



Analysts' Briefing

Full Year 2021 & 1Q 2022 FINANCIAL AND OPERATING RESULTS

Full Year 2021 Highlights

- Philex Core Net Income increased by 118% to Php2.533 billion for 2021 vs Php1.162 billion in 2020
 - Revenues increased by 25% on account of higher metal prices with copper significantly up by 48%
 - Favorable metal prices and steady production sustained the increasing momentum of both Revenue and Core Net Income since 2020
 - Reported net income almost doubled at Php2.431 billion for the full year 2021 from Php1.229 billion in 2020
- EBITDA for 2021 stood at Php4.317 billion, an improvement of 60% over Php2.703 billion in 2020
- Declaration of 5 centavos cash dividend, aggregating Php247 million, as Philex preserves cash surplus for the development of the Silangan Project
- Padcal mine life extended by two (2) years to December 2024

Production Performance – FY 2021

	2021	2020	+/-
Tonnes Milled ('000)	7,946	7,838	1%
Production:			
Gold – ozs	55,149	56,000	-2%
Copper – lbs ('000)	26,200	26,379	-1%
Recovery:			
Gold	76%	77%	-2%
Copper	81%	81%	-1%
Ore Grade:			
Gold – gms/dmt	0.285	0.283	1%
Copper - %	0.186	0.187	-1%
Average Realized Prices:			
Gold – (US\$/oz)	1,785	1,757	2%
Copper – (US\$/lb)	4.24	2.87	48%

- **Tonnes Milled:** 2021 tonnage reached 7.946 million tonnes, 1% higher than 2020.
- **Metal Prices:** Copper prices up by 48% and sustained gold prices boosted operating revenues and core net income

Financial Highlights – FY 2021

(in Php million)	2021	2020	+/-
Gross Revenues	10,488	8,450	24%
Smelting Charges	691	616	12%
Net Revenues	9,797	7,834	25%
Costs and Expenses	6,598	6,298	5%
Operating Income	3,198	1,536	108%
Other Charges	(399)	(5)	7880%
Net Income	2,431	1,228	98%
Core Net Income	2,533	1,162	118%
Core EBITDA	4,317	2,703	60%
Margins:			
EBITDA Margin (%)	41%	32%	29%
Net Income Margin (%)	23%	15%	59%

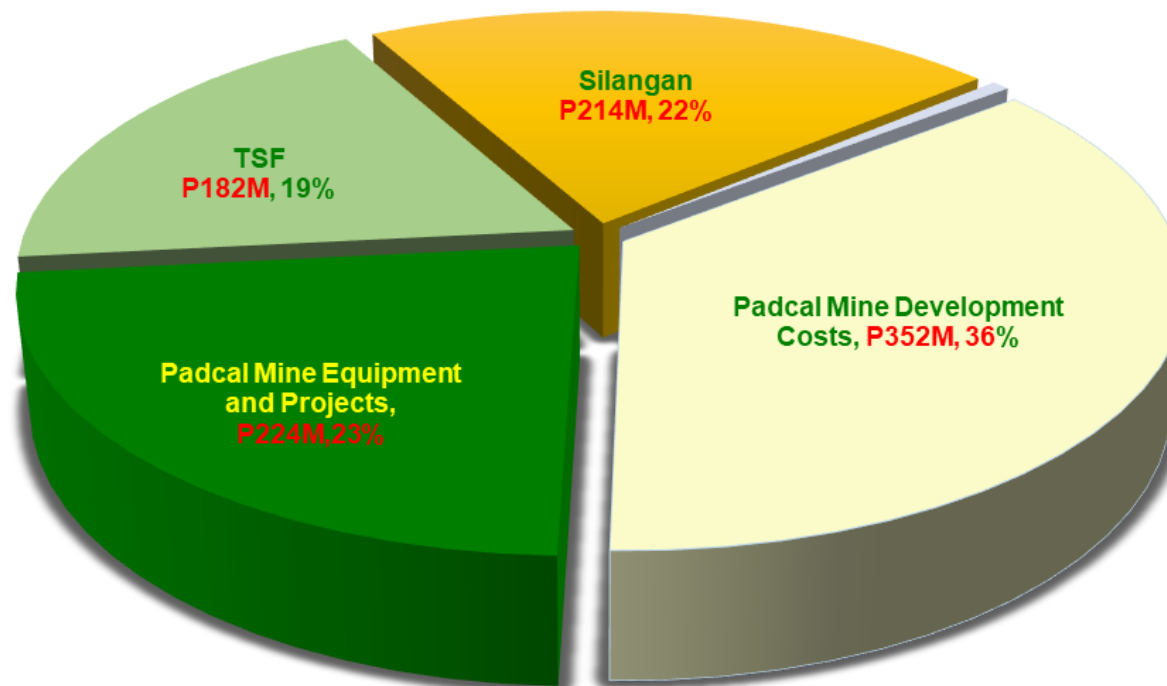
■ Operating Revenues:

- High level of metal prices, particularly copper, continue to boost operating revenues

■ Core Net Income

- FY 2021 Core Net Income of Php2.533 billion, 118% higher than 2020 of Php1.162 billion

Capital Expenditures – FY 2021



- **2021 Capex of Php979 million** spent on Padcal's sustaining capex for mine development, new equipment and tailings storage facility works
 - Aggressive mine development related to the extension of mine life
- **Silangan Project:**
 - Mainly capitalized interest costs in 2021
 - Padcal's operation to provide additional funds for the implementation of in-phase development plan

1Q 2022 Highlights

- Philex Core Net Income climbed 25% to Php676 million for 1Q2022 vs Php540 million in 1Q2021 on the back of higher metal prices and favorable forex
 - Revenues increased by 7% on account of higher metal prices with copper up by 16% and gold by 7%
 - Reported net income increased by 23% at Php690 million as against Php560 million in 2021
- Sustained higher ore grades, favorable metal prices and efficient operating cost and expenses supported healthy growth in operating revenue, Core Net Income and EBITDA growth
- EBITDA reached Php1.182 billion, a 17% improvement over Php1.011 billion in 2021

Production Performance – 1Q 2022

	1Q 2022	1Q 2021	+/-
Tonnes Milled ('000)	1,822	2,025	-10%
Production:			
Gold – ozs	12,097	13,413	-10%
Copper – lbs ('000)	6,181	6,770	-9%
Recovery:			
Gold	75%	76%	0%
Copper	81%	81%	-1%
Ore Grade:			
Gold – gms/dmt	0.272	0.273	0%
Copper - %	0.191	0.187	2%
Average Realized Prices:			
Gold – (US\$/oz)	1,897	1,781	7%
Copper – (US\$/lb)	4.58	3.95	16%

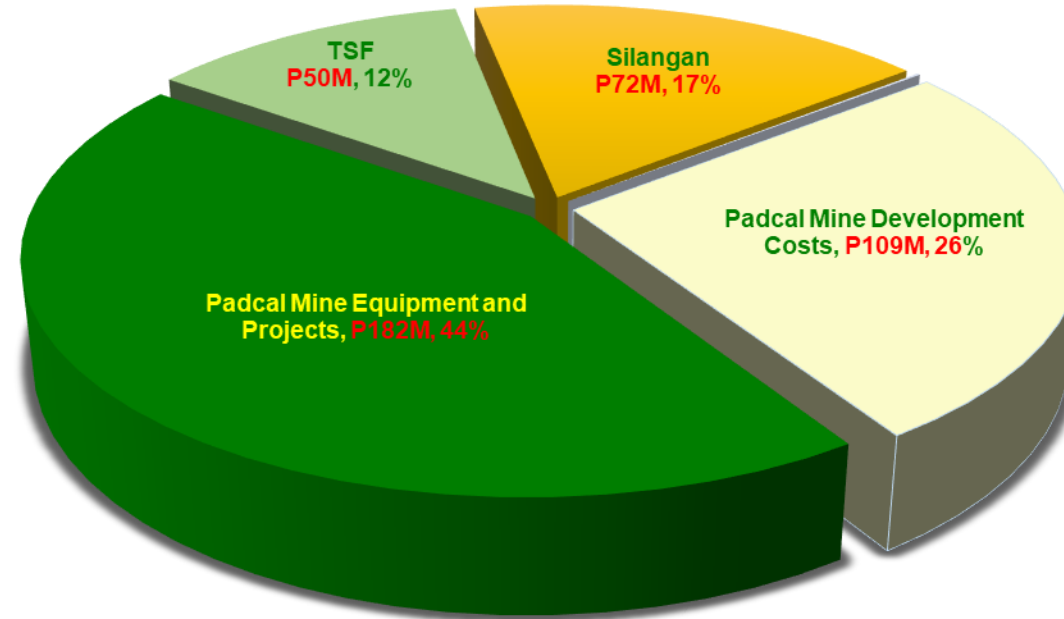
- **Tonnes Milled:** 1Q 2021 tonnage was 10% lower at 1.882 million tonnes from 2.025 million tonnes in 2021.
- **Ore Grades:** Gold continue to hold at the same level as in full year 2021 while Copper showed improvement over 1Q 2021
- **Metal Prices:** Favorable levels

