	81.25	78.39	—	78.39
FEL	92.55	5.53	98.08	72.55	5.33	77.88
BEMC	100.00	—	100.00	100.00	—	100.00

Investment in Pitkin

On September 24, 2010, the Parent Company purchased from PMC all of the latter's 18,000,000 shares of stock of Pitkin at a purchase price of ₱766,346,067, increasing the total holdings of the Parent Company to 24,000,000 shares, or 21.00% ownership interest. The investment in Pitkin amounting to ₱125,304,497 was classified as an investment in associate.

Between September 2010 to February 2017, several events took place that increased/decreased the Parent Company's shareholdings in Pitkin particularly as follows:

- In February 24, 2011, when interest in Pitkin was diluted from 21.00% to 18.46%.
- In April 2013, when PXP subscribed and purchased new shares increasing interest from 18.46% to 50.28% in which PXP obtained control of Pitkin.
- In July 2014 to May 2015, when PXP surrendered shares held following a tender offer by Pitkin to buy back shares causing an increase in ownership from 50.28% to 53.07% and 53.07% to 53.43%, respectively.

On October 2, 2020, Pitkin bought back 8.5 million of its total issued shares at a price of US\$0.10 per share for a total consideration of US\$850,000. The Parent Company sold 4,541,464 of Pitkin shares for a total consideration of ₱22,017,018 while the minority shareholders sold their pro-rata share of 3,958,536 shares for a total consideration of ₱19,190,983. The transaction did not affect PXP's 53.43% stake in Pitkin.

In April 2021, Karoon Gas Australia Inc. (Karoon) notified Pitkin that it does not wish to enter the fourth exploration period and will withdraw from the contract and the joint operating agreement. In view of this, Pitkin sent a Notice of Dispute to Karoon on May 25, 2021 and issued a claim against Karoon for breach of its farm-in agreement obligations that include fully funding all exploration activities until the second well is drilled. On July 27, 2021, the license contract for Block Z-38 expired due to Karoon's failure to enter the fourth exploration period and to carry Pitkin to one (1) well under the farm-in agreement.



On September 17, 2021, Pitkin and Karoon entered into a Deed of Settlement and Release to settle all disputes in connection with Block Z-38. Under the deed, Karoon will pay Pitkin US\$9.6 million in cash in full and final settlement of all claims by Pitkin in the block. The deed became effective upon the receipt of the cash settlement by Pitkin on October 4, 2021. As a result, the PXP Group recognized allowance for impairment loss on deferred oil and gas exploration costs amounting to ₱3,421 million in the consolidated financial statements in 2021.

In view of the foregoing, the management assessed that the investment in Pitkin amounting to ₱1,418,711,771 as at December 31, 2021 is not recoverable. Impairment loss on investment in Pitkin amounting to ₱1,418,711,771 was recognized in profit or loss in 2021.

On December 2, 2022, Pitkin bought back from minority shareholders its 31,713,464 issued shares at a price of ₱0.01 per share for a total consideration of US\$3,500,000 or ₱199,588,590. The transaction resulted in increase in PXP's stake in Pitkin from 53.43% to 100%.

On April 26, 2023, the BOD approved the closure of Pitkin Petroleum Philippines, Plc (PPP).

On December 13, 2023, Pitkin bought back from PXP its 32,000,000 issued shares at US\$0.10 per share amounting to US\$3,200,000 or ₱177,552,000 using its advances to the Parent Company as consideration. As PXP is the sole shareholder of Pitkin, the transaction did not affect PXP's stake in Pitkin. After the buyback transaction, Pitkin's remaining assets mainly include advances to the Parent Company amounting to ₱125,435,752. The Parent Company recognized a reversal of impairment of its investment in Pitkin amounting to ₱302,987,752 in 2023.

The table below shows Pitkin's summarized financial information as at and for the years ended December 31, 2025 and 2024 whose financial statements are stated in US Dollar and translated to Peso at the closing exchange rates of US\$1 to ₱58.79 and ₱57.85, respectively, for balance sheet accounts and at the average exchange rates of US\$1 to ₱57.51 and ₱57.28, respectively, for income statement accounts; amounts in thousands:

	2025	2024
Total assets	₱141,508	₱139,508
Total liabilities	461	424
Equity	141,047	139,084
Net comprehensive income	1,963	5,687

Investment in FEC

On September 24, 2010, PXP acquired from Philex Mining Corporation (PMC) its entire investment in FEC, comprising 225,000,000 shares or a 51.24% ownership stake, for a total purchase price of ₱342,337,698. This acquisition granted the PXP indirect control over FEL, where FEC held a 25.63% interest. As a result, the PXP's total ownership in FEL increased to 64.45%. However, in 2012, the exercise of stock options by FEL's directors and employees diluted the PXP and FEC's respective stakes in FEL to 36.44% and 24.05%.

In January 2016, FEC cancelled its 30,000,000 shares previously held under escrow. As a result, PXP's ownership interest increased from 51.24% to 54.99%.

On August 5, 2020, the Parent Company increased its direct shareholding in FEC from 54.99% to 78.39%. This increased the Parent Company's total economic interest in Forum from 76.07% to 77.66%. The additional interest was acquired through a subscription to 449,999,986 new ordinary shares of FEC through a stock rights offering. The new shares were issued at approximately US\$0.00225 per share for a total consideration of US\$1,012,500 (or ₱49,867,676).



In 2024, FEC reassessed the fair value of its investment in FEL amounting to US\$9,601,776 (or ₱555,414,181) to align with the share swap transaction between Tidemark Holdings Limited and PXP, where PXP shares were exchanged for FEL shares at US\$1.17 or (₱3.62) per share.

On July 31, 2025, PXP converted US\$1,157,761 (or ₱67,520,611) of outstanding obligations of FEC, comprising US\$1,011,156 in principal and US\$146,605 in accrued interest, into 131,563,725 new FEC shares at an implied issue price of US\$0.0088 per share. Following the conversion, PXP's direct ownership in FEC increased from 78.39% to 81.25%. This also increased PXP's total economic interest in FEL from 97.88% to 98.08%.

The following is FEC's summarized financial information as at and for the years ended December 31, 2025 and 2024 whose financial statements are stated in US Dollar and translated to Peso at the closing exchange rates of US\$1 to ₱58.79 and ₱57.85, respectively, for statements of financial position accounts and at the average exchange rates of US\$1 to ₱57.51 and ₱57.28, respectively, for statements of comprehensive income accounts; amounts in thousands:

	2025	2024
Total assets	₱335,327	₱556,238
Total liabilities	3,494	54,176
Equity	331,833	502,062
Net comprehensive income (loss)	(237,749)	410,186

Investment in FEL

In 2008, the Parent Company acquired a total of 9,939,311 shares of stock of FEL representing 33.04% of the outstanding shares for ₱436,638,513. On November 27, 2009, the Parent Company acquired additional 2,227,934 shares of stock of FEL for United Kingdom Pounds (£) £1,113,967 (or ₱87,057,943), increasing the share of the Parent Company to 36.77%.

On February 24, 2010, the Parent Company acquired additional 786,259 shares at a purchase price of £511,068 (or ₱36,910,163) representing 2.37% equity interest in FEL increasing the Parent Company's share to 39.14%. On May 26, 2010, the interest of the Parent Company over FEL was reduced to 38.82% due to the effect of dilution from exercise of options by FEL's former employees.

As a result of the Parent Company's acquisition of FEC in 2010, which holds 25.63% ownership interest in FEL, the number of shares owned and controlled by the Parent Company, thereafter, totaled to 21,503,704 shares, which represents 64.45%. As a result, FEL became a subsidiary of the Parent Company.

In May 2012, certain directors and employees of FEL exercised their option over 2,185,000 ordinary shares. As a result, the ownership interest of PXP and FEC in FEL was diluted to 36.44% and 24.05%, respectively.

In June 2015, the Parent Company bought additional investment from the NCI owners of FEL for 20 British Pence per share. The NCI owners sold 2,383,777 shares for a total consideration of ₱33,889,613, increasing the Parent Company's interest in FEL from 36.44% to 43.14%.

In November 2015, the Parent Company further purchased additional shares of FEL from FEC for 21 British Pence per share. FEC sold 2,000,000 shares for a total consideration of ₱29,816,472. Following this transaction, PXP's interest in FEL increased from 43.14% to 48.77%.



On March 23, 2017, PXP entered into an agreement with FEL and FGL to capitalize a part of the maturing long-term loan of FGL from PXP amounting to US\$11,805,276 (or about ₱596 million) into 39,350,920 new ordinary shares of FEL at US\$0.30 per share.

On May 17, 2017, PXP bought an additional investment of 1,185,000 shares in FEL from Asia Link B.V. at US\$0.30 per share, for a total consideration of US\$355,500 (or ₱17,704,658).

On November 23, 2017, PXP entered into an agreement to buy 1,000,000 FEL shares held by FEC for a total consideration of US\$300,000 (or ₱15,218,872).

As a result of these transactions, PXP's economic interest in FEL increased from 58.90% to 75.92%.

On September 27, 2019, FEPC purchased 124,999,996 shares or 66.67% equity interest in FEI from GSEC amounting to US\$20.

In December 2019, PXP bought additional investment from the NCI owners of FEL, wherein PXP purchased 50,000 shares in FEL for a total consideration of ₱788,250. As a result of the transaction, the Parent Company's interest in FEL increased to 75.98%.

On April 16, 2020, PXP increased its direct shareholding in FEL from 72.24% to 72.33%. The additional interest was acquired through a subscription to 6,099,626 new ordinary shares of FEL. The new shares were issued at approximately US\$0.30 per share for a total consideration of US\$1,829,888 (or ₱92,564,955). Further, major shareholders, Tidemark and FEC subscribed to 1,666,666 shares and 567,038 shares of FEL, amounting to ₱25,400,000 and ₱8,641,663 respectively, both paid for in cash.

On December 31, 2023, the BOD of FEL approved the conversion of total non-interest bearing advances of \$9.2 million to 30,726,463 new FEL shares valued at US\$0.30/share. The transaction resulted in an increase of PXP's direct ownership to FEL from 72.33% to 72.55%.

On May 10, 2024, the BOD of PXP approved the issuance of 430,243,903 PXP common shares at the aggregate value of ₱1,557,482,929 (or at an issue price of ₱3.6200 per share) to Tidemark in exchange for 24,125,383 shares held by Tidemark in FEL valued at ₱1,557,482,929 at the share swap ratio of 17.8337 PXP Shares for every Tidemark - FEL Share.

On February 13, 2025, the SEC approved the valuation of the Tidemark - FEL Shares in the amount of ₱1,557,482,929 to be applied as payment for the issuance of the PXP Shares to Tidemark with APIC of ₱1,127,239,026.

Following the approval by the SEC of the valuation and satisfaction of other closing conditions, on March 18, 2025, PXP issued the PXP Shares to Tidemark, and Tidemark transferred the Tidemark - FEL Shares to PXP. Transaction cost amounting to ₱18,469,100 was accounted for as deduction from the APIC.

As a result of the share swap transaction, (a) PXP's total issued shares increased from 1,960,000,000 to 2,390,243,903 common shares, (b) PXP's direct interest in FEL increased from 72.55% to 92.55% and (c) Tidemark owns 18% of the resulting total issued and outstanding capital stock of PXP.



The following is FEL's summarized financial information as at and for the years ended December 31, 2025 and 2024 whose financial statements are stated in US Dollar and translated to Peso at the closing exchange rates of US\$1 to ₱58.79 and ₱57.85, respectively, for statements of financial position accounts and at the average exchange rates of US\$1 to ₱57.51 and ₱57.28, respectively, for statements of comprehensive income accounts; amounts in thousands:

	2025	2024
Total assets	₱2,585,852	₱2,575,770
Total liabilities	568,496	569,050
Equity	2,017,356	2,006,720
Revenue	49,791	66,982
Net comprehensive income	10,636	109,362

Investment in BEMC

On September 24, 2010, the Parent Company purchased from PMC all of its investment in shares of stock of BEMC, which consists of 3,000,000 shares at a purchase price of ₱45,000,000. As a result of the acquisition, the Parent Company holds 100% ownership interest in BEMC.

In January 2013, the Parent Company recognized provision for impairment loss on its investment in BEMC amounting to ₱45,000,000.

On April 26, 2023, the BOD approved the closure of BEMC. As of December 31, 2025, the planned dissolution of BEMC is under review and evaluation by the BIR.

The following is the summarized financial information as at and for the years ended December 31, 2025 and 2024 of BEMC; amounts in thousands:

	2025	2024
Total assets	₱431	₱453
Total liabilities	736,335	736,333
Capital deficiency	(735,904)	(735,880)
Net comprehensive loss	(24)	(26)

8. Property and Equipment

	2025		
	Transportation Equipment	Office Equipment	Total
Cost			
Balances at January 1	₱3,366,071	₱2,277,901	₱5,643,972
Additions	1,562,500	123,392	1,685,892
Balances at December 31	4,928,571	2,401,293	7,329,864
Accumulated depreciation			
Balances at January 1	2,933,739	1,753,799	4,687,538
Depreciation (Note 11)	222,990	213,050	436,040
Balances at December 31	3,156,729	1,966,849	5,123,578
Net book values	₱1,771,842	₱434,444	₱2,206,286



	2024		
	Transportation Equipment	Office Equipment	Total
Cost			
Balances at January 1	₱3,366,071	₱1,670,571	₱5,036,642
Additions	—	607,330	607,330
Balances at December 31	3,366,071	2,277,901	5,643,972
Accumulated depreciation			
Balances at January 1	2,636,417	1,564,384	4,200,801
Depreciation (Note 11)	297,322	189,415	486,737
Balances at December 31	2,933,739	1,753,799	4,687,538
Net book values	₱432,332	₱524,102	₱956,434

The cost of fully depreciated machinery and equipment still being used in the Parent Company's operation amounted to ₱635,308 and ₱536,036 as at December 31, 2025 and 2024, respectively.

9. Deferred Oil and Gas Exploration Costs

Movement in deferred oil and gas exploration costs is as follows:

	2025	2024
Cost		
Balance at January 1	₱397,383,498	₱395,578,518
Additions	5,407,502	1,804,980
Write-off	(3,990,041)	—
Balance at December 31	398,800,959	397,383,498
Less allowance for impairment losses		
Balance at January 1 and December 31	183,113,902	183,113,902
Net book values	₱215,687,057	₱214,269,596

The total carrying value of deferred oil and gas exploration costs pertains to Philippine exploration assets as at December 31, 2025 and 2024.

With the unfavorable results of the different evaluation studies conducted for SC 74 (Linapacan), the Consortium decided to surrender SC 74 to the Department of Energy (DOE) on December 13, 2023. The DOE acknowledged the Notice of Surrender on December 18, 2023, and subsequently requested the submission of the consolidated technical reports and data generated under SC 74.

The DOE approved the surrender of the block on July 12, 2024, but it remains subject to the settlement of the remaining financial commitment, which comprises the scholarship fund. In early December 2024, the DOE conducted a meeting with the academic institution where the funds will be allocated. To complete this requirement, a Memorandum of Agreement on Scholarship Assistance was ceremonially signed at the DOE on October 22, 2025, awarding the outstanding US\$55,000 scholarship commitment to Palawan State University. This settlement formally released the SC 74 Consortium from all remaining financial obligations under SC 74.

In 2025, the Parent Company recognized loss on write-off of deferred oil and gas exploration cost amounting to ₱3,990,041 related to cost incurred for technical studies for a potential farm-in opportunity. The results did not identify any material drillable prospect in the area evaluated. Accordingly, the Parent Company decided not to proceed and wrote off the related costs during the year.



PXP have various participating interests in petroleum service contracts as follows as at December 31, 2025:

Service Contract	Participating interest
SC 75 (Northwest Palawan)	50.00%
SC 80 (Sulu Sea)	12.50%
SC 81 (Sulu Sea)	12.50%
SC 86	6.84%

SC 75 (Northwest Palawan)

SC 75 was awarded on December 27, 2013, to a consortium consisting of PXP (50% operating interest), PNOC Exploration Corporation (35%), and PetroEnergy Resources Corporation (15%). The contract covers a 6,160 square kilometers (sq. km) area in the Northwest (NW) Palawan Basin. From 2014 to 2015, the consortium completed its first sub-phase work commitments, including acquiring 2D seismic, marine magnetic, and gravity data, processing and interpretation of these datasets, and conducting geological and geophysical studies.

