SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2020**

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

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

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

6. Industry Classification Code: (SEC Use Only)

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

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

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

   N/A

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	**₱1,960,000,000**

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

    Yes [/] No [ ]

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

    Philippine Stock Exchange **Common shares**

12. Indicate by check mark whether the registrant:

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

    Yes [/] No [ ]

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

    Yes [/] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Unaudited Consolidated Financial Statements as of and for the six-month period ended June 30, 2020 are hereto attached.

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

Consolidated petroleum revenues amounted to ₱6.1 million for the first half of 2020 (1H2019: ₱51.4 million).

The lower petroleum revenue resulted from one (1) oil lifting during the current period (1H2019: two (2) liftings) equivalent to a gross volume of 234,148 barrels of oil (1H2019: 686,209 barrels) and 62% drop in average crude oil prices of $24.5 per barrel (1H2019: $63.80 per barrel) during the review period. The slump in crude oil prices was due to substantially lower global demand amidst the ongoing COVID-19 pandemic. This was contributed by Forum Energy Limited ("Forum"), a 79% directly and indirectly owned subsidiary, from its 2.28% participating interest in Service Contract ("SC") 14C-1 Galoc oil field.

Production data for the six-month period ended June 30, 2020 and 2019 were as follows:

	6 months (January to June)	
	2020	2019
Revenues (In millions ₱)		
Oil and gas	**₱6.1**	₱51.4
Sales volume		
Oil (barrels net to Forum)	**3,118**	16,094

Costs and expenses reached ₱39.5 million during the current period (1H2019: ₱86.2 million) with production costs amounting to ₱16.0 million (1H2019: ₱60.8 million) resulting from decrease in depletion following lower volume lifted from the Galoc field. On the other hand, general and administrative expenses was lower at ₱23.5 million (1H2019: ₱25.3 million) following cost control by management.

A net other charges of ₱22.9 million was recorded during the current period (1H2019: net other income of ₱17.6 million) resulting from the impairment charge in SC 14C-1 Galoc amounting to P20.2 million, related primarily to the lower-than-expected future returns in SC 14C-1 Galoc following the recent crash in global crude oil prices and the cessation of operation for Galoc Field on September 24, 2020 after Galoc Production Company's receipt of a Notice of Termination from Rubicon Offshore International, the owner of the floating production storage and offloading ("FPSO") vessel, Rubicon Intrepid.

A consolidated net loss of ₱56.3 million (1H2019: ₱17.9 million) was recorded due to higher other income (charges), substantial decrease in oil revenues and an impairment loss incurred in SC 14C-1 Galoc. As such, net loss attributable to equity holders of the Parent amounted to ₱44.4 million (1H2019: ₱7.6 million), with basic/diluted loss per share amounting to ₱0.0226 (1H2019: ₱0.0039). Core net loss at ₱26.9 million (1H2019: ₱24.2 million).

During the second quarter of the year, consolidated operating revenues was nil (Q22019: ₱21.7 million) as there was nil oil lifting during the period under review.

Production data from oil and gas operations for the 2nd quarter ended June 30, 2020 and 2019 were as follows:

	2nd quarter (3 months)	
	2020	2019
Revenues (In millions ₱)		
Oil and gas	**₱–**	₱21.7
Production		
Oil (barrels)	**–**	6,315

Costs and expenses in the second quarter alone went down to ₱12.8 million (Q22019: ₱39.3 million). Production costs for petroleum went down to ₱3.7 million (Q22019: ₱25.3 million) resulting from lower depletion charges in SC 14C-1 Galoc oil field as there was no oil lifting during the current quarter (Q22019: 1 lifting). General and administrative expenses was lower at ₱9.1 million (Q22019: ₱14.0 million), following cost control by management.

In terms of other income (charges), an interest income of ₱84 thousand was recorded during the second quarter (Q22019: ₱788 thousand) due to lower interest income from short term cash deposits. Foreign currency exchange loss was lower at ₱3.2 million (Q22019: ₱8.0 million) resulting from a stronger Philippine peso compared to the previous year.

A lower consolidated net loss of ₱15.9 million (Q22019: ₱24.9 million) was incurred primarily as a result of lower petroleum production costs and depletion and decline in overhead, amidst the lack of oil revenues during the second quarter.

As at June 30, 2020, the Company's total assets stood at ₱6.733 billion from ₱6.865 billion at end-December 31, 2019. Total current assets decreased to ₱215.6 million from ₱302.6 million, as (1) cash and cash equivalents decreased by ₱73.6 million, following cash outlays for exploration expenses and overhead; and (2) accounts receivable decreased by ₱18.1 million following collection of proceeds from oil liftings.