Financial Highlights – Q1 2022

<i>(in Php million)</i>	1Q 2022	1Q 2021	+/-
Gross Revenues	2,720	2,530	8%
Smelting Charges	192	160	20%
Net Revenues	2,528	2,370	7%
Costs and Expenses	1,655	1,647	0%
Operating Income	873	723	21%
Other Charges	(6)	(209)	-97%
Net Income	690	560	23%
Core Net Income	676	540	25%
Core EBITDA	1,182	1,011	17%
Margins:			
EBITDA Margin (%)	43%	37%	17%
Net Income Margin (%)	25%	21%	23%

- **Operating Revenues:**
 - High copper and gold prices continue to boost operating revenues
- **Core Net Income**
 - 1Q 2022 Core Net Income of Php676 million, 25% higher than 2021 of Php560 million

Capital Expenditures



- **Q1 2022 Capex of Php413 million** spent on Padcal's sustaining capex for mine development, new equipment and tailings storage facility works
- **Silangan Project:**
 - Mainly capitalized interest costs in 2022

Balance Sheets

<i>(in Php million)</i>	31-Mar-22	31-Dec-21	+/-
Cash & Cash Equivalents	3,574	2,891	24%
Receivables & Others	2,821	2,831	0%
Total Current Assets	6,395	5,722	12%
Property, Plant & Equipment	3,434	3,429	0%
Deferred Exploration Costs	28,287	28,100	1%
Others	4,512	4,606	-2%
Total Assets	42,628	41,856	2%
Loans and bonds payable	10,258	10,131	1%
Others	3,640	3,193	14%
Total Current Liabilities	13,899	13,324	4%
Deferred Tax Liabilities & Others	1,750	1,834	-5%
Total Liabilities	15,648	13,157	19%
Total Equity	26,980	26,698	1%

- **Total Assets:** Silangan Project as the main asset of the Company to maintain business continuity.
 - Deferred Exploration Cost for Silangan Project accounts for 61% of Total Assets
- **Loans and bonds payable:** Continue to reassess loan repayment program to preserve internally-generated cash for the development of Silangan

Outlook

- Continuing studies for another possible extension of Padcal
- Positive outlook on copper and gold prices expected to generate incremental cash to partially finance the capital requirement for the implementation of the in-phase development of the Silangan Project
- Philex SRO in progress as part of the fund raising activities for the Silangan Project. The net SRO proceeds, together with a syndicated loan and internally generated cash of Philex Mining, will be utilized for the development of the Silangan Project.

MESSAGES

“The first quarter of the year bore much promise that the mining industry, like the economy, was well on its way to full recovery with the tapering off of the global threat of COVID-19 and the relaxation of stringent quarantine and lockdown guidelines,” according to Philex president and CEO Eulalio B. Austin Jr. “The country, it seemed, was back in business and Philex continued to ride on the strength of sustained production and revenue levels, and took full advantage of the wave of increase in global metal prices. However, the current situation in Ukraine and its impact on the global supply chain and commodity markets makes us tread cautiously towards the remaining months of the year. We are still hopeful that the conflict in Europe will end soon enough. We move with caution and continue to assess and re-assess our plans and our strategies.”