In September 2015, the DOE placed the area under *force majeure*, suspending all exploration activities from December 27, 2015, to October 16, 2020. After the *force majeure* was lifted, the consortium proceeded with the second sub-phase, which required acquiring at least 1,000 sq. km of 3D seismic data. Shearwater GeoServices was contracted for the project.

By September 2021, Shearwater conducted a Survey Evaluation and Design (SED) Study to finalize survey parameters. The study was completed in November 2021, and its results were integrated into the seismic data acquisition contract to guide the next steps in exploration.

On April 6, 2022, the DOE ordered PXP to suspend all exploration activities for SC 75 until clearance was issued by the Security, Justice, and Peace Coordinating Cluster (SJGCC). PXP immediately complied, informing its contractors, including Shearwater, which had already deployed a seismic vessel for 3D data acquisition. On April 8, PXP wrote to the DOE expressing readiness to resume operations but stated that if no confirmation was received by April 10, 2022, it would consider the suspension indefinite and declare a *force majeure* event. With no response from the DOE, PXP formally declared *force majeure* on April 11, 2022, and terminated contracts with several service providers, including Shearwater.

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 recoverable, pending audit, and granted an extension of the exploration period equivalent to the time lost. 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.

On November 21, 2025, the DOE approved the WP&B for 2026 with only license administration costs and SC payments classified as firm budgets. The implementation of the seismic survey program, which includes the acquisition, processing, and interpretation of at least 1,138 sq. km of 3D seismic data, will be contingent upon lifting of the *force majeure* imposed by the DOE in April 2022.



SC 80 (Sulu Sea) - formerly Pre-determined Area Bangsamoro Petroleum-2 (PDA-BP-2)

SC 80 was awarded on September 24, 2025, with Triangle Energy (Global) Limited 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 Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) Conventional Energy Bid Round jointly conducted by the DOE and the Ministry of Environment, Natural Resources and Energy (MENRE) of the 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 sq. km and water depths ranging from 200 to 3,000 meters in the east of the block.

Between 2009 and 2010, ExxonMobil, as the Operator, along with Consortium members BHP Billiton and Mitra Energy, drilled four (4) wells in deeper waters within SC 80 area. Two (2) of these wells—Dabakan and Palendag—discovered gas in multiple stacked turbidite sands within deepwater thrust anticline traps.

Under the first sub-phase of SC 80, which has a 24-month term, comprehensive geologic and geophysical (G&G) studies will be carried out, including the reprocessing of existing 3D seismic data using the Pre-Stack Depth Migration (PSDM) method.

SC 81 (Sulu Sea) - formerly PDA-BP-3

On September 24, 2025, SC 81 was awarded with Triangle Energy (Global) Limited of Australia 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 service contract signing.

SC 81 is located south of and adjacent to SC 80 and is also among the blocks offered for bidding in early 2024. It has an area of 5,321 sq. km and water depths ranging from less than 100 meters in the west to an excess of 3,000 meters in the east. The block is covered by 2D and 3D seismic data with seven (7) wells drilled by previous operators. While there are no commercial discoveries yet in SC 81, hydrocarbon indications were recorded in some wells. Multiple leads have also been identified by previous operators.

The first sub-phase of SC 81 has a term of 24 months. During this period, G&G studies will be conducted, including the PSDM reprocessing of existing 2D and 3D seismic data.

SC 86 (Octon Block) – formerly SC 6A or Nominated Area No. 10

The original term of SC 6A was set to expire on February 28, 2024. In view of this, the Consortium decided to surrender the contract effective March 31, 2021 and, upon its approval by the DOE, apply for a new contract under the Philippine Conventional Energy Contracting Program (PCECP) on area nomination. The surrender of the SC was approved by the DOE on September 5, 2022.

On January 26, 2023, the DOE granted an Area Clearance over an Area of Interest (AOI) that includes the former SC 6A block and additional areas surrendered from an adjacent block in 2022.



On March 17, 2023, Philodrill submitted the documents for the application for the new SC that includes the former SC 6A and an additional area to the east termed Nominated Area No. 10 by the DOE.

On June 26, 2023, the DOE sent a Notice of Qualification of the Consortium to Enter a Petroleum Service Contract for Nominated Area No. 10 to Philodrill. On October 8, 2025, SC 86 was awarded, with PXP and FEPC as consortium members, each holding a 6.8439% participating interest.

Service contract under application and nomination

Block A (North Recto Bank) or Nominated Area No. 6

In March 2020, PXP submitted a bid for Block A or Nominated Area No. 6.

Block A is located north of and contiguous with SC 72 in offshore NW Palawan, approximately 180 to 375 km from Palawan Island. It has an area of 14,300 sq. km, covering all of Nares Bank and parts of the greater Recto Bank, with water depths ranging from 20 to 2,500 meters.

There are no recent subsurface data in Block A apart from a few academic studies using mostly potential fields of geophysical data and the legacy Joint Marine Seismic Undertaking (JMSU) 2D dataset, which is unavailable to PXP. The closest relevant subsurface information in Block A comes from SC 72, with Reed Bank A-1 and B-1 wells located in the northern part of SC 72.

On September 14, 2020, the DOE opened the bid by PXP and found the application documents complete and qualified to undergo further substantive legal, technical, and financial evaluation.

The SC application is still ongoing and once a SC is granted, the proposed work program for the first SP would include the acquisition of at least 2,200 line-km of 2D seismic data, along with marine gravity and magnetic data.

10. Trade and Other Payables

	2025	2024
Advances from affiliates (Note 15)	₱139,938,925	₱137,977,941
Trade payables	5,678,672	3,822,252
Accrued expenses	696,656	503,098
Others	52,667	886,858
	₱146,366,920	₱143,190,149

Trade payables pertain to accrual of utilities, professional and consultancy fees and are normally payable within 30 days.

Accrued expenses pertain withholding taxes on professional fees and compensation expenses. These are normally settled within 30 days.

Other payables represent the Parent Company's obligations to its consortium partners for the advances made by the latter, which shall be disbursed to settle the consortium's exploration expenditures. These are normally settled within 30 to 90 days.



11. General and Administrative Expenses

	2025	2024
Personnel costs	₱14,550,058	₱15,068,350
Insurance	3,688,555	4,660,389
Professional fees	2,542,356	4,125,950
Rental expense (Note 16)	3,822,948	3,822,948
Taxes and licenses	772,957	942,243
Fuel, oil and lubricants	635,536	690,773
Association dues	581,193	480,987
Travel and transportation	506,758	272,415
Depreciation (Note 8)	436,040	486,737
Repairs and maintenance	417,224	325,425
Security services	290,481	379,164
Communications	115,050	148,880
Others	1,193,672	24,433
	₱29,552,828	₱31,428,694

Other general and administrative expenses mainly consist of donations and contributions, educational assistance, freight and handling charges and membership fees.

12. Others - net

	2025	2024
Interest income (Notes 4 and 15)	₱3,187,105	₱6,231,669
Foreign exchange gains - net (Note 17)	482,472	7,179,499
	₱3,669,577	₱13,411,168

13. Equity

Capital Stock

On September 12, 2011, the 1,700,000,000 common shares of the Parent Company were listed and traded on the PSE at an initial offer price of ₱1.20 per share.

Details of the Parent Company's capital stock follow:

	Number of Shares	
	2025	2024
Common stock - ₱1 par value per share		
Authorized	6,800,000,000	6,800,000,000
Issued and fully paid	2,390,243,903	1,960,000,000
Subscribed capital stock	—	—
Capital stock	2,390,243,903	1,960,000,000



On October 26, 2018, PXP, PMC, and Dennison Holdings Corp. (DHC) signed a subscription agreement wherein PMC and DHC subscribed to 260,000,000 and 340,000,000 common shares of PXP, respectively, for a total consideration of ₱3,081,000,000 and ₱4,029,000,000, respectively. Each share is valued at ₱11.85, which represents a 20% discount to the 90-day volume weighted average price (VWAP) of PXP shares. The agreement was approved by the BOD on October 25, 2018. The subscription is payable in two (2) tranches.

On December 27, 2018, PMC paid the 25% downpayment of ₱770,250,000. As a result of the transaction, PMC's total ownership interest in PXP increased from 19.76% to 30.40% as at December 31, 2018.

On January 7, 2019, DHC paid an initial downpayment of ₱40,290,000, with the remaining balance due on March 31, 2019. On March 31, 2019, PXP and DHC mutually agreed to terminate the subscription agreement. All rights of DHC to subscribe to the aforesaid common shares of PXP, and any obligation of PXP to issue such shares to DHC, are terminated without any residual rights of any kind remaining with DHC. Accordingly, the Parent Company recognized ₱40,290,000 as other income.

From 2019 to 2021, PMC paid the remaining subscription payable amounting to ₱2,310,750,000.

On February 27, 2025, the PSE approved PXP's application to list additional 260,000,000 common shares to cover the Parent Company's private placement transaction with PMC.

On May 10, 2024, the BOD of PXP approved the issuance of 430,243,903 PXP common shares at the aggregate value of ₱1,557,482,929 (or at an issue price of ₱3.62 per share) to Tidemark in exchange for 24,125,383 shares held by Tidemark in FEL valued at ₱1,557,482,929 at the share swap ratio of 17.8337 PXP Shares for every Tidemark - FEL Share.

On February 13, 2025, the SEC approved the valuation of the Tidemark - FEL Shares in the amount of ₱1,557,482,929 to be applied as payment for the issuance of the PXP Shares to Tidemark with APIC of ₱1,127,239,026.

Following the approval by the SEC of the valuation and satisfaction of other closing conditions, on March 18, 2025, PXP issued the PXP Shares to Tidemark, and Tidemark transferred the Tidemark FEL Shares to PXP. Transaction cost amounting to ₱18,469,100 was accounted for as deduction from the APIC.

As a result of the share swap transaction, (a) PXP's total issued shares increased from 1,960,000,000 to 2,390,243,903 common shares, (b) PXP's direct interest in FEL increased from 72.55% to 92.55% and (c) Tidemark owns 18% of the resulting total issued and outstanding capital stock of PXP.

As at December 31, 2025 and 2024, PXP's number of stockholders totaled to 38,275 and 38,350, respectively.

The movements in APIC are as follows:

	2025	2024
Balance at beginning of the year	₱2,816,544,913	₱2,816,544,913
Issuance of common stock	1,127,239,026	—
Transaction costs	(18,469,100)	—
Balance at end of year	₱3,925,314,839	₱2,816,544,913



Record of Registration of Securities with the SEC

In accordance with Revised SRC Rule 68, Annex 68–K, below is a summary of the Parent Company’s track record of registration of securities:

Issue	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders of securities as at December 31		
				2025	2024	2023
Common shares	1,700,000,000	₱1.00 par value; ₱1.20 issue price	September 12, 2011	38,275	38,350	38,426
Common shares	260,000,000	₱1.00 par value; ₱11.85 issue price	February 27, 2025			
Common shares	430,243,903	₱1.00 par value; ₱3.62 issue price	March 18, 2025			

14. Income Taxes

The provision for current income tax represents the Parent Company’s MCIT in 2025 and 2024 amounting to ₱88,530 and ₱149,284, respectively.

The components of the Parent Company’s deferred tax assets (liabilities) at effective tax rate as at December 31, 2025 and 2024 are as follows:

	2025	2024
Deferred tax assets:		
Impairment loss on deferred oil and gas exploration costs	₱13,585,814	₱13,585,814
MCIT	732,658	912,699
	14,318,472	14,498,513
Deferred tax liabilities:		
Unrealized gain on dilution of interest	(105,512,359)	(105,512,359)
Unrealized foreign exchange gain	(27,045,397)	(27,032,621)
	(132,557,756)	(132,544,980)
Net deferred tax liabilities	(₱118,239,284)	(₱118,046,467)

A reconciliation of the Parent Company’s provision for (benefit from) income tax computed at the statutory income tax rate based on loss before income tax to the provision for (benefit from) income tax follows:

	2025	2024
Benefit from tax computed at the statutory tax rate of 25%	(₱9,899,656)	(₱7,009,993)
Additions to (reductions in) income tax resulting from:		
Movement in unrecognized deferred tax assets	7,881,955	8,495,489
Expiration of excess NOLCO	2,224,051	—
Expiration of excess MCIT	268,571	247,336
Interest income subjected to final tax	(206,074)	(664,878)
Nondeductible expense	12,500	1,250
	₱281,347	₱1,069,204



The Parent Company's NOLCO incurred from 2023 to 2025 can be claimed as deductions from the regular taxable income for the next three (3) consecutive taxable years from the year incurred. On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 implementing Section 4 (bbbb) of "Bayanihan to Recover As One Act" allowing NOLCO incurred for taxable years 2020 and 2021 to be carried over and claimed as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As at December 31, 2025, the Parent Company's NOLCO that can be claimed as deduction from future taxable income and excess MCIT that can be deducted against income tax due are as follows:

Year Incurred	Year of Expiration		NOLCO	Excess MCIT
	NOLCO	Excess MCIT		
2021	2026	2024	₱11,425,183	₱-
2023	2026	2026	12,963,106	494,844
2024	2027	2027	34,618,141	149,284
2025	2028	2028	40,130,928	88,530
			₱99,137,358	₱732,658

The following are the movements of the Parent Company's NOLCO and excess MCIT for the years ended December 31, 2025 and 2024:

	NOLCO		Excess MCIT	
	2025	2024	2025	2024
Beginning balance	₱67,902,634	₱33,284,493	₱912,699	₱1,010,751
Additions	40,130,928	34,618,141	88,530	149,284
Expirations	(8,896,204)	-	(268,571)	(247,336)
Ending balance	₱99,137,358	₱67,902,634	₱732,658	₱912,699

The Parent Company did not recognize deferred tax assets on the following temporary differences since management believes that it is not probable that sufficient taxable profit will be available against which the benefits of the deferred tax assets can be utilized in the future:

	2025	2024
Allowance for impairment losses on:		
Deferred oil and gas exploration costs	₱128,770,645	₱128,770,645
Input VAT	19,644,212	17,915,116
Provision for retirement benefits liability	6,801,498	12,746,139
NOLCO	99,137,358	67,902,634
	₱254,353,713	₱227,334,534

15. 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.



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

	Year	Amount/ Volume	Outstanding balance	Terms	Conditions
<i>Advances from affiliates</i>					
PITKIN	2025	₱1,960,984	₱139,938,925	On demand; non-interest bearing; payable in cash	Unsecured, no guarantee
	2024	₱12,542,189	₱137,977,941		
<i>Advances to affiliates</i>					
BEMC	2025	₱—	₱736,315,120	On-demand; non-interest bearing; payable in cash	Unsecured, no guarantee; impaired
	2024	₱—	₱736,315,120		
FEPC	2025	3,035,752	188,859,127	On-demand; non-interest bearing; payable in cash	Unsecured, no guarantee; no impairment
	2024	7,950,780	185,823,375		
FEL	2025	—	54,549,161	On-demand; non-interest bearing; payable in cash	Unsecured, no guarantee; no impairment
	2024	5,658,122	76,494,486		
FEC	2025	2,360,464	2,351,600	Payable on demand date at interest rate of prevailing SOFR on the interest date plus 3.5% margin	Unsecured, no guarantee; no impairment
	2024	10,553,939	45,709,459		
	2025	5,396,216	982,075,008		
	2024	24,162,841	1,044,342,440		
Less allowance for ECL	2025	—	736,315,120		
	2024	—	736,315,120		
Total	2025	₱5,396,216	₱245,759,888		
	2024	₱24,162,841	₱308,027,320		
<i>Notes payable</i>					
PMC	2025	₱18,204,000	₱52,911,000	Payable on demand at interest rate of prevailing SOFR on the interest date plus 3.5% margin	Unsecured, no guarantee
	2024	₱—	₱34,707,000		
Kirtman Limited	2025	18,204,000	52,911,000		
	2024	—	34,707,000		
Total	2025	₱36,408,000	₱105,822,000		
	2024	₱—	₱69,414,000		
<i>Interest income and accrued interest receivable</i>					
FEC	2025	₱2,362,810	₱14,569	Payable quarterly	Unsecured, no guarantee; no impairment
	2024	₱3,572,157	₱6,098,681		

a. *Advances to FEC*

In March 2022, PXP made interest bearing advances to FEC amounting to US\$198,620. 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.

Additional advances amounting to US\$60,000 and US\$20,000 in September and November 2022, respectively, were made by PXP to FEC under the same terms above to finance FEC's working capital requirements.