Noncurrent assets reached ₱6.517 billion from ₱6.563 billion, largely arising from the decrease in Property, Plant and Equipment to ₱1.4 million from ₱23.4 million, following impairment charges in SC 14C-1 Galoc. Meanwhile deferred exploration costs lowered by ₱23.7 million resulting from lower dollar-to-peso translation rates of foreign currency denominated deferred exploration assets.

Current liabilities as at the end of the period amounted to ₱35.4 million from ₱74.6 million as at December 31, 2019, mainly a result of the decrease in Accounts payable and accrued liabilities to ₱ 27.7 million from ₱63.1 million due to payment of trade payables with suppliers. In addition, provision for plug and abandonment ("P&A") costs decreased by ₱3.2 million following partial payment of the P&A costs in SC 14A Nido.

As at end of the period in review, total noncurrent liabilities remained at ₱1.274 billion. Total liabilities stood at ₱1.309 billion compared to the end of the prior year at ₱1.349 billion, following the decreases in current liabilities by ₱39.2 million and noncurrent liabilities by ₱469 thousand.

As of June 30, 2020, total equity reached ₱5.424 billion from ₱5.517 billion as at the end of last year. Equity reserves increased to ₱145.1 million from ₱122.3 million due to equity transaction with owners.

On April 16, 2020, PXP increased its direct shareholding in FEL from 72.24% to 72.33%. This increased PXP's total direct and indirect interest in FEL from 79.04% to 79.13%. 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$1.83 million. Further, major shareholders, Tidemark and FEC subscribed to 1,666,666 shares and 567,038 shares of FEL, amounting to US$500,000 and US$170,111, respectively, both paid for in cash. As a result of these transactions, Tidemark's and FEC's holdings in FEL remain at 20% and 6.8%, respectively. Deficit increased to ₱1.688 billion from ₱1.644 billion, following the net loss attributable to Parent recorded during the year at ₱ 44.4 million. Cumulative translation adjustment on foreign subsidiaries decreased by ₱51.8 million due to the strengthening of the peso, while non-controlling interests declined by ₱19.6 million due to net loss and effect of translation adjustment on minority interests.

Net Cash used in Operating Activities for the period stood at ₱58.4 million (1H2019: net cash inflow of ₱9.5 million) resulting primarily from the payment of accounts payable and accrued liabilities, provision for P&A and operating expenses.

Net Cash Used in Investing Activities resulted in a net outflow of ₱21.1 million (1H2019: ₱63.7 million) primarily from the cash paid for the exploration activities in SC 74 and SC 72 amounting to ₱50.5 million, offset by Equity transaction with owners amounting to ₱24.8 million which denotes the infusion of additional cash by a minority shareholder in Forum amounting to $0.5 million.

Finally, net Cash used in Financing Activities amounted to nil (1H2019: ₱4.4 million). Net effect of exchange rate changes from the conversion of cash and cash equivalents from Philippine Peso vis-à-vis the United States dollar amounted to a net inflow of ₱10.5 million (1H2019: net outflow of ₱3.8 million).

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 for 2020, which were aimed at enhancing asset value, include:

In SC 72, the conduct of broadband Post Stack Depth Migration ("PSDM") reprocessing of 565 sq. km 3D seismic data with DownUnder GeoSolutions ("DUG") was completed in June 2019. This was followed by an interpretation of the newly-reprocessed seismic data and the formulation of an appraisal program for the Sampaguita gas field, the results of which are expected to be available in 3Q 2020.

In SC 74, the gravity modeling and seismic interpretation of MC2D data are completed. A gravity modeling exercise write-up was submitted by Cosine Global Limited ("Cosine") in September 2019, which was reviewed by PXP and submitted to the Department of Energy ("DOE") in July 2020. Paleodating and total organic carbon analysis of rock samples collected in the Calamian Islands are ongoing. Initial 12 samples were sent to Core Laboratories, Malaysia on October 31, 2019, and the results were submitted to PXP in December 2019. Additional samples were sent to Malaysia in late July 2020 for further testing.