“We view the current global situation with guarded optimism,” according to Philex Chairman Manuel V. Pangilinan. “Though there are gains to be realized with the spike in the prices of gold, copper, and even nickel, the current tension that is unfolding in Ukraine might impact the country’s and the industry’s pursuit of recovery post-pandemic. If the conflict pushes inflation upward, it could affect the country’s economic growth.”



PXP Energy Corporation

Financial Highlights and Operational Updates

12 May 2022

Financial Highlights – Audited Profit and Loss FY 2021 vs. 2022



<i>(in PhP millions)</i>	2021	2020	% Inc (Dec)
Gross revenue	₱ 64	₱ 30	112
Cost and expenses	103	99	4
Loss from operations	(38)	(68)	(44)
Other income (charges) - net	(3,105)	(8)	39,416
Reported net loss	₱ (3,143)	₱ (76)	4,021
Attributable to:			
PXP Equity holders	₱ (1,714)	₱ (56)	30
Minority interest	(1,429)	(20)	70

- **112% increase in gross revenue due to:**
 - 75% recovery in average crude sale price.
 - 16% lower volume lifted from SC 14C-1 Galoc vs last year. Three (3) liftings on both years.
- **4% increase in cost and expenses due to:**
 - Higher oil production cost in Galoc offset by containment of overhead
- **Incurred a Net Loss Attributable to Equity Holders of PXP at P1.714 billion largely as a result of a P1.655 billion full write-down of the carrying value of oil and gas assets related to Peru block Z-38, net of settlement sum of P488 million.**

Financial Highlights – Audited Financial Position



ASSETS (in PHP millions)

	As at Dec 31, 2021	As at Dec 31, 2020	% Inc (Dec)
Cash & cash equivalents	₱ 529	₱ 143	270
Receivables and other CA	56	52	7
<i>Current assets</i>	585	195	200
Deferred exploration costs & other NCA	2,509	6,560	(62)
Total assets	₱ 3,094	₱ 6,756	(54.20)

LIABILITIES AND STOCKHOLDERS' EQUITY

(in PHP millions)

	As at Sep 30, 2021	As at Dec 31, 2020	% Inc (Dec)
Accounts payable & others	55	25	122
Current liabilities	55	25	122
Deferred income tax liability	94	1,069	(91)
Provision for decommission and losses	328	192	71
Non-current liabilities	423	1,262	(67)
Total liabilities	478	1,287	(63)
Capital stock	1,960	1,960	-
Additional Paid-in Capital	2,817	2,817	0
Subscription receivable	-	(121)	(100)
Deficit	(3,414)	(1,700)	101
Others	323	197	64
Non-controlling interest	932	2,316	(60)
Total equity	2,617	5,469	(52)
Total Liabilities and SHE	₱ 3,094	₱ 6,756	(54.20)

Assets

- 270% increase in Cash and cash equivalents due to (1) Settlement gain, net of legal and consultancy charges related to Peru Z-38 and (2) Collection of unpaid subscription from Philex. These were offset by (1) payments for exploration expenses related to SC 72, SC75 and (2) overhead.
- 62.7% decline in Deferred exploration costs following the full write-down of Peru exploration assets and goodwill.

Liabilities and Equity

- 122% increase in accounts payable and others due to collection of cash contributions from JV partners.
- 91% decline in deferred income tax liabilities resulting from the effect of CREATE Act and write-down of Peru-related deferred taxes.
- 71% increase in provision for field decommissioning of SC 14 Galoc and W. Linapacan blocks.
- Reduction in subscription receivable following full collection from Philex.

Financial Highlights –Profit and Loss 1Q 2022 vs. 2021



<i>(in PhP millions)</i>	1Q 2022	1Q 2021	% Inc (Dec)
Gross revenue	₱ 19	₱ -	100
Cost and expenses	20	18	13
Loss from operations	(2)	(18)	(91)
Other income (charges) - net	(1)	7	(118)
Reported net loss	₱ (3)	₱ (11)	(74)
Attributable to:			
PXP Equity holders	₱ (3)	₱ (4)	(37)
Minority interest	(0)	(7)	(99)

- **Increase in gross revenue due to:**
 - 144,897 barrels of crude lifted from SC 14C-1 Galoc (vs nil last year) at \$78.1 per barrel average sale price.
- **13% increase in cost and expenses due to:**
 - Higher oil production cost in Galoc related to output (vs nil last year), offset by containment of overhead
- **Lower Reported Net Loss at P3 million** resulting from net margin in Galoc operations and lower overhead.