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\$155,000 and US\$356,500 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\$1,157,761 (or ₱67,520,611) of outstanding obligations of FEC, comprising US\$1,011,156 in principal and US\$146,605 in accrued interest, into 131,563,725 new FEC shares at an implied issue price of US\$0.0088 per share (see Note 7).

In December 2025, PXP made interest bearing advances to FEC amounting to US\$40,000. 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.

Interest income amounted to ₱2,362,810 and ₱3,572,157 in 2025 and 2024, respectively. Accrued interest receivable as at December 31, 2025 and 2024 amounted to ₱14,569 and ₱6,098,681, respectively. As at December 31, 2025 and 2024, advances to FEC amounted to ₱2,351,600 and ₱45,709,459, respectively.

b. *Share in the funding contribution*

On November 3, 2021, the BOD of FEL approved the request for funding contribution amounting to \$3,300,000 from its major shareholders, pro-rata to their shareholdings in FEL. PXP and FEC shares in the funding contribution in 2021 amounted to \$2,415,600 and \$224,200, respectively. The fund was used for the pre-drilling activities of SC 72 Recto Bank.

On February 16, 2022, additional funding was requested from major shareholders amounting to \$3,406,539. PXP and FEC's share in the funding contribution amounted to \$2,135,931 and \$198,620, respectively.

On October 30, 2023, additional funding was requested from major shareholders amounting to \$3,000,000. Funding contribution per shareholder was calculated based on their ownership interest in FEL. FEL and PXP agreed that PXP's share shall be off-set from existing loan receivable from FGL, which shall then be deemed as partially repaid on due dates.

On December 31, 2023, the BOD of FEL approved the conversion of total non-interest bearing advances of \$9,217,939 to 30,726,463 new FEL shares valued at US\$0.30/share. The transaction resulted to increase of PXP's direct ownership of FEL from 72.33% to 72.55%.

c. *Assignment of advances of BEMC*

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 ₱737,815,120. On December 19, 2019, PXP paid the advances from PMC amounting ₱737,815,120.

In 2019, the Parent Company recognized full provision for ECL on its receivables from BEMC. In 2021, the Parent Company received partial payment from BEMC amounting to ₱1,500,000. As at December 31, 2025 and 2024, advances from PXP amounted to ₱736,313,362.



d. *Advances to affiliates*

PXP provides unsecured non-interest bearing cash advances to its subsidiaries for working capital requirements, which are settled in cash.

Lease expenses charged to the Parent Company's related parties amounted to ₱3,822,948 in 2025 and 2024 (see Note 16).

e. *Operating lease commitment between PXP and Silangan Mindanao Mining Corporation (SMMC)*

On February 1, 2019, the Parent Company entered into a contract of lease with SMMC covering an office space, for one (1) year commencing on February 1, 2019 up to January 31, 2020. The lease agreement is renewable at the option of either party subject to mutually agreed upon terms and conditions. The lease agreement was renewed annually for one (1) year beginning 2021. The Parent Company's lease payments were passed to its related parties as part of overhead allocation.

As at December 31, 2025 and 2024, the Parent Company has security deposits related to the said agreement amounting to ₱637,158.

f. *Notes payable to PMC and Kirtman*

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 is both US\$375,000, 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 is both US\$225,000 (₱13,227,750), with the same terms as the first promissory note.

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

The proceeds of the notes payable were used to partially fund the exploration expenditures in SC72 and SC75.

On August 6, 2025, PXP entered into an agreement of promissory note with PMC and Kirtman. The drawdown amount were both US\$300,000 (₱34,245,000), with terms similar to the first and second promissory notes.

On January 5, 2026, PXP, PMC, and Kirtman agreed to provide funding totaling of \$300,000 each, respectively, on or before April 30, 2026 to PXP, with the first and partial drawdown on February 27, 2026. The terms of this promissory note are consistent with those of the first, second, and third promissory notes.

In 2025 and 2024, total interest expense amounted to ₱7,996,236 and ₱5,989,522, respectively. Accrued interest payable amounted to ₱719,099 and ₱315,690 as at December 31, 2025 and 2024, respectively. Total interest payments in 2025 and 2024 amounted to ₱7,592,827 and ₱6,070,787, respectively. Notes payable amounted to ₱105,822,000 and ₱69,414,000 as at December 31, 2025 and 2024, respectively.



g. *Compensation of key management personnel*

The compensation of key management personnel pertaining to short-term and other long-term employee benefits follows:

	2025	2024
Short-term employee benefits	₱10,985,048	₱9,915,048
Other long-term employee benefits	3,814,000	3,024,000
	₱14,799,048	₱12,939,048

h. *Approval requirements and limits on the amount and extent of related party transactions*

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 Parent Company's total assets based on its latest audited financial statements.

16. Leases

The Parent Company has certain leases of office space and machinery and equipment with lease terms of 12 months or less and leases of machinery and equipment with low value. The Parent Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for the leases.

Lease expenses charged to the Parent Company's related parties amounted to ₱3,822,948 in 2025 and 2024.

17. Financial Instruments, Financial Risk Management Objectives and Policies

The carrying values of the Parent Company's financial assets and financial liabilities approximate their fair values as at December 31, 2025 and 2024 due to short-term nature of the financial instruments.

There were no transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurement as at December 31, 2025 and 2024.

The Parent Company's financial instruments consist of cash, receivables, security deposits under 'Other current assets', trade payables and accrued expenses, notes payable and advances to and from affiliates, which arise directly from its operations. The main purpose of these financial instruments is to maintain and generate funds for the Parent Company's operations.

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Parent Company.

Financial Risks

The main risks arising from the Parent Company's financial instruments are credit risk, liquidity risk and market risk. The market risk exposure of the Parent Company can be further classified to foreign currency risk and interest rate risk. The BOD, Chief Operating Decision Maker of the Parent Company, reviews and approves on policies for managing these risks.

Credit risk

Credit risk is such risk where the Parent Company could incur a loss if its counterparties fail to discharge their contractual obligations. The Parent Company 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 Parent Company, which comprise of cash and cash equivalents, receivables and security deposits under ‘Other current assets’, the Parent Company’s exposure to credit risk could arise from the default of the counterparty, having a maximum exposure equal to the carrying amount of these instrument.

The table below summarizes the Parent Company’s maximum exposure to credit risk for its financial assets:

	2025	2024
Cash and cash equivalents	₱26,139,117	₱50,053,316
Receivables	245,928,246	314,316,883
Security deposits under ‘Other current assets’	637,158	637,158
	₱272,704,521	₱365,007,357

Liquidity risk

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

The Parent Company reviews its cash requirements and a cash forecast is presented to the audit committee, board risk and resource oversight committee and the board of directors on a quarterly basis.

The following tables summarize the maturity profile of the Parent Company’s financial assets that can be used by the Parent Company to manage its liquidity risk and the maturity profile of the Parent Company’s financial liabilities, based on contractual undiscounted repayment obligations (including interest) as at December 31, 2025 and 2024, respectively:

As at December 31, 2025:

	On demand	Within one (1) year	More than one (1) year	Total
Cash and cash equivalents	₱14,350,742	₱11,788,375	₱–	₱26,139,117
Receivables	245,759,888	168,358	–	245,928,246
Security deposits under ‘Other current assets’	–	637,158	–	637,158
	₱260,110,630	₱12,593,891	₱–	₱272,704,521

	On demand	Within one (1) year	More than one (1) year	Total
Trade and other payables*	₱–	₱5,731,339	₱–	₱5,731,339
Notes payable	105,822,000	–	–	105,822,000
Advances from affiliates	139,938,925	–	–	139,938,925
	₱245,760,925	₱5,731,339	₱–	₱251,492,264

*Excluding statutory payables



As at December 31, 2024:

	On demand	Within one (1) year	More than one (1) year	Total
Cash and cash equivalents	₱12,324,231	₱37,729,085	₱—	₱50,053,316
Receivables	308,027,320	6,289,563	—	314,316,883
Security deposits under ‘Other current assets’	—	637,158	—	637,158
	₱320,351,551	₱44,655,806	₱—	₱365,007,357

	On demand	Within one (1) year	More than one (1) year	Total
Trade and other payables*	₱—	₱4,709,110	₱—	₱4,709,110
Notes payable	69,414,000	—	—	69,414,000
Advances from affiliates	137,977,941	—	—	137,977,941
	₱207,391,941	₱4,709,110	₱—	₱212,101,051

*Excluding statutory payables

Market Risk

Foreign currency risk

Foreign currency risk is the risk where the value of the Parent Company’s financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Parent Company’s transactional currency exposures arise from cash and cash equivalents, notes payable and advances to and from affiliates. The corresponding foreign exchange gains amounting to ₱482,472 and ₱7,179,499 arising from the translation of these foreign currency-denominated financial instruments were recognized by the Parent Company in 2025 and 2024, respectively. As at December 31, 2025 and 2024, the exchange rates of the Peso to US Dollar were ₱58.79 and ₱57.85 to US\$1, respectively.

The Parent Company’s foreign currency-denominated monetary assets and liabilities as at December 31, 2025 and 2024 follows:

	2025		2024	
	US\$	Peso Equivalent	US\$	Peso Equivalent
Cash in banks	US\$182,455	₱10,726,556	US\$134,371	₱7,772,715
Short term investments	200,517	11,788,375	652,245	37,729,085
Accrued interest receivable	248	14,569	106,858	6,181,194
Advances to affiliates	40,000	2,351,600	790,206	45,709,459
Total monetary assets	423,220	24,881,100	1,683,680	97,392,453
Accrued interest payable	(12,232)	(719,099)	(5,458)	(315,690)
Notes payable	(1,800,000)	(105,822,000)	(1,200,000)	(69,414,000)
Advances from affiliates	(2,380,319)	(139,938,925)	(2,385,305)	(137,977,941)
Total monetary liabilities	(4,192,551)	(246,480,024)	(3,590,763)	(207,707,631)
Net monetary liabilities	(US\$3,769,331)	(₱221,598,924)	(US\$1,907,083)	(₱110,315,178)

The tables below summarize the impact on income (loss) before income tax of reasonably possible changes in the exchange rates of US Dollar against the Peso:

US Dollar Appreciates (Depreciates)	Effect on Income (Loss) Before Income Tax
2025	
Appreciate by 6%	(₱13,295,935)
Depreciate by (6%)	13,295,935
2024	
Appreciate by 5%	(₱5,515,759)
Depreciate by (5%)	5,515,759



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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Parent Company's exposure to the risk in changes in the market interest rates relates primarily to notes payable as at December 31, 2025 and 2024.

The Parent Company relies on budgeting and forecasting techniques to address cash flows concerns. The Parent Company also keeps its interest rate risk at a minimum by not borrowing when cash is available or by prepaying, to the extent possible, interest-bearing debt using operating cash flows.

The sensitivity to a reasonably possible change in the interest rate (in basis points), with all other variables held constant, of the Parent Company's income (loss) before income tax in 2025 and 2024 are as follows:

	Change in interest rate (in basis points)	Effect on income (loss) before income tax
December 31, 2025	+100	(P1,034,704)
	-100	1,034,704
December 31, 2024	+100	(P237,045)
	-100	237,045

18. Capital Management

The Parent Company maintains a capital base to cover risks inherent in the business. The primary objective of the Parent Company's capital management is to optimize the use and earnings potential of the Parent Company's resources, ensuring that the Parent Company complies with externally imposed capital requirements, if any, and considering changes in economic conditions and the risk characteristics of the Parent Company's activities. No significant changes have been made in the objectives, policies and processes of the Parent Company from the previous year.

The table below summarizes the total capital considered by the Parent Company:

	2025	2024
Capital stock (Note 13)	P2,390,243,903	P1,960,000,000
APIC	3,925,314,839	2,816,544,913
Deficit	(2,338,399,720)	(2,298,519,749)
	P3,977,159,022	P2,478,025,164

The Parent Company does not have externally imposed capital requirements.

19. Retirements Benefits Liability

The Parent Company accrues estimated retirement benefits cost for its regular employees pursuant to RA 7641. The RA provides that in absence of a retirement plan or agreement providing retirement benefits of employees, an employee upon reaching the age of 60 years or more, but not beyond 65 years which is hereby declared the compulsory retirement age, who has served at least five (5) years, may retire and shall be entitled to retirement pay equivalent to at least one-half month salary for every year of service. The law does not require minimum funding of the plan.



The following table presents the amounts recognized in the statements of financial position and statements of income.

	2025	2024
Beginning balance	₱12,746,139	₱17,415,248
Reversal	(5,944,641)	(4,669,109)
Ending balance	₱6,801,498	₱12,746,139

The Parent Company recognized a reversal of its retirement benefits costs amounting to ₱5,944,641 and ₱4,669,109 in 2025 and 2024, respectively. These reversals resulted from change in assumptions and employee headcount, respectively.

20. Notes to Parent Company Statements of Cashflows

Changes in Liabilities Arising from Financing Activities

As at December 31, 2025:

	January 1	Cash Flows	Others	December 31
Notes payable	₱69,414,000	₱34,245,000	₱2,163,000	₱105,822,000
Interest payable	315,690	(7,592,827)	7,996,236	719,099
	₱69,729,690	₱26,652,173	₱10,159,236	₱106,541,099

As at December 31, 2024:

	January 1	Cash Flows	Others	December 31
Notes payable	₱66,444,000	₱—	₱2,970,000	₱69,414,000
Interest payable	396,955	(6,070,787)	5,989,522	315,690
	₱66,840,955	(₱6,070,787)	₱8,959,522	₱69,729,690

Others include unrealized foreign exchange loss and gain of ₱2,163,000 and ₱2,970,000, respectively, and interest expense of ₱7,996,236 and ₱5,989,522 on notes payable, in 2025 and 2024, respectively.

Non-cash Investing Activities

The Parent Company's non-cash investing activities are as follows:

- Addition to investment in FEL amounting to ₱1,557,482,929 arising from a share swap transaction completed in 2025 (see Notes 7 and 13).
- Addition to investment in FEC amounting to ₱67,520,611 arising from a debt to equity conversion in 2025 (see Notes 7 and 15).

21. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

On November 25, 2010, the Bureau of Internal Revenue issued RR No. 15-2010, amending certain provisions of RR 21-2002, implementing Section 6 (H) of the Tax Code of 1997, prescribing the manner of compliance with the preparation and submission of the Parent Company's financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the parent company financial statements, particularly on taxes, duties and licenses paid or accrued during the year.



The Parent Company reported and/or paid the following types of taxes in 2025:

a. Net Sales/Receipts and Output VAT declared in the Parent Company's VAT returns

The Parent Company does not have reportable sales/revenues for year 2025.

Input VAT

Balance as at January 1, 2025	₱17,915,116
Current year's domestic purchases/payments or importations for goods other than for resale or manufacture	1,729,096
Balance as at December 31, 2025	₱19,644,212

b. Information on the Parent Company's Importations

The Parent Company does not have importations and/or purchases from which input taxes may be derived.

c. Documentary Stamp Tax (DST)

The Parent Company has paid DST amounting to ₱4,566,924 in 2025.

d. Other Taxes and Licenses

Taxes and licenses in 2025 are as follows:

PSE maintenance fee	₱487,900
License and permit fees	13,571
Optical media board license	7,100
Others	264,386
	₱772,957

The Parent Company also paid fringe benefit taxes amounting to ₱420,673 in 2025.

e. Withholding Taxes

Withholding taxes paid and accrued by the Parent Company in 2025 are as follows:

Withholding taxes on compensation and benefits	₱4,261,345
Expanded withholding taxes	346,116
Final withholding taxes	1,254,228
	₱5,861,689

f. Tax Assessments and Cases

The Parent Company did not receive any final tax assessments in 2025, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of BIR. The Parent Company does not have any on-going tax examination.