The Phase 1 Well Feasibility with Rock Physics and Phase 1A Test Inversion under the joint Quantitative Interpretation ("QI") study of SC 74 and SC 14C-2 (West Linapacan) were completed and presented to the consortium in October 2019. The said initial phase involved a pilot study covering 30 sq. km of PSDM 3D seismic and data from six (6) vintage wells. From the test, it was concluded that lithology is easier to identify on seismic than fluid type due to the limestone reservoir's overlapping elastic properties. In December 2019, the Joint Venture ("JV") decided to proceed to Phase 2 of the project which is an inversion study over a wider, 400 sq. km 3D data. Phase 2 commenced in February 2020 and was completed in June 2020. The QI study was able to predict the different lithological facies at the well, i.e. those with good property such as high porosity versus those that have low porosity and high shale/silt content. However, the study failed to differentiate the type and distribution of fluids in the limestone reservoirs due to the nature of the rock properties and poor to fair seismic data quality. Further seismic reprocessing has been recommended to preserve the true amplitudes for Amplitude Versus Offset ("AVO") inversion, and to improve seismic imaging especially in dipping structures. It was also suggested that shear sonic data be acquired in future wells for better correlation of well and seismic data.

All project deliverables have been received from contractor Ikon Science and were loaded to a computer workstation to be used as guide in 3D seismic interpretation.

In SC 40 (North Cebu), Forum conducted a land gravity survey over the Libertad and Dalingding areas in Bogo City and Daanbantayan Municipality, respectively. The gravity survey aims to further delineate the carbonate bodies detected in the said areas by the initial 3D gravity modelling exercise. The survey began on February 18, 2020 and was completed on March 14, 2020 with a total of 84 stations acquired at intervals of between 300m and 500m. Forum has completed the correction of meter readings, coordinates, and elevations of gravity stations acquired during the survey. All corrected gravity data will be forwarded to a geophysical contractor for data reduction, processing, and interpretation. The results of the gravity survey will be used to update the current depth model for northern Cebu.

In SC 6A (Octon), the approved work program for 2020 will focus on further geological and geophysical ("G&G") studies in the North Block in support of establishing a final well location over one of the identified prospects in the area. Other G&G works will continue to identify additional resources in the South Block and around the Octon field. In June 2020, LMKR, a private petroleum technology company, completed a pilot QI study on the Malajon area using 3D seismic and well data. The study shows the Malajon structure having a good potential and thus requires further detailed analysis. LMKR is also able to identify four (4) sand packages within the Galoc Clastic Unit ("GCU") after generating several elastic properties (P-impedance, Vp/Vs, etc.). A full QI/Reservoir Characterization study was approved by the JV aimed at generating pay probability maps and identifying prospective zones that could be targets for any future well. It will also include detailed attribute analysis as several channelized sands within the GCU have been identified during the pilot study. An amended WP&B for 2020 will be submitted to the DOE to cover this additional study.

In SC 6B (Bonita), the Farm-In Agreement ("FIA"), Deed of Assignment and transfer of operatorship from The Philodrill Corporation ("Philodrill") to Manta Oil Company Ltd. ("Manta") were approved conditionally by the DOE on October 17, 2019, requiring Manta to submit additional financial documents. Under the FIA, Manta will carry the JV up to First Oil to earn 70% interest. FEPC's interest will be reduced to 2.4546% upon completion of the farm-in. Manta is currently conducting a remapping of the Cadlao Field based on 2016 Pre-Stack Time Migration ("PSTM") reprocessing of the 3D seismic data. This will be followed by resource estimates of the field. Future activities will include an update of the previous Cadlao reservoir modelling and simulation work, firming-up of well locations and trajectories, evaluation of the East Cadlao Prospect as a drillable prospect, and the preparation of a Competent Person's Report certifying reserves and resources estimates. Manta may opt to reprocess the 3D seismic using PSDM if necessary.

A plan of development ("POD") for Cadlao Field & East Cadlao Prospect will be submitted to the DOE before the end of 2020. It will include the drilling of 1-2 deviated production wells. Cadlao has an estimated Recoverable Reserves (P50) of 6.32 MMBO while East Cadlao has an estimated In-Place Prospective Resources of 3.59 MMBO (Best Case).

In Peru Block Z-38, Karoon, Tullow, and Stena Drilling signed a Rig Assignment Agreement for the use of the drillship, Stena Forth in November 2019. The agreement provided the Z-38 Consortium with a single well slot from the existing rig contract between Tullow and Stena. Soon after, the drillship started its mobilization to Peru. It left Ghana in mid-November 2019 and arrived in Lima, Peru in early January 2020.