Financial Highlights –Financial Position



ASSETS (in PHP millions)

	As at Mar 31, 2022	As at Dec 31, 2021	% Inc (Dec)
Cash & cash equivalents	₱ 456	₱ 529	(14)
Receivables and other CA	62	56	11
<i>Current assets</i>	518	585	(11)
Deferred exploration costs & other NCA	2,738	2,509	9
Total assets	₱ 3,256	₱ 3,094	5

LIABILITIES AND STOCKHOLDERS' EQUITY

(in PHP millions)

	As at Mar 31, 2022	As at Dec 31, 2021	% Inc (Dec)
Notes payable	₱ 62	₱ -	100
Accounts payable & others	98	55	77
<i>Current liabilities</i>	160	55	190
Deferred income tax liability	94	94	0
Provision for decommission and losses	324	328	(1)
<i>Non-current liabilities</i>	419	423	(1)
Total liabilities	578	478	21
Capital stock	1,960	1,960	-
Additional Paid-in Capital	2,817	2,817	-
Deficit	(3,417)	(3,414)	0
Others	322	323	(0)
Non-controlling interest	996	932	7
<i>Total equity</i>	2,677	2,617	2
Total Liabilities and SHE	₱ 3,256	₱ 3,094	5

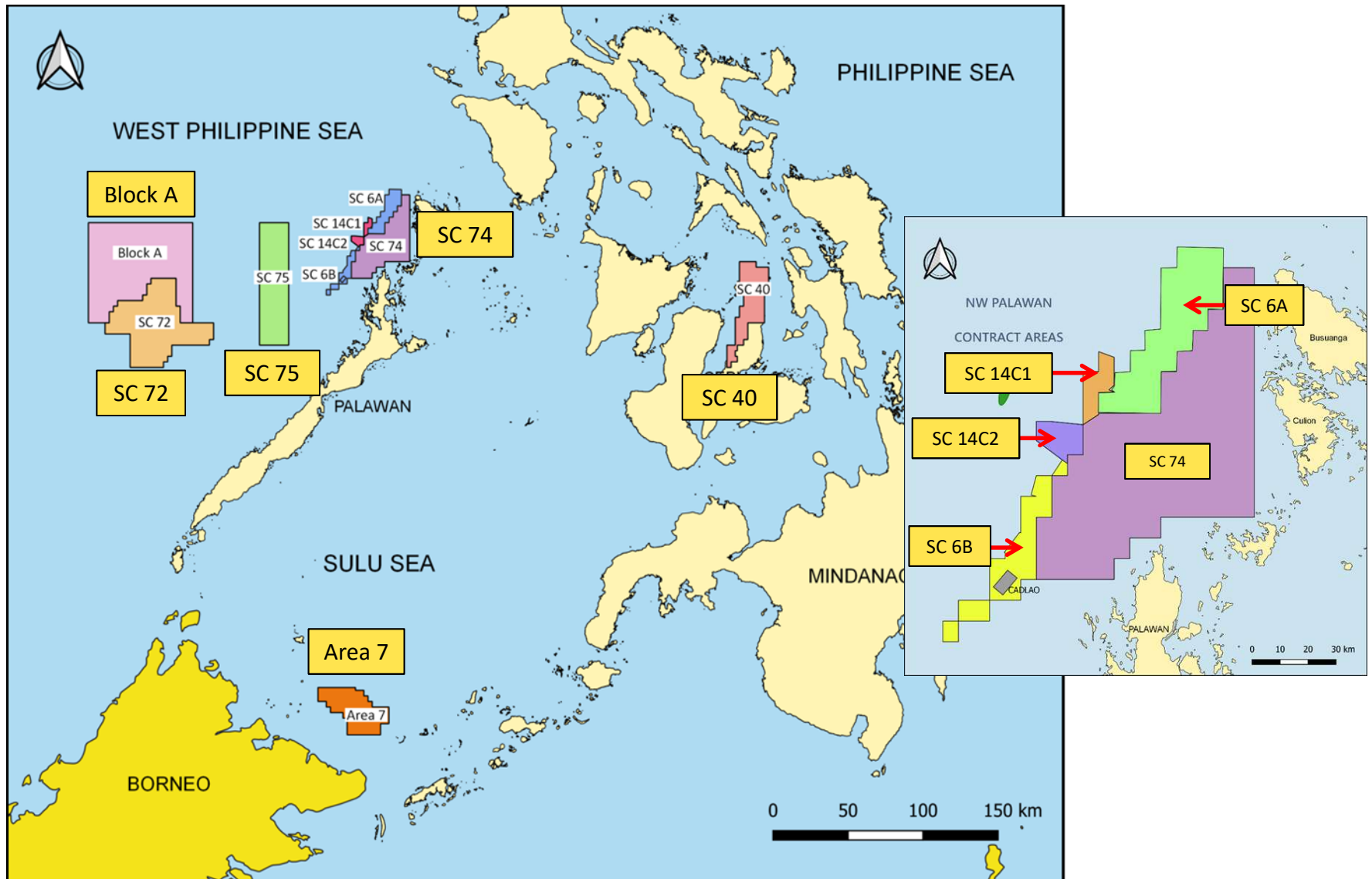
Assets

- 14% decrease in Cash and cash equivalents due to Pre-drilling expenses paid in SC72 and SC75; offset by contribution from SC72 and SC75 consortium partners and loan from affiliates.

Liabilities and Equity

- Increase in notes payable from affiliates used to fund exploration costs in SC72 and SC75.
- 77% increase in accounts payable and others due to collection of cash contributions from JV partners.

Operations Update



SC 72 Recto Bank (Forum 70%) & SC 75 NW Palawan (PXP 50%)

- On April 6, 2022, (i) PXP Energy Corporation (the “Company”), as operator under Service Contract No. 75, and (ii) Forum (GSEC 101) Limited (“Forum”), as operator under Service Contract No. 72, received a directive from the Department of Energy (“DOE”) to “put on hold any exploration activities for Service Contract Nos. 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 Forum advised the DOE that in compliance with the DOE directive, they “have suspended (or caused the suspension of) all activities in the West Philippine Sea beginning April 6, 2022, in the process, incurring substantial stand-by and other costs.” In the same letter, the Company and Forum 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 Forum advised 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.