BIR Form No. 1709 December 2020 (ENCS) Page 1	INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY (FOREIGN AND/OR DOMESTIC) Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X". Two copies must be filed with the BIR and one held by the Tax Filer.								 1709 12/2020 P1																									
1 For the ☒ Calendar ☐ Fiscal		2 Year Ended (MM/YYYY)		1	2	2	0	2	5	3 Number of Sheet/s Attached				0	0	1																		
Part I – Background Information																																		
4 Taxpayer Identification Number (TIN)					0	0	6	/	9	4	0	/	5	8	8	/	0	0	0	0	0	5 RDO Code	0	4	1									
6 Taxpayer's Name (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)																																		
P	X	P	E	N	E	R	G	Y	C	O	R	P	O	R	A	T	I	O	N															
7 Registered Address (Indicate complete address. If branch, indicate the branch address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)																																		
2	F	L	A	U	N	C	H	P	A	D	R	E	L	I	A	N	C	E	C	O	R	S	H	E	R	I	D	A	N	S	T	S	.	
B	G	R	Y	H	I	G	H	W	A	Y	H	I	L	L	S	M	A	N	D	A	L	U	Y	O	N	G	7A ZIP Code	1	5	5	0			
8 Contact Number (Landline/Cellphone No.)										9 Email Address																								
0	2	8	6	3	1	1	3	8	1	M	H	R	I	L	L	E	S	@	P	X	P	E	N	E	R	G	Y	.	C	O	M	.	P	H
Part II – Details of Related Parties																																		
(Fill out the table properly. Write N/A if not applicable and use additional sheet/s, if necessary)																																		
A. Foreign Related Parties																																		
Name	Nature of Relationship					Country of Residence					Foreign TIN			Local TIN			With Permanent Establishment (PE) in the Philippines? (Yes/No)			TIN of PE														
FORUM ENERGY LIMITED	SUBSIDIARY					UNITED KINGDOM					2987814544			N/A			NO			N/A														
FORUM (GSEC 101) LIMITED	SUBSIDIARY					JERSEY					101-569-8286			N/A			NO			N/A														
PITKIN PETROLEUM LIMITED	SUBSIDIARY					UNITED KINGDOM					1732017740			N/A			NO			N/A														
FEC RESOURCES INC.	SUBSIDIARY					CANADA					105434419RC0001			N/A			NO			N/A														
KIRTMAN LIMITED	SHAREHOLDER					HONGKONG								N/A			NO			N/A														
B. Domestic Related Parties																																		
Name	Nature of Relationship					TIN					Registered Address																							
FORUM ENERGY PHILIPPINES CORPORATION	SUBSIDIARY					202-153-930-000					2F LAUNCHPAD RELIANCE COR SHERIDAN STREETS BRGY HIGHWAY HILLS MANDALUYONG CITY 1550																							
FORUM EXPLORATION INC	SUBSIDIARY					005-298-389-000					2F LAUNCHPAD RELIANCE COR SHERIDAN STREETS BRGY HIGHWAY HILLS MANDALUYONG CITY 1550																							
BRIXTON ENERGY & MINING CORPORATION	SUBSIDIARY					241- 222-333-000					2F LAUNCHPAD RELIANCE COR SHERIDAN STREETS BRGY HIGHWAY HILLS MANDALUYONG CITY 1550																							
PHILEX MINING CORPORATION	AFFILIATES					000-283-731-000					2F LAUNCHPAD RELIANCE COR SHERIDAN STREETS BRGY HIGHWAY HILLS MANDALUYONG CITY 1550																							
Part III – Related Party Transactions																																		
A. Sale of Goods and Provisions of Services																																		
Name of Related Party	Description and Type of Transactions					Amount in Foreign Currency (if applicable)			Amount (in Php)			Were you granted treaty benefit in the source country? (Yes/No)			Income Tax Withheld by the Income Payor																			
FEC RESOURCES INC.	FINANCE INCOME					\$ 41,421			P 2,362,810			NO																						
B. Purchase of Goods and Services Except Those Provided by Key Management Personnel (KMP)																																		
Name of Related Party	Description and Type of Transactions					Amount in Foreign Currency (if applicable)			Amount (in Php)			Did the income recipient claim treaty benefit? (Yes/No)			Was a TTRA filed therefor? (Yes/No)			Income Tax Withheld by the Income Payor (if any)			Is the income payment attributable to PE? (Yes/No)													
N/A	N/A					N/A			N/A			N/A			N/A			N/A			N/A													

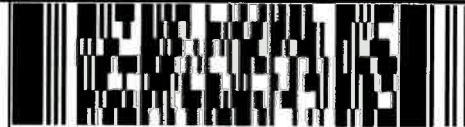
BIR Form No. 1709 December 2020 (ENCS) Page 1	INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY (FOREIGN AND/OR DOMESTIC)	 1709 12/2020 P2				
TIN: 0069405880000000 Registered Name: PXPENERGYCORPORATION						
Continuation of Part III C. Loans Granted to or Non-Trade Receivable from (Related Parties)						
Name of Related Party	Opening Balance	Loans Granted During the Taxable Period	Terms and Conditions	Outstanding Balance as of the End of the Taxable Period	Provisions for Doubtful Debts (if any)*	Bad Debts Expense Recognized During the Period (if any)**
BRIXTON ENERGY & MINING CORPORATION	736,315,120		ON DEMAND NONINTEREST BEARING PAYABLE IN CASH; UNSECURED, GUARANTEED, NO IMPAIRMENT	736,315,120	736,315,120	-
FORUM ENERGY LIMITED	76,494,487	5,889,007	ON DEMAND NONINTEREST BEARING PAYABLE IN CASH; UNSECURED, GUARANTEED, NO IMPAIRMENT	54,549,161		
FORUM ENERGY PHILIPPINES CORPORATION	185,823,374		ON DEMAND NONINTEREST BEARING PAYABLE IN CASH; UNSECURED, GUARANTEED, NO IMPAIRMENT	188,859,127	-	-
FEC RESOURCES INC	45,709,459	14,906,625	ON DEMAND NONINTEREST BEARING PAYABLE IN CASH; UNSECURED, GUARANTEED, NO IMPAIRMENT	2,351,600	-	-
D. Loans Received from or Non-Trade Payable to (Related Parties)						
Name of Related Party	Opening Balance	Loans Received During the Taxable Year	Terms and Conditions	Outstanding Balance as of the end of the Taxable Year		
PITKIN PETROLEUM LIMITED	137,977,941		ON DEMAND NONINTEREST BEARING PAYABLE IN CASH; UNSECURED, GUARANTEED, NO IMPAIRMENT	139,938,925		
KIRTMAN LIMITED	34,707,000	17,133,000	ON DEMAND NONINTEREST BEARING PAYABLE IN CASH; UNSECURED, GUARANTEED, NO IMPAIRMENT	52,911,000		
PHILEX MINING CORPORATON	34,707,000	17,112,000	ON DEMAND NONINTEREST BEARING PAYABLE IN CASH; UNSECURED, GUARANTEED, NO IMPAIRMENT	52,911,000		
E. Other Related Party Transactions Excluding Compensation Paid to KMP, Dividends and Branch Profit Remittances						
Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)			
N/A	N/A	N/A	N/A			
Part IV – Additional Disclosure						
A. Brief business overview of the ultimate and immediate parent/s of the taxpayer N/A						
B. Brief business overview/functional profile of the taxpayer PXP ENERGY CORPORATION (FORMERLY PHILEX PETROLEUM CORPORATION), THE ULTIMATE PARENT COMPANY OR PXP) WAS INCORPORATED IN THE PHILIPPINES ON DECEMBER 27, 2007 TO CARRY ON BUSINESSES RELATED TO ANY AND ALL KINDS OF PETROLEUM AND PETROLEUM PRODUCTS, MINERAL OILS, AND OTHER SOURCES OF ENERGY. THE PARENT COMPANY WAS SUBSEQUENTLY LISTED ON THE PHILIPPINE STOCK EXCHANGE (PSE) ON SEPTEMBER 12, 2011.						
C. Has there been any change in your functional profile during the taxable period? If yes, provide details. ☐ Yes ☒ No N/A						
D. Has there been any change in your ownership structure during the taxable period? If yes, provide details. ☐ Yes ☒ No N/A						
E. Did you undergo business restructuring during the taxable period or for the last five (5) years? If yes, provide details. ☐ Yes ☒ No N/A						

BIR Form No.

1709

December 2020 (ENCS)

Page 1

**INFORMATION RETURN
ON TRANSACTIONS WITH RELATED PARTY
(FOREIGN AND/OR DOMESTIC)**

1709 12/2020 P3

TIN	Registered Name
0 0 6 9 4 0 5 8 8 0 0 0 0	P X P E N E R G Y C O R P O R A T I O N

Continuation of Part IV

F. Have you prepared a Transfer Pricing Documentation (TPD) for the related party transactions as prescribed under Revenue Regulations No. 2-2013? The details of the TPD include, but are not limited to the following: Organizational Structure (b) Nature of the Business/Industry and Market Conditions; (c) Controlled Transactions; (d) Assumptions, Strategies, and Policies; (e) Cost Contribution Arrangement (CCA); (f) Comparability, Functional and Risk Analysis; (g) Selection of the Transfer Pricing Method (TPM); (h) Application of the TPM; (i) Background Documents; (j) Index to Documents.

☐ Yes ☒ No

G. Do you have pending application/s for relief with the BIR or with the tax authority of other country/ies? If yes, provide details.

☐ Yes ☒ No

H. Do you have an Advance Pricing Agreement (APA) with your related parties?

☐ Yes ☒ No

I/We declare, under the penalties of perjury that this return has been made in good faith, and that, to the best of my/our knowledge and belief, all pieces of information provided in this return are correct, complete and true account of the related party transactions. Further, the required attachments to this return shall be made available during audit. Finally, I/we give my/our consent to the processing of my/our information as contemplated under Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, for legitimate and lawful purposes. (If authorized representative, please attach an authorization letter.)

Stamp of receiving Office and Date of Receipt
(RO's Signature)

DANIEL STEPHEN P. CARLOS
PRESIDENT - 108-105-015

MARK RAYMOND H. RILLES
FINANCE CONTROLLER - 235-826-642

Signature over Printed Name of Taxpayer/Authorized Representative/Tax Agent (indicate Title and TIN)

Tax Agent Accreditation Number/Atty.'s Roll Number (if applicable)

N/A

Date of Issue (MM/DD/YYYY)

N/A

Date of Expiry (MM/DD/YYYY)

N/A

Annex A: Reporting Template

Contextual Information

Company Details	
Name of Organization	PXP Energy Corporation
Location of Headquarters	2F LaunchPad, Reliance corner Sheridan Streets, Mandaluyong City 1550, Philippines
Location of Operations	Headquarters in the Philippines with Petroleum Service Contracts in Northwest Palawan and Cebu, Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	PXP Energy Corporation and its subsidiary Forum Energy Limited
Business Model, including Primary Activities, Brands, Products, and Services	PXP is an upstream oil and gas company incorporated in the Philippines to carry on businesses related to any and all kinds of petroleum and petroleum products, mineral oils, and other sources of energy.
Reporting Period	January 1, 2025 to December 31, 2025
Highest Ranking Person responsible for this report	President

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹

PXP Energy Corporation (PXP or the Company) acknowledges that, with a growing interest from shareholders and other stakeholders in corporate sustainability, it is increasingly important to formally disclose how PXP integrates sustainability into its business practices, decision-making strategy, and culture over time. This report can assist with both informing and reassuring employees, shareholders, investors, regulators, and other stakeholders about the Company's commitment to the environment and the community.

Over the financial year, PXP has engaged with both internal and external stakeholders to gain a better understanding of the information that is most relevant and meaningful to report. This section of the Annual Report now provides greater insight into PXP's risk management and governance practices and the work it does to manage social, environmental, and economic sustainability.

Philosophy and Management

As part of the oil and gas industry, PXP recognizes the challenges and opportunities facing its business and the importance of operating responsibly. The Company is committed to the health and safety of its employees, contractors, and the local community, as well as the preservation of the environment where it has petroleum operations.

Social, environmental, and economic sustainability are the core principles of PXP's business culture and growth strategy. To ensure these principles are embedded in the business, PXP developed a management framework and governance system that both promote sustainability and provide clear guidelines for decision-making throughout the Company.

¹ See [GRI 102-46](#) (2016) for more guidance.

The Company's key priorities for corporate sustainability have been identified through the risk management process overseen by the Board Risk and Resource Oversight Committee. Risks are assessed in four (4) core business categories:

1. Operations;
2. Finance;
3. Legal and Compliance; and
4. People and Culture.

The highest priority sustainability risks identified in each category are described below, along with how they have been managed and will continue to be managed in the future.

▪ **OPERATIONS**

The Company and its subsidiaries adhere to international health and safety standards, promote loss prevention, and uphold preservation of the environment as its core value.

Safety

PXP's approach to health, safety, and environment is proactive, with workforce training at all levels within the organization. The Company is committed to conducting its operations and delivering its products and services in a manner that does not harm people. Protecting the health and safety of the employees, contractors, clients, and third parties who are involved in operations is the foundation of the success of the business. Further, an employee was designated by the Company to act as safety officer who oversees the safe conduct within the Company's premises on a day-to-day basis.

Respect for Communities

PXP recognizes the importance of connecting with people in the communities where it operates to facilitate close working relationships and achieve the best possible outcomes for those communities and local economies.

PXP, together with its subsidiary, Forum Energy Limited (Forum), and Joint Venture (JV) Partners, has undertaken community assistance programs in Cebu and Palawan, particularly in Daanbantayan, and the Calamian Islands – including Culion, and Busuanga. These programs aim to support local communities through educational, livelihood, and health initiatives.

The Company's community assistance and corporate social responsibility programs are available at the Company's website: <https://www.pxpenergy.com.ph/corporate-governance/corporate-social-responsibility/>.

Healthcare

Healthcare initiatives have been expanded in recent years from the provision of much needed basic care facilities, to a more sustainable focus on training and education of local healthcare workers.

Environment

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

▪ **FINANCE**

Oil and gas exploration is a high-risk/high-reward industry that requires significant financial resources to establish and implement exploration programs to move assets from discovery to production. Several external factors could influence this, such as the volatility in global commercial markets and the price of crude oil. To protect its financial interests, the Company understands that such volatility requires careful planning, anticipating changes in the commercial environment, and flexibility in managing commitments.

The Board of Directors and management are responsible for establishing and maintaining a business strategy, including risk identification and assessment, which facilitates responsible decision-making. Since incorporation, PXP has adopted a business plan to ensure it operates ethically and responsibly.

Although PXP has no financial lenders other than related parties, it has been noted that in recent times, financial lenders have become more focused on best sustainable practices as part of their corporate lending criteria. While the Company takes great pride in its commitment to sustainable corporate practices, it acknowledges that this has not been a part of PXP's formal reporting until financial year 2019. The Company will continue to report more on corporate sustainability to assist financial lenders in their assessments in the future.

▪ **LEGAL AND COMPLIANCE**

PXP recognizes bribery and corruption as legal and compliance sustainability risks that may affect its business.

The Company has always conducted its business ethically, with zero tolerance for bribery or corruption. PXP recognizes the impacts of poor business practices, not just on the Company and its shareholders, but also on the communities and economies where it operates.

PXP has consistently demonstrated its opposition to both bribery and corruption through its conduct and operations, as well as publicly via its Code of Conduct. To further emphasize its commitment to ethical business operations, Anti-Corruption Programs and Procedures have been established and implemented throughout the Company, as can be found on its website at <https://www.pxpenergy.com.ph/corporate-governance/company-policy/code-of-business-conduct-and-ethics/>.

▪ **PEOPLE AND CULTURE**

The key sustainability risk relating to people and culture within the organization is inadequate governance structures, which may hinder the effective enforcement of rules and procedures in its business operations.

The success of the Company not only depends on having talented and dedicated employees and contractors, but also on providing them with an environment that enables them to perform at their best.

The Company recognizes the importance of establishing policies and procedures to govern its operations, provide clear direction to employees and contractors, and foster a culture that supports and upholds these policies and their effective implementation.

The Company maintains publicly available written policies that are regularly reviewed and updated to ensure alignment with the latest regulations and guidelines, including best practices in corporate

governance. This reflects on the business practices and culture of the Company. Such policies include the following:

- Code of Business Conduct and Ethics;
- Supplier Contractor Relations;
- Whistle Blowing;
- Diversity;
- Dealings in Company Shares;
- Gifts, Entertainment, and Sponsored Travels;
- Conflict of Interest; and
- Related Party Transactions.