The Marina-1X well was spudded on January 26, 2020 in 362m water depth. It reached a total depth of 3,021m MD (2,889m TVD) on February 15, 2020. Mudlogging and Logging While Drilling ("LWD") results from the primary targets in the Tumbes Formation indicated that the well encountered thin water-bearing sands with no oil and only minor gas shows. In view of the results, the well was plugged and abandoned as a dry well, and the drillship was demobilized before the end of February 2020.

Marina-1X provided a large amount of valuable data on the geological setting for this region of the Tumbes Basin. Several potential reservoir sequences were encountered in the well, unfortunately these sections were water-saturated and provide no prospectivity at this location. The well results will now be thoroughly analyzed to come up with the best way forward for the block. Following the completion of the Marina-1X exploration well drilling campaign during the first quarter 2020, the evaluation of the technical data continued during the quarter. Due to delays in the drilling of the well in the current exploration phase, a six-month extension was requested and granted by Perupetro, extending the end of the current third period to December 31, 2020.

In August 2019, the DOE accepted the sole bid of Philodrill and PXP on Area 7 located in the Sulu Sea. It was one of the fourteen (14) predetermined areas (PDAs) offered by the DOE in 2018 under the Philippine Conventional Energy Contracting Program (PCECP). The area is covered by both 2D and 3D seismic data and around six (6) exploratory wells have been drilled by previous contractors from 1989 to 2008. Area 7 is adjacent to SC 56 where ExxonMobil drilled four (4) wells in 2009-2010, three (3) of which were declared as discovery wells. The DOE's final decision on the acceptance of the JV's bid has been delayed due to ongoing discussions between the DOE and the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). The Consortium's immediate plan once a Service Contract is granted is to reprocess some 1,600 sq. km of 3D data using new technology of Broadband PSDM and to conduct a QI study.

2) Portfolio Management

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

The Company had participated in the Philippine Conventional Energy Contracting Program ("PCECP") of the DOE, which was launched in November 2018 and ended in August 2019. The Company and its partner, Philodrill, submitted a joint bid for Area 7, a prospective block located in the Sulu Sea. The consortium's bid remains under evaluation with the DOE.

3) Control of Costs and Expenses

The Company's optimization of costs and expenses and its subsidiaries would consequently result in improved net income and better financial stability for the Company.

General and administrative expenses was consistently controlled and decreased to ₱23.5 million (1H2019: ₱25.3 million) attributed to management's continued cost containment initiatives, resulting to minimization of recurring expenses. Management continuously monitors its general and administrative expenses and looks for opportunities to rationalize and share the resources within the Company and its 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.

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.

In compliance with the SEC's Notice dated March 12, 2020, below is the report on the risk and impact of the COVID-19 on business operations and the mitigation measures.

The Company is taking the necessary measures to mitigate potential impact on its business operations, in accordance with government guidelines.

Risk: Exposure to COVID-19

Mitigation: Communicate and enforce preventive measures within the work area against COVID-19 such as:

- Remote working or work from home scheme with departmental skeletal force, if needed.
- Teleconference or online messaging for internal communication and for communication with JV partners and third party contractors.
- Implement a No Visitors Policy (including relatives and friends).
- Maintain at least two (2) meters distance and no physical contact (e.g. no shaking of hands).
- Maintain sanitary essentials like alcohol / hand sanitizers at entry points (e.g. lobby, comfort rooms, etc.).
- Thermal scanning of all employees at the entrances of the office. Personnel with temperature above 37.8 degrees will not be allowed to enter the office and should seek medical attention, if possible.
- Self-quarantine of employees with travel history to identified places with confirmed/suspected COVID-19 cases.
- Encourage employees to do initial self-assessment on symptoms and advise management when symptoms are present.
- Rapid tests of Company employees for COVID-19 were undertaken on June 1-2, 2020.

No lost-time injuries, fatalities, or environmental-related incidents were recorded by the Company and its subsidiaries during the year.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

On August 5, 2020, PXP increased its direct shareholding in FEC Resources Inc. (“FEC”) from 54.99% to 78.39%. This increases PXP’s total economic interest in Forum Energy Limited (“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 US$1,012,499.97. The acquisition of additional shares in FEC did not result in a change in the board of FEC or FEL.

On May 22, 2020, PXP requested for the imposition of FM over SC 74 Block for nine (9) months starting from March 13, 2020 to December 12, 2020 because of delays in the implementation of some G&G activities following the imposition of Enhanced Community Quarantine (“ECQ”) in the National Capital Region from March to May 2020 due to the COVID-19 pandemic. This was approved by DOE on July 14, 2020. In view of the FM, the third SP will now expire on September 21, 2021.