SC 74 Linapacan (PXP 70%)

- Ongoing technical review and resource assessment by ERCE on behalf of PXP of SC 74 Linapacan prospects and possible joint development with West Linapacan A and B fields located in SC 14C-2.

Operations Update



SC 40 North Cebu (Forum 66.67%)

- Preparation of drilling programs for two onshore wells to start in 3Q 2022.

SC 14 C-1 Galoc (Forum 3.2103%)

- Ongoing production. January to April 2022 average: 1,610 barrels of oil per day.
- Completed the last offtake (Cargo 71) in late February with a total volume of 144,933 bbls. The next offtake is scheduled in late May with a targeted volume of 150,000 barrels.

SC 14 C-2 West Linapacan (Forum 9.103%)

- The technical assessment and review of the West Linapacan B (WLB) field conducted by ERCE on behalf of Philodrill was completed on January 25. A final report that incorporates both Phase 1 (technical resource assessment) and Phase 2 (formulation of a conceptual development strategy and economic analysis) was submitted to Philodrill.

SC 6A Octon (PXP 5.56% / Forum 5.56%)

- DOE's final approval of the surrender of SC 6A remains pending. The Joint Venture led by Philodrill plans to apply for a new SC over the same area under the the Philippine Conventional Energy Contracting Program (PCECP).

SC 6B Cadlao/Bonita (Forum 2.4546%)

- On February 10, Nido Petroleum entered into a Farmin Agreement (FIA) with the rest of the JV wherein Nido is acquiring an additional 63.637% to bring its participating interest to 72.72% by funding 100% of costs and operating the planned phased redevelopment of the Cadlao Oil Field. Phase 1 will involve the drilling and extended production testing of a new well (Cadlao-4), while Phase 2 will entail full-field development with the addition of new production wells and installation of permanent facilities.