The above policies are regularly reviewed by the Company to ensure that they represent best industry practices, are compliant with local regulations and guidelines, and demonstrate the Company's commitment to its employees, contractors, local community, and the environment in which it operates. The Company also monitors any updates and/or new laws to ensure these are reflected in its business policies. These policies are publicly available and accessible under the Corporate Governance tab on the Company's website at <https://www.pxpenenergy.com.ph/corporate-governance/company-policies/>.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amounts in thousands	Units
Direct economic value generated (revenue)		
a. Petroleum revenue	49,791	Php
b. Other income	1,284	Php
Direct economic value distributed:		
a. Operating costs	(39,270)	Php
b. Employee wages and benefits	(13,592)	Php
c. Payments to suppliers, other operating costs	(77,277)	Php
d. Dividends given to stockholders and interest payments to loan providers	-	Php
e. Taxes given to government	(1,269)	Php
f. Investments to community (e.g. donations, CSR)	(50)	Php
Economic value retained	(80,383)	Php

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company derives revenue indirectly through its subsidiary, Forum Energy Philippines	All Stakeholders	The Company ensures its operations and financial affairs are managed soundly and prudently. In addition, financial and

Corporation, through SC 88 (formerly SC 14C-1 Galoc). Crude oil lifted from the Galoc Field was sold to customers from nearby Southeast and East Asian countries. The Company contributes to economic growth by paying taxes to national and local governments and funding community projects that address the needs of the local people.		internal controls are in place to ensure the reliability and integrity of financial and operational information.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Financial lenders may increasingly focus on the implementation of the Company's sustainability programs as part of their corporate lending requirements.	All Stakeholders	The Company is committed to adhere to best corporate sustainability practices. Thus, it will continue expanding its report on corporate sustainability to assist financial lenders, if opportunities arise.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Oil & Gas revenue contribution to the Philippine Gross Development Product (GDP). Encourage foreign investment that could result in increased revenue and local employment. Pursue new venture projects within the Philippines as either an operator or a Joint Venture partner for exploration and development.	All Stakeholders	Review and evaluate petroleum blocks for possible participation, either through application for a new service contract or farm-in to an existing contract. Farm out participating interests in service contracts with capable foreign entities that could share in the costs of exploration and development.

Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities The highest level of responsibility for climate change within PXP is delegated by the Board of Directors to the Board Risk and Resource Oversight Committee (BRROC). The BRROC is responsible for a range of risk and governance matters, including identifying material exposures to economic, environmental, and social sustainability risks. This Committee is supported by the Risk Management Team, which involves senior management.	Disclose the actual and potential impacts³ of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material PXP views energy as vital for economic and social development, but also acknowledges that a transition to low-carbon fuels and renewable energy sources is needed to reduce the impact of climate change. As part of the oil and gas industry, effectively identifying and managing these challenges is necessary for the long-term success and sustainability of the business. During the transition planning process, or the development stage, the Company looks to identify opportunities to expand existing programs and develop new activities that aim to increase operational efficiency	Disclose how the organization identifies, assesses, and manages climate-related risks Climate-related risks identified will include several measures of consequences relating to environmental, safety, financial, and reputational impacts. The Company aims to minimize and mitigate risks through the education, motivation, and involvement of all employees, consultants, and contractors.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material The Company has not set targets for emissions reductions in recent years as most of its major assets are still in the exploration stage. However, the office's Greenhouse Gas (GHG) emissions have minimal impact on the environment. For the Galoc Operations, in which Forum has a participating interest, GHG emissions and gas flaring are being monitored and measured. Once its operated assets commence production, the Company will actively monitor its own GHG emissions.

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers, and asset owners.

³ For this disclosure, impact refers to the impact of climate-related issues on the company.

	and/or reduce carbon emissions.		
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities PXP remains true to its Vision and Values through the aligned objectives of its Board members. Its goal is to become a world-class Philippine energy resources company with a genuine concern for its communities and the environment. BRROC meetings are conducted at least three (3) times a year to discuss updates on the Company assets, including climate-related concerns. During these meetings, the committee is informed of key issues requiring Board approval. Management ensures that environmental impacts (e.g., climate change) are carefully considered in the recommendations presented to the Board. Updates on implemented policies, actions undertaken, and the resulting effects of these decisions are discussed	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term Most of PXP's assets are still in the exploration stage; thus, the bulk of operations is conducted at the head office. In the short term, the Company identifies paper waste generation as a minor environmental impact. Since 2020, the Company has discontinued its subscription to printed newspapers, thereby reducing paper waste consumption and minimizing operational expenses through digitalization. The Company also recognizes natural disasters, such as typhoons, as a short-term minimal risk that may affect employees, based on the strong typhoons experienced in the country in recent years. At the Galoc platform, the flaring of natural gas results in greenhouse gas	a) Describe the organization's processes for identifying and assessing climate-related risks Every last quarter of the year, PXP holds management meetings to discuss the work programs and budgets (WP&B) for the succeeding year. The Exploration program includes Geological and Geophysical (G&G) activities, which are strategically scheduled throughout the coming year. Alongside this, PXP identifies possible environmental risks, including those that are climate-related, which may impede the accomplishment of the said activities. The use of previously collected data such as rainfall quantity, ocean current pattern, and gas emissions, helps in forecasting risks that may arise during the implementation of G&G activities. PXP also studies the probability of these risks occurring, along with the scope of their direct and indirect impacts. Planning and assessment are	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process Since 2018, the produced crude oil from the Galoc Field has been sold using the arithmetic average of Arab Extra Light official selling price (OSP) and Upper Zakum OSP. The Galoc JV strictly complies with RA 8749 or the Philippine Clean Air Act of 1999, which has the Department of Environment and Natural Resources (DENR) as the lead agency. The quality and quantity of gas emissions during operations are compared to the standardized limits set by the DENR. PXP adheres to the Department of Energy (DOE) standards concerning regulations in the energy industry. The Company regularly submits quarterly and annual operations reports as well as accomplishment reports of exploration activities conducted in the operated service contracts. The plans and programs of the Company are aligned with the DOE's mission to be globally competitive while

with the Board in subsequent BRROC meetings.	emissions, which may potential medium-term occupational health considerations for personnel onboard, as well as contribute to long-term climate change impacts. In the long term, the increasing global shift toward renewable energy presents a transition risk for the oil and gas industry. The energy market is progressively moving toward more sustainable energy sources. However, fossil fuels will continue to play a role in global energy consumption in the foreseeable future.	conducted for each stage of the proposed projects. BRROC meetings are held at least three (3) times a year to discuss risks identified in the Company operations.	improving the quality of life in Filipino communities.
b) Describe management's role in assessing and managing climate-related risks and opportunities The Board, as the ultimate decision-making body, relies on PXP management to provide informed recommendations and take appropriate actions in urgent situations. In addition, PXP management monitors all operations and assesses the potential environmental	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning. The Company's strategy to mitigate climate-related risks initially requires higher capital expenditures for equipment acquisition and employee training. However, improved equipment efficiency is expected to lead to reduced operational costs over time. In addition, the Company plans its activities with	b) Describe the organization's processes for managing climate-related risks The Company takes a proactive approach to ensuring the safety and well-being of its employees, stakeholders, and the communities affected by its projects. This includes strategic planning that takes into account potential expenses associated with climate-related risks such as typhoons, floods, and droughts.	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets The Company's primary objective is to reduce the carbon footprint and overall environmental impact of its exploration activities, while continuing to achieve its operational goals. The Company promotes recycling within its office premises, including repurposing of papers, carton boxes, plastic bags, and plastic and glass

impacts of the Company's activities. For non-operated blocks, PXP management informs both the Board and employees of actions taken by the JV partners to evaluate and address any climate-related risks.	consideration of climate-related risks such as weather patterns, which may result in additional expenses. For example, in 2020, the plug and abandonment activities in SC 14 were postponed during the typhoon season to minimize risks and avoid downtime caused by inclement weather. Similarly, the land gravity survey in SC 40 was scheduled during the dry season to reduce weather-related disruptions. The suspended offshore seismic survey in SC 75 and offshore drilling in SC 72 were initially scheduled for implementation during the summer months, when the likelihood of storms and rough sea conditions is lower.	PXP has implemented regular office emergency drills, and provides personal protective equipment (PPE), grab-and-go bags, and medical insurance to its employees. Moreover, the Company provides additional insurance coverage for employees, contractors, and equipment during exploration activities, ensuring protection for both the Company and its stakeholders. The Company and its JV partners comply with relevant environmental laws governing water, air, and land pollution, and regularly monitor environmental quality in its operated blocks.	bottles to reduce operational costs and minimize waste generation. It also implements measures for the conservation of electricity and water and promotes the efficient use of equipment that generates GHG emissions to reduce air pollutants. Operators of producing oil fields ensure that facilities are maintained in optimal condition to keep emissions of hazardous substances within acceptable limits. To monitor performance, the Company compares annual results against previous years, using key indicators such as greenhouse gas emissions (kg or tons), effluent discharge (m³), solid waste generation (kg or m³), electricity consumption (kWh), and water consumption (m³).
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario While the Company strives to plan its activities in advance, unexpected events may still arise and disrupt normal operations. However,	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management The Company takes a comprehensive approach to managing its risks, including those related to climate change. After identifying, assessing,	

	employees are well-trained to respond to such situations and operations are continued only when it is safe to do so. The Company's management and staff conduct scenario analyses and develop contingency plans prior to project implementation. These plans are presented to the Board and typically include a 10-15% contingency in both budget and schedule. To support operational continuity and portfolio resilience, the Company also pursues additional service contracts to expand its asset base. For instance, PXP participated in the DOE's conventional energy contracting program through the acquisition of new prospective areas for exploration and development. PXP is part of a joint venture that was awarded two new service contracts (Nos. 80 & 81) in October 2025. As a participant in the energy sector, the Company recognizes the increasing global focus on climate change and the transition toward a lower-carbon	and preparing action plans for climate-related risks, these are integrated with other risk categories to establish interrelationships and potential cause-and-effect linkages. To minimize the impact of inclement weather on operations, most geological and geophysical activities, such as fieldwork, seismic surveys, and drilling, are scheduled during the dry season. The assessment of financial and operational risks also takes into account the potential suspension of activities due to adverse weather conditions. During the planning stage, the Company sets aside contingent budgets to cover the potential extensions of field operations resulting from weather-related disruptions. In addition, the schedules and scopes of work of office-based employees are adjusted to account for periods when deployed personnel are unavailable to perform their usual tasks.	
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	economy. While not part of its immediate strategy, the Company may consider opportunities aligned with a lower-carbon transition, subject to regulatory developments and commercial viability.		
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Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	19,394,145.00	Php

In 2025, The Company's procurement expenses were limited to general and administrative costs, including office supplies, professional services, insurance, and office maintenance. Within this scope, the PXP office had 28 suppliers, of which 26 were local (accounting for 93% of the total suppliers).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Adopting a localized supply chain presents an opportunity to decrease emissions and energy consumption. By sourcing materials locally, the Company can reduce its carbon footprint associated with long-distance transportation, whether by air, water, or land. This reduces fuel consumption and minimizes air and water pollution, contributing to a more sustainable operation.	Suppliers	Foreign contractors are only engaged when no qualified or capable local suppliers are available.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

Inability of local suppliers to meet the demand.	Suppliers	Management assesses the availability and competency of local suppliers. Foreign contractors are only engaged when no qualified or capable local suppliers are available.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company provides opportunities to increase revenue in the local economy by engaging local suppliers. At the same time, costs may be lower due to reduced logistics expenses with sourcing locally.	Suppliers and other O&G companies	The Company's policy on supplier-contractor relation is available at the Company's website: https://www.pxpenenergy.com.ph/corporate-governance/company-policy/supplier-contractor-relation/. The Company also seeks and maintains mutually beneficial relationships with Suppliers that uphold the Company's principles and core values.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	9	people through website
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	-	through website
Percentage of directors and management that have received anti-corruption training	-	through website
Percentage of employees that have received anti-corruption training	-	through website

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Supply Chain Department of the Company's affiliate provides support by maintaining guidelines and issuing necessary notices to Suppliers, including requiring them to disclose any prior business or official relationships (e.g., former business partners, brokers,	Suppliers, Board of Directors, Employees, and Consultants of PXP	The Company formulated a Code of Business Conduct and Ethics, which upholds professionalism and ethics in business dealings and transactions. Moreover, the Company has a Vendor Relations Policy; and a Policy on Gifts, Entertainment, and Sponsored Travel

superiors or subordinates), as well as personal relationships (e.g., relatives, former classmates, or coworkers, etc.) with any of the Company's Directors, Employees, or Consultants prior to participating in any bid or transaction with the Company.		that are available on the Company's website through the following links: https://www.pxpenenergy.com.ph/corporate-governance/company-policy/policy-on-gifts/ and https://www.pxpenenergy.com.ph/corporate-governance/company-policy/supplier-contractor-relation/ .
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The following are examples of procurement situations that reveal unethical conduct by an Employee and/or Supplier. The areas and situations enumerated are illustrative only and not exhaustive. • An Employee manipulating his evaluation of the contract proposals in exchange for bribes. • A Supplier seeking internal (within the Company) and/or external (political/government) connections to increase chances of contract award. • Suppliers submitting false documents for accreditation and other procurement-related transactions or processes. • Employees developing unreasonable or over-specific technical requirements such that the award of contract intentionally goes to a particular or preferred Supplier. • Employees giving priority or informing preferred Suppliers in advance before actual requests, such that other	Suppliers, and Board of Directors, Employees, and Consultants of PXP	The appropriate business units conduct proper investigation and resolution of each reported event, and the results are forwarded to the Chairman of the Board, the President, or respective executive-level superior, and other relevant groups or bodies in accordance with the procedure set out in the Whistleblowing Policy. The Board of Directors, Officers, and Executives ensure that any Director, Employee, or Consultant who reports a suspected violation of this policy by another Director, Employee, or Consultant is protected from any form of retaliation.

Suppliers are caught unprepared or with too little time to plan. • Products and/or services that have not undergone official procurement procedures since these were tested or evaluated beforehand through product demonstrations with particular Suppliers, thus limiting the chances for other Suppliers to compete. • Undisclosed conflict of interest situations in business dealings resulting in giving undue advantage to another party. • Disclosure of confidential and proprietary information by Employees to Suppliers. • Incorrect payment of government taxes due to manipulation of documents by Suppliers. • Suppliers not remitting the correct SSS, PhilHealth, Pag-Ibig, and other employee contributions.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Effective management of the Supply Chain creates possibilities for engaging with vendors to enhance products and services, while also facilitating negotiations for more competitive prices via open bidding.	Employees, Consultants, and vendors of PXP	PXP adheres to the utmost professional standards of business practices, core values, and ethics as outlined in its Code of Business Conduct and Ethics when engaging with its Suppliers for the acquisition of products and services.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	None	-
Number of incidents in which employees were dismissed or disciplined for corruption	None	-
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Refrain from engaging in activities or having interests that may significantly impact the objective or efficient execution of duties and responsibilities within the Company. These include having business interests or unauthorized employment outside of the Company, giving or receiving gifts from individuals or entities with whom the Company has relationships.	Board of Directors, Officers, Employees, and Vendors	The Company has clear rules on anti-bribery and corruption, which are included in the Code of Conduct for all employees. There is no place for bribery or corruption at PXP. Read more about the Company's values at https://www.pxpenenergy.com.ph/corporate-governance/company-policy/code-of-business-conduct-and-ethics/ .
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Although the Company has not recorded any incidents, the risk of corruption is always present within a business environment.	Board of Directors, Officers, Employees, Suppliers, and Vendors	To mitigate this risk, the Company has clear rules on anti-bribery and corruption, which are included in the Code of Conduct for all employees. There is no place for bribery or corruption at PXP. Read more about the Company's values at https://www.pxpenenergy.com.ph/corporate-governance/company-policy/code-of-business-conduct-and-ethics/. After conducting a proper investigation of an incident, PXP shall enforce disciplinary actions against violators, which may include suspension, dismissal, and/or filing of appropriate civil and/or criminal actions.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Provides a more competitive pricing to the Company through open competitive bidding, except in unavoidable circumstances.	Board of Directors, Officers, Employees, Suppliers, and Shareholders.	Regularly communicate PXP business policies to stakeholders. Procurement should be done through open competitive bidding, except in unavoidable circumstances. Seek ways for further employee development, such as seminars against corruption.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units/Year
Energy consumption (renewable sources)	None	GJ
Energy consumption (gasoline)	10,800**	liters
Energy consumption (LPG)	None	GJ
Energy consumption (diesel)	280,000*	liters
Energy consumption (electricity)	2,050**	kWh/yr
Energy consumption (Natural gas)	54.67*	mmscf

*Data are from Galoc Floating Production Storage and Offloading (FPSO) Vessel for the year 2025 as provided by the Operator, NPG Pty Ltd. PXP Energy produces oil through its subsidiary, Forum Energy Philippines Corporation which has a 4.6% stake in Galoc.