On Block Z-38, due to the temporary closure of Karoon’s Peru office due to the COVID-19 lockdown and quarantine requirements declared by the Peruvian Government, the Operator applied for FM on Block Z-38, which was granted by the authorities on 14 July 2020. The FM applies from 16 March 2020 until such time as relevant lockdown requirements are removed. In the meantime, Karoon continues with post-well analysis of Marina-1X results and the reprocessing of vintage 2D seismic data.

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

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

PART II--OTHER INFORMATION

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

SIGNATURES

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

____
DANIEL STEPHEN P. CARLOS
President

____
MARK RAYMOND H. RILLES
Finance Controller

Date: August 14, 2020

PXP ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
June 30, 2020

PXP ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

ASSETS		June 30, 2020		December 31, 2019 (Audited)
Current Assets				
Cash and cash equivalents	₱	**172,327**	₱	245,954
Accounts receivable		**15,407**		33,516
Inventories		**9,348**		7,300
Other current assets -net		**18,477**		15,801
Total Current Assets		**215,559**		302,571
Noncurrent Assets				
Property, Plant and Equipment - net		**1,413**		23,440
Goodwill		**1,234,387**		1,234,387
Deferred oil and gas exploration costs - net		**5,276,990**		5,300,659
Other noncurrent assets		**4,383**		4,222
Total Noncurrent Assets		**6,517,173**		6,562,708
TOTAL ASSETS	₱	**6,732,732**	₱	6,865,279

LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	₱	**27,674**	₱	63,053
Income tax payable		**29**		615
Lease liability - current portion		**503**		503
Provision for plug and abandonment costs		**7,222**		10,444
Total Current Liabilities		**35,428**		74,615
Noncurrent Liabilities				
Deferred income tax liabilities - net		**1,076,899**		1,077,098
Lease liability - noncurrent		**5,285**		4,791
Other liabilities		**191,450**		192,214
Total Noncurrent Liabilities		**1,273,634**		1,274,103
Total Liabilities		**1,309,062**		1,348,718
Equity				
Capital Stock - P1 par value		**1,960,000**		1,960,000
Additional paid-in capital		**2,816,545**		2,816,545
Subscription receivable		**(184,300)**		(184,300)
Equity reserves		**145,073**		122,250
Deficit		**(1,688,248)**		(1,643,864)
Cumulative translation adjustment on foreign subsidiaries		**35,894**		87,713
		3,084,964		3,158,344
Non-controlling Interests		**2,338,706**		2,358,217
Total equity		**5,423,670**		5,516,561
TOTAL LIABILITIES AND EQUITY	₱	**6,732,732**	₱	6,865,279

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

	For the 6-month Period Ended June 30	
	2020	2019
PETROLEUM REVENUES	**₱ 6,122**	₱ 51,395
COSTS AND EXPENSES		
Petroleum and other production costs	**16,026**	60,848
General and administrative expenses	**23,474**	25,328
	39,500	86,176
OTHER INCOME (CHARGES)		
Provision for impairment of assets	**(20,165)**	-
Foreign exchange losses - net	**(3,109)**	(9,306)
Interest income - net	**331**	1,395
Others - net	**-**	25,555
	(22,943)	17,644
INCOME (LOSS) BEFORE TAX	**(56,321)**	(17,137)
BENEFIT FROM (PROVISION FOR) INCOME TAX	**1**	(760)
NET INCOME (LOSS)	**(₱ 56,320)**	(₱ 17,897)
Net Loss Attributable to:		
Equity holders of the Parent Company	**(₱ 44,384)**	(₱ 7,566)
Non-controlling interests	**(11,936)**	(10,331)
	(₱ 56,320)	(₱ 17,897)
BASIC AND DILUTED LOSS PER SHARE	**(₱ 0.0226)**	(₱ 0.0039)

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

	For the 2nd Quarter Ended June 30	
	2020	2019
PETROLEUM AND OTHER REVENUES	**₱ 0**	₱ 21,684
COSTS AND EXPENSES		
Petroleum producion costs	**3,717**	25,326
General and administrative expenses	**9,058**	13,965
	12,775	39,291
OTHER INCOME (CHARGES)		
Provision for impairment of assets - net	**(4)**	-
Foreign exchange gains - net	**(3,227)**	(8,027)
Interest income	**84**	788
Other income	**-**	(15)
	(3,147)	(7,254)
LOSS BEFORE INCOME TAX	**(15,922)**	(24,861)
PROVISION (BENEFIT FROM) FOR INCOME TAX	**-**	28
NET LOSS	**(₱ 15,922)**	(₱ 24,889)
Net income attributable to:		
Equity holders of the Parent Company	**(₱ 12,421)**	(₱ 18,685)
Non-controlling interests	**(3,535)**	(6,204)
	(₱ 15,956)	(₱ 24,889)
BASIC/DILUTED EARNINGS PER SHARE	**(₱ 0.01)**	(₱ 0.01)
DILUTED EARNINGS (LOSS) PER SHARE	**(₱ 0.01)**	(₱ 0.01)