**Electricity and gasoline consumption at PXP headquarters.

Reduction of energy consumption

Disclosure	Quantity	Units/Year
Energy reduction (gasoline)	Minimal	GJ
Energy reduction (LPG)	Not applicable	GJ
Energy reduction (diesel)	Minimal	GJ
Energy reduction (electricity)	None	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
In the office, continuous efforts are being made to reduce energy consumption through the implementation of energy conservation measures.	Employees	The Company has been implementing cost-cutting measures since 2015, resulting in the proper monitoring of and reduction in general and administrative expenses.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Inefficient use of office equipment resulting in higher energy consumption.	Employees	Continuous monitoring and regular reminders to company employees regarding the efficient use of office equipment. Orient maintenance staff on the schedule for the use of lights, air conditioners, workstations, and other electrical equipment, especially when the flexible work arrangements are in

		place and employees are working remotely.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company continues to evaluate the implementation of a telecommuting arrangement that allows employees to work from home twice a week, as it reduces operational costs and enhances productivity by minimizing travel time.	Employees	The Company implemented a flexible work arrangement under which employees are required to report to the office only three business days a week. This arrangement has resulted in reduced electricity and water consumption.

Water consumption within the organization

Disclosure	Quantity	Units/Year
Water withdrawal	None	Cubic meters
Water consumption	48	Cubic meters
Water recycled and reused	None	Cubic meters

*Water consumption at PXP headquarters in 2025. Water use pertains only to the office pantry and toilets.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
PXP has made water management a top priority. In addition, at the FPSO, the Galoc operator continuously employs reverse osmosis for seawater desalination to produce clean water for drinking, bathing, food preparation, and other general use.	Community, Employees, and Marine Crew at the FPSO	The Company educates its employees on the efficient use of water. Since 2012, the FPSO has been reprocessing seawater to produce clean and safe water, enabling self-sufficiency and reducing reliance on supply vessels for water resupply, which would otherwise require additional logistical operations.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Within the office premises, some personnel could be unaware that	Employees	The Company instills water conservation practices in its employees.

they consume water irresponsibly, resulting in higher consumption.		Management has adjusted the water pressure in restrooms to regulate water flow and prevent spillage. To further prevent water wastage, management conducts monthly inspections to ensure there are no faucet or toilet leaks in the office and replaces any damaged parts as necessary.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Efficient water consumption results in financial savings that the Company can allocate to other purposes. Moreover, water conservation benefits the community by helping to sustain water supply levels, particularly during the dry months from March to May, when reservoir levels typically fall below normal.	Employees and Building Management	The Company emphasizes responsible water use to its employees.

Materials used by the organization

Disclosure	Quantity	Units/Year
Materials used by weight or volume		
- Renewable - Water - Wood/Paper	4,800,017.99* 16.5*	- Cubic meters - Cubic meters
- Non-Renewable - Metals - Plastics - Diesel - Natural Gas	27.5* 114* 280,000* 54.67*	- Cubic meters - Cubic meters - Liters - Million standard cubic feet
Percentage of recycled input materials used to manufacture the organization's primary products and services	None	%

*Data from Galoc for the year 2025. The volume of water only includes produced formation water, wash water, cooling water for the engine room, and cooling water for the process area. This does not include the potable water produced during osmosis.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Platforms built on top of the seabed are made up of non-renewable metals such as steel alloyed with other elements like nickel, iron, chromium, carbon, and molybdenum, which are also non-renewable. In offshore operations, water produced from the target formation during production is either recycled for platform/vessel/engine use, stored in stock tanks, or discharged back to the sea. Plastics are non-renewable materials that use oil/fossil fuels as raw materials. The Company, through the Galoc operations, produces tons of plastic, wood, and paper waste annually.	Employees onboard the platform/FPSO, nearby Community, and Environment	Although offshore platforms are built far from communities, some or all of these structures may remain permanently offshore. The DOE may opt to take over these structures after the cessation of petroleum-related activities by the Company. When SC 14A and SC 14B ceased operations in 2020, the DOE donated the Nido and Matinloc platforms to the Armed Forces of the Philippines for use in national defense purposes. Platforms are equipped with facilities to process formation water from subsurface reservoirs. Recycling and waste segregation are implemented within Company premises and on the FPSO. Papers, carton boxes, plastic bags, and plastic bottles generated in the office are reused, repurposed, or sold. In offshore operations, these materials are collected and disposed of onshore in accordance with the International Conventions for the Prevention of Pollution from Ships (MARPOL) guidelines.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Improper maintenance of the platform can lead to rapid deterioration of metals, which may result in injuries or accidents. Deteriorated metals may also pose health and environmental risks to the marine flora and fauna surrounding the platform. Accidental discharge of oil/diesel-contaminated water into the sea may cause life and health hazards to the marine ecosystem and	Employees onboard the platform/FPSO, Nearby Community, and Environment	PXP, through its JV partners, assisted the DND-AFP by providing training on proper care and maintenance procedures. The platforms were also refurbished prior to turnover. Regular inspection, care, and maintenance of water-processing equipment are regularly implemented to ensure operational efficiency and to prevent accidents. The oil content of overboard and subsea water discharges

nearby communities that depend on fishing for their livelihoods. Improper disposal of used plastic and paper materials may result in pollution.		is strictly monitored in accordance with MARPOL guidelines. Management encourages employees to practice recycling and proper waste management. Tree-planting activities have also been conducted to replace wood-based materials used by the Company and to comply with Environmental Compliance Certificate (ECC) obligations to the government.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Platforms may function as artificial habitats for aquatic organisms that attach to steel structures below the water's surface. Marine life that develops around these structures may provide ecological value and, in some cases, potential benefits to local communities and platform operators. The discharge of treated water into the ocean around subsea structures is managed in accordance with applicable environmental standards to minimize potential impacts on marine ecosystems. By ensuring that discharges are free from oil, diesel, and other contaminants, the Company complies with regulatory requirements and reduces the risk of environmental non-compliance. Recycling also benefits the Company by reducing operational expenses and, in some instances, generating additional income.	Employees onboard the platform/FPSO, Nearby Community, Environment, and Management	Technical support from the Company and its JV partners was provided during the turnover of the Nido and Matinloc platforms. In the Galoc Block, the Consortium ensures compliance with environmental laws governing water/sea. The Company sells used plastic and paper waste, while some materials are repurposed into new items for employee use. Since the lockdown in March 2020, the Company has discontinued its newspaper subscription, opting instead to access news online. This has resulted in cost savings and a reduced environmental footprint

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None*	ha
Habitats protected or restored	None	ha
IUCN ⁴ Red List species and national conservation list species with habitats in areas affected by operations	None	ha

*Prior to the awarding of SCs, the DOE carves out protected areas as per the National Integrated Protected Areas System of the DENR.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company is committed to upholding environmental laws and policies by obtaining the necessary permits from regulatory bodies such as the DOE, DENR, and Mines and Geosciences Bureau (MGB). Moreover, PXP raises environmental awareness among the community both before and after undertaking G&G activities.	Employees and Communities adjacent or within the SCs	PXP and its subsidiary Forum have acquired Certificates of Non-Coverage (CNC) and (ECC) from the Environmental Management Bureau (EMB) of the DENR to cover all their exploration activities, as summarized below. 1. SC 88 (formerly SC 14C-1 Galoc) – An ECC was issued on August 30, 2006 to cover the Galoc Field development. 2. SC 72 – A CNC was issued on December 22, 2010 for the 2D and 3D seismic surveys conducted in the Recto Bank. Another CNC was issued on May 23, 2012 to cover all exploration and appraisal activities, including the drilling of exploration wells. 3. SC 40 – An ECC was issued on February 19, 2010 for the extraction of natural gas in Barangay Libertad, Bogo City, Cebu. CNCs were issued in 2009 and 2012 for the land gravity surveys and in 2024 for the magnetotelluric (MT) survey.

⁴ International Union for Conservation of Nature

		4. SC 75 – On February 28, 2014, a CNC was issued to PXP to cover all exploration activities. 5. SC 74 - On March 22, 2016, a CNC was issued to cover all exploration activities. 6. SC 74 – On June 19, 2018, a permit to transport rock samples from the fieldwork in the Calamian Islands to Manila was acquired from the MGB-MIMAROPA in accordance with DENR Administrative Order 2010-21, the IRR of RA 7942, otherwise known as the Philippine Mining Act of 1995. The MGB Central Office issued similar certifications on October 30, 2019, and July 6, 2020, for the transport of SC 74 rock samples to Selangor, Malaysia for laboratory analysis. Conducted Information, Education, and Communication (IEC) campaigns in the communities prior to the exploration activities.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Field activities, including marine and land seismic, gravity, and MT surveys, well drilling, and production activities, pose risks such as the disruption to the local ecosystem. These risks may manifest as tree-cutting, oil spills, improper disposal of large volumes of saline water, gas flaring, and disturbance of marine mammals.	Employees, Marine Crew onboard the Seismic Vessel or FPSO, and Local Communities adjacent or within the SCs	To avoid damaging shallow water areas or reef pinnacles during seismic surveys, the Company initially conducts Bathymetric Surveys. During seismic surveys in SC 75 and SC 74 in 2014 and 2016, respectively, Marine Mammal Observers (MMOs) were deployed onboard seismic vessels to monitor wildlife species such as dolphins, turtles, and whales, and to ensure compliance with Philippine government environmental guidelines. The SC 40 Libertad Field L95-1 well was safely and properly plugged and abandoned in 2017. Production and office facilities were also decommissioned, and the project site was restored to its original condition. Similarly, the P&A of production wells in

		SC 14A and SC 14B from 2018 to 2020 had no significant environmental impact. Equipment and materials stripped from some platforms were removed and transported onshore for recycling or proper disposal, and the platforms were subsequently donated to the DND for national defense purposes. For Galoc field operations, Oil Spill Contingency Plans are in place in the event of any unplanned incidents. During the planned SC 75 3D seismic survey in 2022, an MMO was engaged to monitor marine species in the area. The survey report recorded sightings of dolphins and birds. An Oil Spill Contingency Plan and Health and Safety Plans were also prepared for the drilling project of SC 72 in 2022. However, both projects did not proceed due to government directives. Onshore geophysical surveys may involve minor ground disturbances, such as shallow digging for electrode or geophone placement; however, field teams are trained to ensure that sites are restored to their original condition after surveys are completed. The Company ensures that produced water and petroleum-related wastes are monitored in accordance with permissible levels set by the DENR. Likewise, used diesel is closely monitored and properly stored to prevent spillage.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Partnering with other petroleum contractors can help reduce environmental impacts and exploration costs. Reduce the environmental impact and carbon footprint of office	Local communities adjacent or within the SCs, Employees, and Third Party Contractors	The Company collaborated with other service contractors in the CGG Multi-Client Seismic Survey in 2016, which acquired seismic data over the SC 74 block. This eliminated the need for exploration companies to mobilize separate vessels for individual surveys,

operations by transitioning to a paperless or electronic system. During offshore operations, JV partners may explore opportunities to repurpose decommissioned platforms, such as those used by government agencies as defense outposts, rather than constructing new structures to minimize environmental impact and costs. The Company is committed to fulfilling its work obligations without compromising environmental protection and maintaining its reputation as a responsible contractor.		resulting in cost savings and reduced environmental impact. In 2020, the SC 14 JV turned over the Nido and Matinloc platforms to the DOE for use by the DND-AFP for national defense purposes, rather than requiring the construction of new offshore facilities. During the 2020 gravity survey in SC 40 North Cebu, Forum inspected the Maya storage site where radioactive materials had been previously stored. These materials were transported to the Philippine Nuclear Research Institute (PNRI) for proper disposal. In 2022, PNRI personnel confirmed that the site was free from contamination or leakage of radioactive materials. Site restoration was subsequently undertaken, including the disposal of old pipes and equipment used in previous drilling operations. To the extent practicable, PXP implements paperless transactions and processes permits, licenses, and payments through online portals.
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Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units/Year
Direct (Scope 1) GHG Emissions (CO ₂ , CH ₄ , N ₂ O, and Fluorinated Gases)	125,348.48*	Tons
Energy indirect (Scope 2) GHG Emissions	None*	Tons
Emissions of ozone-depleting substances (ODS) [CO, NO _x , and non-methane VOCs (i.e. ethane, propane, butane)]	450.33*	Tons

* The Company produces oil through its subsidiary Forum through its 4.6% stake in Galoc. Data is from the Floating Production Storage and Offloading (FPSO) Vessel gas flaring and fuel combustion for the year 2025.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
In office operations, the use of air conditioning (AC) systems containing refrigerants such as hydrofluorocarbons (HFCs), may contribute to greenhouse gas emissions and global warming potential. Older refrigerants, such as chlorofluorocarbons (CFCs), are also associated with ozone-depleting properties. In the Galoc field, natural gas (primarily methane, CH₄), a greenhouse gas and volatile organic compound (VOC), is flared as it is currently not economically viable to capture and utilize, and to manage safety risks such as potential blowouts that may result in major accidents, equipment damage, or fatalities if not properly controlled. Flaring of natural gases results in combustion by-product, including carbon dioxide (CO₂), carbon monoxide (CO), nitrogen oxides (NO_x), sulfur oxides (SO_x), unburned hydrocarbons, and other air pollutants.. Two (2) out of nine (9) employees regularly use personal or company-issued vehicles to report to the office. The combustion of diesel and gasoline produces CO₂, NO_x, and particulate matter, which contribute to air pollution and climate change.	Employees of PXP in the office and onboard the platform, FPSO, and nearby communities	The Company regulates its AC systems to reduce power consumption. Of the sixteen (16) AC systems pre-installed in the office, only four are in operation during work hours (8:00-17:00) due to the reduced on-site workforce resulting from the implementation of a flexible work arrangement. These units are located near workstations occupied by employees who are physically present in the office. The flexible work arrangement also reduces the use of fuel-powered vehicles by employees commuting to the office.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Greenhouse gas emissions into the environment include hydrofluorocarbons (HFCs), which represent only a small portion of total emissions but have a high global warming potential and can trap heat in the atmosphere comparable to carbon dioxide (CO₂). Although flaring (combustion) of natural gas emits various pollutants, it is generally considered safer than venting, which directly releases uncombusted natural gas into the atmosphere. Uncontrolled release of natural gas, primarily methane (CH₄), may pose health and safety risks to platform personnel and contributes to climate change and atmospheric pollution. Employees may also be exposed to smog and other air pollutants when traveling to office, whether via personal vehicles or public transportation.	Employees of PXP and onboard the platform, FPSO, and nearby communities	Along with the reduced use of AC units in the office, routine inspection and maintenance are also conducted to ensure the efficiency of AC systems. In offshore operations, gas flaring is permitted in accordance with applicable government regulations, as an alternative to venting. This practice helps mitigate health and safety risks and prevent accidents.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
In the office, transitioning to electronic processes is expected to reduce environmental impact and the Company's carbon footprint. Reduced electricity consumption due to the minimal use of air-conditioning (AC) units, as well as improved cost efficiency resulting from regular maintenance, will generate savings that can be allocated to other Company expenses.	Employees	The Company is taking steps to conserve energy, including adopting a paperless approach for certain transactions. This initiative aims to reduce paper consumption and the associated carbon dioxide emissions from printing and photocopying activities.

Air pollutants

Disclosure	Quantity	Units/Year
NO _x	61.8*	Tons
SO _x	0.01*	Tons
Persistent organic pollutants (POPs)	None*	Tons
Volatile organic compounds (VOCs)	88.42*	Tons
Hazardous air pollutants (HAPs)	None*	Tons
Particulate matter (PM)	0.46*	Tons

*Data is from SC 88 FPSO gas flaring and fuel combustion for the year 2025. No measured/reported POPs and HAPs in SC 88.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Fuel combustion and ship emissions release NO_x, SO_x, volatile organic compounds (VOCs), and particulate matter (PM) into the atmosphere, which can contribute to air pollution and climate change. In SC 88, the flaring of natural gas, including methane (CH₄), produces combustion by-products and air pollutants such as NO_x, SO_x, VOCs, and PM.	Employees onboard the platform, FPSO, and nearby communities	In SC 88 offshore operations, the guidelines set by the International Convention for the Prevention of Pollution from Ships (MARPOL) are strictly enforced.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Ship emissions and fossil fuel combustion release significant amounts of NO_x and SO_x into the environment, which can lead to acid deposition. These pollutants are key contributors to acid rain and smog and may indirectly affect climate and environment quality. While the flaring (combustion) of gases also emits pollutants, it is generally considered safer than venting, which involves the direct release of uncombusted natural	Employees onboard the platform, FPSO, and nearby communities	Strict implementation of the MARPOL guidelines to decrease ship emissions. FPSO/Ship engines are properly maintained to prevent mechanical failures that could increase fuel consumption and reduce operational efficiency. Gas flaring, as an alternative to venting, is conducted in compliance with applicable government regulations to

gas into the atmosphere. Venting may pose health and safety risks to platform personnel, as exposure to associated pollutants can contribute to respiratory and cardiovascular issues.		mitigate health and safety risks and prevent accidents.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Strict compliance with the laws governing air and seas/water will enable the Company and Galoc JV to operate without interruption. Fines and penalties imposed by government agencies will also be avoided. A healthier and more conducive environment for the employees onboard the platform and FPSO.	Employees onboard the platform/FPSO and nearby communities	Strict compliance with MARPOL guidelines.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units/Year
Total solid waste generated	334.6	m ³
Reusable	17	m ³
Recyclable Total for CY 2025	None	m ³
1. PXP Office	None	m ³
2. SC 88 Operations (MARPOL Guidelines)	235.5	m ³
Composted	None	m ³
Incinerated	None	m ³
Residuals/Landfilled	124.2	m ³

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Proper solid waste disposal practices help prevent environmental contamination (e.g., air, soil, and water), which could otherwise pose health risks to communities and cause adverse impacts on ecosystems, such as	Employees and adjacent Community	The Company, together with its subsidiaries and JV Partners, strictly adheres to proper solid waste disposal regulations. In addition, proper waste management is implemented at the head office. Biodegradable food waste is segregated from non-biodegradable and recyclable

habitat degradation and loss of biodiversity.		materials. The reverse side of used scratch paper is reused, and recyclable materials such as cartons and bottles are collected and sold as scrap. While these waste management practices may appear minor, PXP believes that they contribute to long-term benefits for both the community and the environment. In offshore SC 88 operations, MARPOL guidelines are strictly enforced.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Improper waste management poses adverse effects on the environment with health implications for the community.	Employees and adjacent Community	The Company maintains and improves the solid waste management policies of its subsidiaries and JV Partners, which adhere to international health, safety, and environmental standards.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
At the office, environmental impact and carbon footprint can be reduced by minimizing printouts and transitioning to electronic formats. Avoiding single-use plastics would also help. Business transactions, both internal and external, are done online or electronically.	Employees and the adjacent Community	PXP is committed to reducing CO₂ emissions by minimizing the use of paper and office supplies. To achieve this, the Company implements paperless transactions wherever possible. Internal memoranda and announcements are circulated via email, while permits, reports, disclosures, and other required documents are submitted through online portals hosted by the government and other relevant institutions. Furthermore, PXP encourages employees to bring reusable containers for food to reduce paper and plastic waste. This initiative aligns with the Company's commitment to sustainable practices and the reduction of its environmental footprint.

Hazardous Waste

Disclosure	Quantity	Units/Year
Total weight of hazardous waste generated in Year 2025	33.07822	Tons
1. SC 88	33.07822	Tons
Total weight of hazardous waste transported and disposed in Year 2025	23.1467	Tons
1. SC 88	23.1467	Tons

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company, together with its subsidiaries and JV Partners, strictly complies with applicable hazardous waste disposal regulations to prevent environmental contamination (e.g., air, soil, and water), which could pose health risks to communities and cause adverse impacts on ecosystems, such as habitat degradation and loss of biodiversity. In 2020, the Company ensured the proper and safe disposal of Radioactive Materials (RAM) used in SC 40.	Employees and adjacent Community	In SC 88 and other operations offshore, the International Convention for the Prevention of Pollution from Ships (MARPOL) guidelines are strictly enforced. The disposal of radioactive materials (RAMs) was coordinated with the PNRI and the DOE to ensure compliance with all required safety clearances and guidelines. In 2022, PNRI personnel conducted radiation monitoring activities to ensure that there was no residual radiation in the area following the removal of the RAMs.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Improper storage, handling, and disposal of hazardous wastes adversely affect public health, safety, and the environment.	Personnel in charge of security and maintenance at the storage site and Adjacent Community	Maintain and improve the hazardous waste management policies of the Company, its subsidiaries, and JV Partners, in accordance with international health, safety, and environmental standards.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Policies on the proper disposal of hazardous wastes, such as batteries containing lead, used containers with toxic substances, and expired medicines, are implemented in the office.	Employees	Additional guidelines on proper hazardous waste disposal should be formulated and applied in the office.

Effluents

Disclosure	Quantity	Units/Year
Total volume of water discharges	4,799,862.15*	Cubic meters
Percent of wastewater recycled	None	%

*Data is from the Galoc FPSO for the year 2025.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Offshore International and National Guidelines for Wastewater Discharges to the surface and bottom of the sea should be followed to control pollution and to minimize its impact on the marine environment and ecosystem.	Marine crew at the FPSO, Fishermen, and Community	In offshore petroleum operations of the Company, subsidiaries, and JV partners, the International Convention for the Prevention of Pollution from Ships (MARPOL) guidelines are and will be strictly enforced.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Effluents containing oil and other toxic substances that exceed the acceptable limits set under MARPOL guidelines may contaminate seawater and seabed areas. This could result in harm to marine flora and fauna and may have associated health implications for nearby communities.	Marine crew at the FPSO, Fishermen, and Community	Strict implementation of safety and environmental standards is observed by the JV consortium. Mitigation procedures are in place in the event of unplanned incidents or accidents. At the FPSO vessel and platforms, produced water is analyzed and discharged overboard if it contains less than 15 ppm of oil content. If the produced water exceeds the 15 ppm allowable limit, procedures under the Oil Spill Contingency Plan are carried out to treat the water prior to disposal.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Some of the produced formation water or effluent is being reprocessed and re-used onboard.	Marine crew at the FPSO, Fishermen, and Community	Reprocessed or treated water discharges onboard by Galoc consortium can be utilized in the vessel or platform for other general purposes.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	None	-
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	-
No. of cases resolved through dispute resolution mechanism	None	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As mentioned in the Ecosystems Section, PXP actively complies with Environmental Laws and Policies.	Employees and Communities adjacent or within the SCs	PXP and its subsidiary Forum have acquired CNC and ECC from EMB-DENR to cover all its exploration activities, as summarized below. 1. SC 88 (formerly SC 14C-1 – An ECC was issued on August 30, 2006 to cover the Galoc Field development. 2. SC 72 – A CNC was issued on December 22, 2010 for the 2D and 3D seismic surveys conducted in the Recto Bank. Another one was issued on May 23, 2012 to cover all exploration activities, which includes the drilling of exploration wells. 3. SC 40 – An ECC was issued on February 19, 2010 for the extraction of natural gas in Barangay Libertad, Bogo City, Cebu. For the land gravity surveys, CNCs were issued in 2009 and 2012. For the MT survey in 2024, a CNC was also issued by the DENR EMB Region 7.

		4. SC 75 – On February 28, 2014, a CNC was issued to PXP to cover all exploration activities. Conducted IEC campaigns for the communities prior to the exploration activities.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Non-compliance with environmental laws and regulations might lead to the imposition of penalties and fines, damage to the Company's reputation, and/or to the cancellation of the SC.	Employees and Company	PXP and its subsidiaries strictly adhere to environmental laws and regulations.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
PXP consistently maintains an environmentally, ergonomically, and legally compliant operations.	Employees and Community	The Company continues to adhere to environmental laws and regulations.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁵		
a. Number of female employees	7	#
b. Number of male employees	2	#
Attrition rate ⁶	-	%
Ratio of lowest paid employee against minimum wage ⁷	None	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	22%	-
PhilHealth	Y	-	-
Pag-Ibig	Y	22%	-
Parental leaves	Y	-	-
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	50%
Medical benefits (aside from PhilHealth)	Y	100%	50%
Housing assistance (aside from Pag-Ibig)	N	-	-
Retirement fund (aside from SSS)	N	-	-
Further education support	N	-	-
Company stock options	N	-	-
Telecommuting	Y	100%	100%
Flexible-working Hours	Y	100%	100%
(Others)		-	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
PXP ensures regular and timely remittance of the employees' monthly premiums. The Company assists employees in facilitating and processing applications when availing SSS, PhilHealth, and Pag-Ibig benefits.	The Company considers its people its greatest asset. Employees are provided with benefit packages (e.g., maternity benefits, sickness benefits, salary loans, and calamity fund assistance) along with a wide range of learning

⁵ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#)). Figures do not include the employees of SC operators in which PXP and Forum are members.

⁶ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year).

⁷ All employees of PXP are paid above the minimum wage rates.

	and professional development opportunities to help them achieve their full potential. Benefits provided for the employees are as follows: 1. Base Salary; 2. Medical Coverage for Employees and their spouses/children/dependents; 3. Free annual flu vaccine for Employees; 4. Employees' Annual Medical Check-Ups; 5. Life and Accident Insurance; 6. Continuing Education; 7. Annual Vacation Leave – 15 days; and 8. Annual Sick Leave – 15 days. The Company promotes work-life balance and the welfare of its employees. It conducts annual team-building activities to boost employee morale. PXP advocates for the rights of female workers in the office, fostering a work environment free from bias and discrimination. In 2016, 2019, and 2022, a female employee availed of SSS maternity leave benefits in accordance with RA 11210. In 2017, another female employee availed of special leave with full pay after undergoing surgery, which is in compliance with the Magna Carta of Women (RA 9710). In addition, the Company adheres to the Solo-Parent Welfare Act of 2000 (RA 8972) and the Magna Carta for Disabled Persons (RA 7277).
What are the Risk/s Identified?	Management Approach
Non-adherence to providing benefits mandated by the government is a violation of the law and will subject the Company to civil and criminal liabilities in addition to the revocation of its license to operate.	All employees enter into labor contracts for legal employment with the Company. The Company exercises check-and-balance practices to ensure that various policies are properly implemented.
What are the Opportunity/ies Identified?	Management Approach
The Company is implementing telecommuting or flexible work arrangements even after pandemic restrictions have been lifted. This policy has resulted in reduced operational expenses and improved employee work efficiency.	The Company prioritizes effective employee management to ensure a high-performing workforce that is competitive with the best in the industry.

Employee Training and Development

Disclosure	Quantity	Hours/Year
Total training hours provided to employees		
a. Female employees	88	hours
b. Male employees	47	hours
Average training hours provided to employees		
a. Female employees	16	hours/employee
b. Male employees	23.5	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The onshore and offshore petroleum competency requirement is quite complex as it requires a high standard of safety and proficiency. PXP believes its employees are its main asset, and continuous training and development should be implemented.	Technical personnel regularly attend meetings and seminars, both locally and internationally, as well as the annual Philippine Geological Conferences (GEOCON) since 2015. In 2025, two (2) geoscientists attended the GEOCON onsite, while one (1) attended online. The Company's staff has also attended webinars related to their respective fields organized by government agencies, petroleum service companies, and other professional organizations and societies. Health, Safety, Security, and Environment (HSSE) trainings, such as the Basic Occupational Safety and Health (BOSH) training conducted by the Department of Labor and Employment (DOLE) and First Aid and Basic Life Saving Trainings conducted by the Philippine Red Cross, were attended by PXP personnel in the third quarter of 2021. In February 2022, two female employees completed a three (3)-day Basic Offshore Safety Induction and Emergency Training with Compressed Air Emergency Breathing System in preparation for onboarding to seismic vessels and drill rigs. In August 2022, an employee completed a three (3)-day Institution of Occupational Safety and Health training program. In January 2024, two (2) employees attended a four (4)-day First Aid and Basic Life Saving Training conducted by the Philippine Red Cross.

	Earthquake and fire drills are implemented by the Company. In May 2024, an employee enrolled in a SEAPEX short course on the Petroleum Geology of South East Asia. In May 2025, two (2) PXP personnel attended the SEAPEX conference. In December 2025, four (4) employees completed the Mandatory Eight-hour Safety and Health (MESH) Training. The Company supports its employees by covering membership fees for professional organizations, enabling them to access associated benefits.
What are the Risk/s Identified?	Management Approach
The lack of trainings and development programs may result in outdated knowledge and potential misinformation.	Personnel are encouraged to take advantage of free webinar courses offered by technical experts. Management identifies and supports training programs that are relevant to employees and aligned with their respective roles in the Company.
What are the Opportunity/ies Identified?	Management Approach
While the Company's petroleum operations have scaled back due to the moratorium imposed on certain SCs, it can take this opportunity to invest in cost-effective training, particularly those conducted locally in collaboration with other petroleum operators. Moreover, online training provides a more affordable option by reducing the need for travel and accommodation expenses. HSSE training should be attended by all personnel to ensure adhere to safety standards, regardless of their backgrounds and roles within the Company.	Two (2) PXP personnel attended the free online BOSH training by the DOLE during the third quarter of 2021. PXP's Safety Officer regularly attends Standard First Aid Training and Basic Life Support Training by the Philippine Red Cross, in compliance with DOE requirement to assign one (1) to two (2) safety officers on site and during field operations. The Company seeks opportunities for cost-effective local or online training, where available, to manage expenses. In addition, technical personnel are encouraged to participate in free online courses offered by petroleum industry experts.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	Not Applicable	%
Number of consultations conducted with employees concerning employee-related policies	Not Applicable	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has no collective bargaining agreements with any of its employees.	The Company fosters a work environment conducive to open discussion and collaboration, enabling employees to work together to improve working conditions and enhance overall productivity.
What are the Risk/s Identified?	Management Approach
The Company has no reported issues in labor-management relations during the year.	The Company upholds the values of integrity and accountability and expects its workforce to comply with applicable rules and regulations, holding them accountable for any violations in the performance of their duties.
What are the Opportunity/ies Identified?	Management Approach
Maintaining a harmonious professional relationship between the management and staff is important as it helps ensure employee engagement and business continuity.	The Company encourages open communication between management and staff through various formal and informal channels, especially during health crises when employees' overall well-being (i.e., mental and physical health) is given utmost importance. The Company continues to engage employees in a non-work-related, relaxed settings to foster team spirit and strengthen workplace relationships.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	78	%
% of male workers in the workforce	22	%
Number of employees from indigenous communities and/or vulnerable sector*	2	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company conducts employment practices, including hiring, promotion, and compensation without regard to race, color, ethnicity, religion, national origin, gender, gender identity or expression, sexual orientation, marital status, dependents, genetic information, disability, age, social class, or political views.	Management respects individual differences and fosters an inclusive workplace culture. It does not tolerate harassment or prejudice. To respect and value the diversity of the employees and all stakeholders with whom the Company conducts business, managers are required to ensure that the working environment is free from any form of harassment and discrimination. PXP advocates for the rights of female employees in the office, fostering a work environment free from bias and discrimination. In addition, the Company adheres to the Solo-Parents' Welfare Act of 2000 (RA 8972) and the Magna Carta for Persons with Disabilities (RA 7277). The Company's board diversity policy can be found on the Company's website through this link: https://www.pxpenergy.com.ph/corporate-governance/company-policy/board-diversity-policy/.
What are the Risk/s Identified?	Management Approach
The Company has not identified any violation relating to diversity and equal opportunity.	All employees are provided with equal career opportunities. The Company recognizes that individuals bring different skills and qualities to the workplace.

What are the Opportunity/ies Identified?	Management Approach
The Company has nine (9) employees comprising seven (7) females and two (2) males. The Company continues to encourage and sees opportunities for employees regardless of gender or race. Diversity creates goodwill within the community and within the industry.	The Company will continue to promote inclusiveness to help break down barriers and reduce the fear of rejection, regardless of gender or race. The Company engages both local and foreign consultants for its exploration projects based on competency, rather than gender or race.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	9,960	Man-hours
No. of work-related injuries	None	#
No. of work-related fatalities	None	#
No. of work related ill-health	None	#
No. of safety drills	1	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company and its subsidiaries consistently foster a safe working environment. PXP implements health and safety measures and training programs to protect its employees from occupational hazards and to prevent injuries, illnesses, and fatalities.	The Company strictly complies with all relevant occupational health and safety laws and regulations. PXP aims to achieve zero injuries and fatalities among its employees. The same applies to the offshore operations of subsidiaries, which adhere to international HSSE policies. The Company has designated a Safety Officer responsible for monitoring health and safety conditions in the office. The officer has completed several training courses to qualify for the role, including Basic Occupational Safety and Health (BOSH) Training conducted by the Occupational Safety and Health Center (OSHC); Standard First Aid (SFA) Training and Basic Life Support (BLS) with Automated External Defibrillator (AED) conducted by the Philippine Red Cross; Basic Offshore Safety Induction and Emergency Training (BOSIET) with Compressed Air Emergency Breathing System (CA-EBS) conducted by Consolidated Training Systems Incorporated (OPITO-accredited); and the Institute of Occupational Safety and Health (IOSH) training conducted by HSEPro.