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

	For the 6-month Period Ended June 30	
	2020	2019
NET INCOME (LOSS)	**(₱ 56,320)**	(₱ 17,897)
OTHER COMPREHENSIVE INCOME		
Gain (Loss) on translation of foreign subsidiaries	**(59,394)**	(88,166)
TOTAL COMPREHENSIVE INCOME	**(₱ 115,714)**	(₱ 106,063)
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	**(₱ 96,203)**	(₱ 72,525)
Non-controlling interests	**(19,511)**	(33,538)
	(₱ 115,714)	(₱ 106,063)

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

	Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock	Additional paid in capital	Subscription Receivable	Equity Reserves	Retained Earnings (Deficit)	Cumulative Translation Adjustment on Foreign Subsidiaries	Subtotal	Non-controlling Interests	Total
Balances at December 31, 2018	**₱ 1,960,000**	**₱ 2,821,000**	**(₱ 2,310,750)**	**₱ 122,062**	**(₱ 1,371,720)**	**₱ 153,866**	**₱ 1,374,458**	**₱ 2,407,960**	**₱ 3,782,418**
Net income (loss) for the period	-	-	-	-	(7,566)	-	(7,566)	(10,331)	(17,897)
Other comprehensive income (loss):									
Gain (loss) on translation of foreign subsidiaries	-	-	-	-	-	(64,959)	(64,959)	(23,207)	(88,166)
Total comprehensive income (loss) for the period	-	-	-	-	(7,566)	(64,959)	(72,525)	(33,538)	(106,063)
Payment of subscription	-	-	1,386,450	-	-	-	1,386,450	-	1,386,450
Effect of Change in Accounting Policy - Leases	-	-	-	-	33	-	33	-	33
Others	-	(5,139)	-	-	-	-	(5,139)	-	(5,139)
Balance at June 30, 2019	**₱ 1,960,000**	**₱ 2,815,861**	**(₱ 924,300)**	**₱ 122,062**	**(₱ 1,379,253)**	**₱ 88,907**	**₱ 2,683,277**	**₱ 2,374,422**	**₱ 5,057,699**

	Equity Attributable to Equity Holders of the Parent Company								
	Capital Stock	Additional paid in capital	Subscription Receivable	Equity Reserves	Retained Earnings (Deficit)	Cumulative Translation Adjustment on Foreign Subsidiaries	Subtotal	Non-controlling Interests	Total
Balances at December 31, 2019	**₱ 1,960,000**	**₱ 2,816,545**	**(₱ 184,300)**	**₱ 122,250**	**(₱ 1,643,864)**	**₱ 87,713**	**₱ 3,158,344**	**₱ 2,358,217**	**₱ 5,516,561**
Net income (loss) for the period	-	-	-	-	(44,384)	-	(44,384)	(11,936)	(56,320)
Other comprehensive income (loss):									
Gain (loss) on translation of foreign subsidiaries	-	-	-	-	-	(51,819)	(51,819)	(7,575)	(59,394)
Total comprehensive income (loss) for the period	-	-	-	-	(44,384)	(51,819)	(96,203)	(19,511)	(115,714)
Effect of transaction with owners	-	-	-	22,823	-	-	22,823	-	22,823
Balance at June 30, 2020	**₱ 1,960,000**	**₱ 2,816,545**	**(₱ 184,300)**	**₱ 145,073**	**(₱ 1,688,248)**	**₱ 35,894**	**₱ 3,084,964**	**₱ 2,338,706**	**₱ 5,423,670**

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

	For the 6-month Period Ended June 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before tax	**(₱ 56,321)**	(₱ 17,137)
Adjustments for:		
Provision for impairment of assets	**20,158**	-
Unrealized foreign exchange loss (gain) - net	**3,109**	9,306
Depreciation and depletion	**1,219**	34,081
Interest income - net	**(345)**	(1,395)
Operating income (loss) before working capital changes	**(32,180)**	24,855
Decrease (Increase) in:		
Accounts receivable	**18,109**	(42,092)
Inventories	**(2,048)**	26,966
Other current assets	**(2,675)**	4,547
Increase (Decrease) in:		
Accounts payable and accrued liabilities	**(35,378)**	(5,451)
Provision for losses and other liabilities	**(3,986)**	(322)
Net cash generated by operations	**(58,158)**	8,503
Interest received	**345**	1,395
Income tax paid	**(587)**	(403)
Net cash provided by operating activities	**(58,400)**	9,495
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Deferred oil and gas exploration costs and other non current assets	**(50,504)**	(63,737)
Equity transaction with owners	**24,756**	-
Net cash used in investing activities	**(21,122)**	(63,737)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of advances from related parties	**-**	(1,385,777)
Cash received from collection of subscription from shareholder	**-**	1,381,311
Net cash used in financing activities	**-**	(4,466)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**5,895**	(3,812)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(73,627)**	(62,520)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**245,954**	342,374
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱ 172,327**	₱ 279,854

PXP ENERGY CORPORATION AND SUBSIDIARIES

-

SCHEDULE OF BANK LOANS PAYABLE

June 30, 2020

(In thousand Pesos)

BN Paribas	
Current portion (Short term)	nil
Non-current portion (Long - term)	nil
Total	nil

SCHEDULE OF SHORT-TERM LOAN

June 30, 2020

Philex Mining Corporation	nil
Total	nil

PXP ENERGY CORPORATION AND SUBSIDIARIES

-

AGING OF ACCOUNTS RECEIVABLE
June 30, 2020
(In Thousand Pesos)

	0-30 days	31-60 days	61-90 days	over 90 days	Total
The Galoc Production Company	₱ 2,320	₱ -	₱ -	₱ -	₱ 2,320
The Philodrill Corporation	-	-	6,665	4,114	10,780
Others	140	-	2,168	-	2,308
	₱ 2,459	₱ -	₱ 8,834	₱ 4,114	₱ 15,407

PXP ENERGY CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

	June 30, 2020	December 31, 2019 (Audited)
Current Ratio	6.08	4.06
Debt-to-equity Ratio	0.24	0.24
Asset-to-equity Ratio	1.24	1.24
Interest Rate Coverage ratio	n/a	n/a
Net Income Ratio	(9.20)	(0.36)

1. **Summary of Significant Accounting Policies and Financial Reporting Practices**

Basis of Preparation
The unaudited interim condensed consolidated financial statements of PXP Energy Corporation and Subsidiaries (PXP or the Group) as at June 30, 2020 and December 31, 2019, and for the six-month period ended June 30, 2020 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. The unaudited interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2019.

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

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

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

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020.

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

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform*
  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;

- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. The Group adopted the amendments beginning January 1, 2020.

Effective beginning on or after January 1, 2021

- *PFRS 17, Insurance Contracts*

Deferred effectivity

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

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

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

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

Judgments

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

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

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

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

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

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

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

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

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

The table below summarizes the Group's maximum exposure to credit risk for the Group's financial assets as of June 30, 2020:

Cash in banks and cash equivalents	
Cash in banks	₱165,659
Short-term deposits	6,666
Accounts receivable	
Trade	9,904
Accrued interest and others	5,503
	₱187,732

The following tables show the credit quality of the Group's financial assets by class as of June, 30, 2020 based on the Group's credit evaluation process.

	Neither Past Due nor Impaired		Past Due and Individually	
	High-Grade	Standard	Impaired	Total
Cash and cash equivalents, excluding cash on hand:				
Cash in banks	₱165,659	₱–	₱–	₱165,659
Short-term investments	6,666	–	–	6,666
Accounts receivable:				
Trade	–	2,320	–	2,320
Accrued interest and others	–	13,087	–	13,087
Total	₱172,325	₱15,407	₱–	₱187,732

Credit quality of cash and cash equivalents, and AFS financial assets is based on the nature of the counterparty and the Group's evaluation process.

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

Aside from above, the Group has no past due but not impaired financial assets as of June 30, 2020.

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 Philex Mining Corporation, an affiliate.