	First aid kits and fire extinguishing equipment are clearly located and properly maintained in the workplace. Employees participate in regular fire and earthquake evacuation drills to ensure emergency preparedness. The Company's Safety Officer also regularly attends refresher training in first aid and lifesaving skills.
What are the Risk/s Identified?	Management Approach
During the year, no fatalities, occupational injuries, or incidents were recorded in the office and in the field. Failure to effectively manage workplace safety could negatively impact employee health and productivity.	The Company enforces occupational health and safety protocols to benefit the employees, contractors, and host communities.
What are the Opportunity/ies Identified?	Management Approach
By properly managing and implementing health and safety trainings, employees and contractors can perform their jobs safely for the benefit of the organization and all stakeholders. The Company aims to be up to date with current best practices in HSSE.	The Company will continue to provide the necessary equipment, training, and resources to enable employees and contractors to work safely. PXP will consistently encourage and empower employees to attend safety training courses and retake training sessions when necessary.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	None	# of cases

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?	Y/N	If Yes, cite reference in the company policy
Topic		
Forced labor	Y	Philippine labor laws and regulations prohibits forced labor. The Company also has a policy for the Code of Business Conduct and Ethics and that of whistleblowers under https://www.pxpenenergy.com.ph/corporate-governance/company-policy/code-of-business-conduct-and-ethics/ and https://www.pxpenenergy.com.ph/corporate-governance/company-policy/whistle-blowing/ .

Child labor	Y	Philippine labor laws and regulations prohibits child labor. The Company also has a policy for the Code of Business Conduct and Ethics and that of whistleblowers under https://www.pxpenenergy.com.ph/corporate-governance/company-policy/code-of-business-conduct-and-ethics/ and https://www.pxpenenergy.com.ph/corporate-governance/company-policy/whistle-blowing/.
Human Rights	Y	The Philippine Constitution provides for Universal Declaration of Human Rights. The Company also has a policy for the Code of Business Conduct and Ethics, and that of whistleblowers under https://www.pxpenenergy.com.ph/corporate-governance/company-policy/code-of-business-conduct-and-ethics/ and https://www.pxpenenergy.com.ph/corporate-governance/company-policy/whistle-blowing/.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This may occur in host communities where the enforcement of labor laws may vary. However, the Company adheres to the principles of fairness and transparency in its recruitment process. The Company does not engage in forced labor and does not employ people below the minimum legal working age.	The Company values the dignity of every individual and strictly complies with fundamental human rights as enshrined in the Philippine Constitution and the Universal Declaration of Human Rights (UDHR). In case of violations, the Company has a policy for whistleblowers who may report any instance of violations at: https://www.pxpenenergy.com.ph/corporate-governance/company-policy/code-of-business-conduct-and-ethics/ and https://www.pxpenenergy.com.ph/corporate-governance/company-policy/whistle-blowing/.
What are the Risk/s Identified?	Management Approach
Subcontractors may have violations of labor laws and human rights.	The Company values the dignity of every individual and strictly complies with fundamental human rights as enshrined in the Philippine Constitution and the UDHR.

	Any violation of laws is encouraged to be reported as indicated in Company's whistleblower policy.
What are the Opportunity/ies Identified?	Management Approach
The Company aims to be up to date with current Labor Laws and Human Rights policies, which protect both the stakeholders and the Company.	The Company values the dignity of every individual and strictly complies with fundamental human rights as enshrined in the Philippine Constitution and the UDHR. Any violation of laws should be reported, as indicated in the Company's whistleblower policy.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers? Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	https://www.pxpenenergy.com.ph/corporate-governance/company-policy/supplier-contractor-relation/
Forced labor	Y	https://www.pxpenenergy.com.ph/corporate-governance/company-policy/supplier-contractor-relation/
Child labor	Y	https://www.pxpenenergy.com.ph/corporate-governance/company-policy/supplier-contractor-relation/
Human rights	Y	https://www.pxpenenergy.com.ph/corporate-governance/company-policy/supplier-contractor-relation/
Bribery and corruption	Y	https://www.pxpenenergy.com.ph/corporate-governance/company-policy/supplier-contractor-relation/

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company's relationships with suppliers, contractors, consultants, and advisers (collectively, "Suppliers") are based on lawful, efficient, and fair practices. All bidders are given equal opportunity to compete and their bids are evaluated fairly and in a transparent manner.	All Directors, Employees, and Consultants are encouraged to remain vigilant against any irregular, illegal, or unethical conduct by Suppliers and/or fellow Directors, Employees, and Consultants (see Annex "A" for examples of Supplier/Contractor Relations Policy violations). The Company encourages the reporting of such

	violations in accordance with its Whistleblowing Policy or any equivalent policy. Directors, Employees, and Consultants may report in writing any knowledge of irregular, illegal, or unethical conduct of Suppliers and/or fellow Directors, Employees, and Consultants as follows: (a) Directors shall notify the Board of Directors through its Chairman; (b) Officers shall report to the Company President, with a copy furnished to the Corporate Governance Office (CGO); and (c) Employees and Consultants shall inform their respective Group Heads, with a copy furnished to the CGO. Each reported case shall be properly investigated and resolved by the appropriate business units. The results shall be forwarded to the Chairman of the Board, the President or the appropriate executive-level superior, the CGO, and other relevant bodies, in accordance with the procedure set out in the Company's Whistleblowing Policy. The Board of Directors, Officers, and Executives shall ensure that any Director, Employee, or Consultant who reports a suspected is protected from any form of retaliation. The Company's Policy on Vendor Relations is available in full at the Company's website through this link: https://www.pxpenenergy.com.ph/corporate-governance/company-policy/supplier-contractor-relation/.
What are the Risk/s Identified?	Management Approach
The Company has no reported violations in supply management during the year. The following are examples of procurement situations that reveal unethical conduct by an Employee and/or Supplier. The areas and situations enumerated are illustrative only and not exhaustive. 1. An Employee manipulating his evaluation of the contract proposals in exchange for Bribes.	The Company's Supplier Contractor Relations Policy outlines the consequences for any violations: 1. Any Director, Employee, and Consultant found to have violated this Policy shall be liable to the extent of the damage or loss suffered by PXP, and/or may be subject to penalties and sanctions as may be determined by the appropriate authorities, in accordance with the applicable laws and existing Company policies.

2. A Supplier seeking internal (within the Company) and/or external (political/government) connections to increase chances of contract award. 3. Suppliers submitting false documents for accreditation and other procurement-related transactions or processes. 4. Employees developing unreasonable or overly specific technical requirements, with the intent to award the contract to a particular or preferred Supplier. 5. Employees giving priority or informing preferred Suppliers in advance before the actual request such that other Suppliers are caught unprepared or with too little time to plan. 6. Products and/or services that have not undergone official procurement procedure since these were tested or evaluated beforehand through product demos with particular Suppliers, thus limiting the chances for other Suppliers to compete. 7. Undisclosed conflict of interest situations in business dealings resulting in giving undue advantage to another party. 8. Disclosure of confidential and proprietary information by Employees to Suppliers. 9. Incorrect payment of government taxes due to manipulation of documents by Suppliers. 10. Suppliers not remitting the correct SSS, PhilHealth, Pag-IBIG, and other employee contributions to their employees.	2. Suppliers who violate Company policies shall also be subject to penalties. Sanctions may include, but are not limited to, termination of business relationships with the Company and blacklisting.
What are the Opportunity/ies Identified?	Management Approach
Responsible supply chain management can generate value for the Company by securing the most competitive bids for its requirements. It can also enhance collaboration with suppliers, providing greater assurance to investors and creditors and potentially creating new market opportunities.	PXP shall continuously uphold the highest standards of professional conduct, core values, and ethics as enshrined in its Code of Business Conduct and Ethics (the "Code") in its dealings with suppliers in the procurement of goods and services.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified or particular concerns for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Job opportunities	Cebu	Not Applicable	N	Land jurisdictions	Conducted an IEC campaign prior to the MT survey in 2024.
Job opportunities	Calamian Islands	Not Applicable	Y	Religious and cultural beliefs	Conducted an IEC campaign prior to the field work in 2018.
Rental of land (Brgy. Maya)	Cebu	Not Applicable	N	Land jurisdictions	Timely and full payment of rental fee Secure property Proper land use according to agreement with the landowner

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: **None**

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable*	#
CP secured	Not Applicable*	#

**The FPIC and CP are not applicable to PXP and Forum since there are no IPs residing within their operated SCs. During the SC 74 Fieldwork in 2018, the team requested permission from the Tagbanua Tribe to study rock outcrops in Coron Island. It should be noted that Coron Island is not inside SC 74. However, the objective of the fieldwork was to correlate the geology of the offshore SC 74 with the onshore Calamian Islands.*

What are the Risk/s Identified?	Management Approach
Misunderstandings between PXP and local communities may lead to issues that could disrupt operations and affect the health and safety of deployed field personnel.	PXP implements careful planning and conducts consultations with local communities. In June 2018, during geologic fieldwork in Coron Island, PXP properly coordinated with the Tagbanua Tribe before, during, and after the activity. The field team, composed of PXP personnel and graduate students from the University of the Philippines, complied with the tribe's requirement to seek permission before collecting rock samples, as the area is considered sacred by the local community. In 2024, an information, education, and communication (IEC) campaign and ocular inspection were conducted with DOE and the local government units (LGUs) of Daanbantayan, Cebu, prior to the magnetotelluric (MT) survey. During the campaign, community leaders and local representatives were informed of the plans and scope of the survey. With the assistance of local hires, permissions were also obtained from landowners before the commencement of data acquisition at each MT station. The Company also manages community tensions, grievances, and concerns through a transparent and formal grievance mechanism. It likewise supports and collaborates with host local governments to promote good governance.
What are the Opportunity/ies Identified?	Management Approach
Involvement of the local community in the Company's project by hiring local residents.	The Service Contract stipulates that the Company (as Contractor) shall provide scholarships to qualified individuals residing within the vicinity of the Contract Area, preferably in state colleges and universities. The scholarship amount shall be at least US\$5,000 per year, cumulative during the Exploration Period, and at least US\$10,000 per year, cumulative during the Production Period. The Company's strict adherence to the Service Contract helps support and benefit indigenous and local communities. The Company also prioritizes hiring of local residents during G&G surveys and fieldwork to

	provide employment opportunities for the local community. In 2024, PXP's subsidiary, Forum Exploration, Inc. (FEI), hired six (6) field assistants and one (1) administrative assistant for the MT survey conducted in Daanbantayan, Cebu. Each was provided with insurance coverage and benefits for the three (3)-month duration of the survey. In addition, local businesses were engaged to provide services such as meals and accommodation for field personnel.
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Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A*	N

*PXP does not directly engage with customers of its operating asset, Galoc, as its participation is limited to being a member of the Galoc consortium, which produces and sells crude oil to refining companies. Galoc operations are conducted through its subsidiary, Forum Energy Philippines Corporation, under Forum Energy Limited. The consortium ensures compliance with the quantity and quality requirements of its customers. There were no recorded complaints or disputes.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
In line with PXP's Code of Business Conduct and Ethics, the Company upholds fair and transparent dealings with its customers. All transactions and business are covered by contracts and comply with applicable laws and regulations in the country.	As part of the Company's commitment to the welfare of its customers, Company representatives and customers meet annually to review and discuss new or existing contract terms, as well as identify areas for improvement in operations and related aspects. The Company's policy is available at the Company's website: https://www.pxpenergy.com.ph/corporate-governance/company-policies/ .
What are the Risk/s Identified?	Management Approach
There were no identified customer satisfaction risks during the year.	PXP will continuously review, update, and improve Company's policy with customers.
What are the Opportunity/ies Identified?	Management Approach
PXP shall determine the level of satisfaction of the Company's stakeholders and customers once its	The Company shall regularly conduct Stakeholder and Customer Satisfaction Surveys through third-party contractors to assess and improve performance, service quality, and operational

exploration fields are converted to the production stage.	standards once its exploration assets transition to the production stage.
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Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	None	#
No. of complaints addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer health and safety are important for all businesses and remains PXP's top priority.	PXP will continuously review, update, and improve the Company's policy with customers.
What are the Risk/s Identified?	Management Approach
There are currently no identified health and safety risks to customers. Customer-related risks will be identified once its exploration assets transition to the production stage.	PXP currently has no customers. Once its exploration assets transition to the production stage, relevant risks will be identified. The Company shall consistently promote a safe and healthy working environment for its employees and future customers.
What are the Opportunity/ies Identified?	Management Approach
PXP has no customers yet. Opportunities shall be identified once its exploration assets transition to the production stage.	The Company should regularly conduct Stakeholder and Customer Satisfaction Surveys through third-party contractors to assess and improve health, safety, and working conditions once its exploration assets transition to the production stage.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complaints addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Although the Company currently holds mostly exploration assets, its communication and stakeholder efforts are reflected in the maintenance of its website (www.pxpenenergy.com.ph), which serves its stakeholders, clients, and prospective investors.	The Company regularly updates and improves its website.
What are the Risk/s Identified?	Management Approach
Security risks and falsification of information posted on the website.	PXP ensures that all information uploaded on its website is secure, accurate, and regularly updated.
What are the Opportunity/ies Identified?	Management Approach
Study digital marketing.	The market is evolving; thus, the Company should enhance its marketing strategies by leveraging digital marketing channels.

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

**Substantiated complaints refer to complaints from customers that are submitted through the organization's formal communication channels and grievance mechanisms, as well as those lodged with and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
PXP respects every stakeholder's right to privacy and is committed to protecting all personal data. The collection, retention, and use of sensitive information are limited to their intended purpose.	The Company strictly complies with Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, and implements internal control on data security. As a personal information controller/processor, the Company has established protocols to protect the personal information of data subjects.
What are the Risk/s Identified?	Management Approach
Disclosures of stakeholders' personal data are limited to what is required by law or to comply with legal or regulatory requirements. The Company has no	The Company adheres to RA 10173, otherwise known as the Data Privacy Act of 2012, and implements internal controls on data security.

control over the information that shared externally (e.g., with the PSE or SEC).	PXP adopts risk management and control measures to prevent and mitigate data security breaches. Appropriate levels of data security are in place.
What are the Opportunity/ies Identified?	Management Approach
Compliance with customer privacy can build customer trust and loyalty.	In this digital age, compliance with the Data Privacy Act strengthens the Company's integrity and security in relation to its electronic databases and records.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company maintains up-to-date and effective security software that protects Company data and provides real-time detection of potential threats to prevent security breaches. Daily data backup is also in place.	The Company takes precautions and educates employees not to share any sensitive or confidential information. Preventive security measures, such as data backup, data recovery, and firewalls are in place.
The Company consistently ensures the security of classified G&G data for both its operated and non-operated SCs.	The technical team uses a File Transfer Protocol (FTP) server to ensure data security. Employees handling technical data use corporate email accounts equipped with additional security features, including encryption, to prevent data theft during email exchanges within the Company or with third-party contractors.
What are the Risk/s Identified?	Management Approach
Outdated cyber security software may make the server vulnerable to unauthorized third-party access, data loss, and increased operational costs for the Company.	Anti-virus and cyber security software are continuously updated to ensure data security.
Information breaches may result in the loss of confidential data.	The Company immediately notifies the relevant person or entity involved in the event of any breach or unauthorized use of sensitive information.
What are the Opportunity/ies Identified?	Management Approach
Strong data security can result in financial savings and help avoid any reputational damage.	The Company ensures the continuous updating of its data security programs.

Technical data, which is a detrimental asset to the Company, is securely stored to prevent unauthorized access or leakage.	The Company has procured additional Network-Attached Storage (NAS) with enhanced security features to store technical data. Access to this system is restricted to a select group of employees.
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UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Oil & Gas Exploration & Production	Economic growth	Environmental damage associated with field operation	Strict compliance with government laws and regulations on health and environmental safety
Oil & Gas Exploration & Production	Decent work	Health & Safety	Conduct an IEC campaign prior to the fieldwork
Oil & Gas Exploration & Production	Welfare of vulnerable groups	Traditional lifestyle of indigenous people are affected	Careful planning, consultation management, accommodation and negotiation with the local community and indigenous groups