The following tables summarize the maturity profile of the Group's financial assets that can be used by the Group to manage its liquidity risk and the maturity profile of the Group's financial liabilities, based on contractual undiscounted repayment obligations (including interest) as of June 30, 2020:

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Cash on hand	₱2	₱–	₱–	₱–	₱2
Loans and receivables:					
Cash in banks	165,659	–	–	–	165,659
Short-term investments	–	6,666	–	–	6,666
Accounts receivable	2,459	8,834	4,114	–	15,407
Total undiscounted financial assets	₱140,945	₱56,746	₱20,755	₱–	₱187,734

	On Demand	Less than 3 Months	3 to12 Months	Over 12 Months	Total
Accounts payable and accrued liabilities:					
Trade	₱20,649	₱–	₱–	₱–	₱20,649
Accrued expenses	–	459	–	–	459
Other nontrade liabilities	–	–	6,391	–	6,391
Advances from related parties	–	–	175	–	175
Total undiscounted financial liabilities	₱20,649	₱459	₱6,566	₱–	₱27,674

<u>Market Risk</u>

Foreign currency risk

Foreign currency risk is the risk where the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from cash in banks. Net foreign exchange gain amounting to ₱28 arising from the translation of these foreign currency-denominated financial instruments were recognized by the Parent Company for the period ended June 30, 2020. As at June 30, 2020, the exchange rate is ₱49.83 to US$1.

The Parent Company's foreign currency-denominated monetary assets as of June 30, 2020 follow:

	US$	Peso Equivalent
Assets		
Cash and cash equivalents	$484	₱24,103

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

US Dollar (Depreciates) Appreciates	Effect on Income (Loss) Before Income Tax
Appreciate by 6%	₱1,446
Depreciate by (6%)	(1,446)

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

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

4. **Segment Information**

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

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

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

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

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

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

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

For the Group's oil and gas activities, 100% of crude oil production from SC 14 during the first half of 2020 was from the Galoc oil field. Crude oil liftings from the Galoc field were sold to a customer in Thailand.

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

As of June 30, 2020:

	Oil and Gas	Coal	Eliminations	Total
Consolidated Revenue				
External customers	**₱6,122**	**₱–**	**₱–**	**₱6,122**
Results				
EBITDA	**(₱40,713)**	**(₱13)**	**(₱14,707)**	**(55,433)**
Depreciation and depletion	**(1,219)**	**–**	**–**	**(1,219)**
Provision for income tax	**1**	**–**	**–**	**1**
Interest expense - net	**331**	**–**	**–**	**331**
Consolidated net income (loss)	**(₱41,600)**	**(₱13)**	**(₱14,707)**	**(₱56,320)**
Core net loss				**(₱26,860)**
Consolidated total assets	**₱7,787,138**	**₱2,115**	**(₱1,056,521)**	**₱6,732,732**
Consolidated total liabilities	**₱694,958**	**₱737,836**	**(₱123,732)**	**₱1,309,062**

As of June 30, 2019:

	Oil and Gas	Coal	Eliminations	Total
Consolidated Revenue				
External customers	**₱51,395**	**₱–**	**₱–**	**₱51,395**
Results				
EBITDA	**₱8,188**	**(₱16)**	**₱7,377**	**₱15,549**
Depreciation and depletion	**(34,081)**	**–**	**–**	**(34,081)**
Provision for income tax	**(760)**	**–**	**–**	**(760)**
Interest expense - net	**1,372**	**–**	**23**	**1,395**
Consolidated net income (loss)	**(₱25,281)**	**(₱16)**	**7,400**	**(₱17,897)**
Core net loss				**(₱24,185)**
Consolidated total assets	**₱7,348,125**	**₱2,153**	**(₱210,815)**	**₱7,139,463**
Consolidated total liabilities	**₱768,133**	**₱737,835**	**₱575,796**	**₱2,081,764**

The table below shows the Group's reconciliation of core net loss to the consolidated net loss for the six-month period ended June 30, 2020 and 2019.

	2020	2019
Core net loss	**(₱26,860)**	(₱24,185)
Non-recurring items:		
Provision for impairment of assets	**(15,196)**	–
Other income	**–**	25,570
Net foreign exchange gain (loss)	**(2,329)**	(8,197)
Net tax effect of aforementioned adjustment	**1**	(754)
Net loss attributable to equity holders of the Parent Company	**(44,384)**	(7,566)
Net loss attributable to non-controlling interests	**(11,936)**	(10,331)
Consolidated net loss	**(₱56,320)**	(₱17,897)

5. **Related Party Transactions**

Related party relationships exist when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Companies within the Group in the regular conduct of business, enters into transactions with related parties which consists of advances, loans, reimbursement of expenses, regular banking transactions, leases 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:

	Amount/ Volume	Outstanding Balance	Terms	Conditions
Affiliate – Philex Mining Corporation				
Advances: increase (decrease)				
PXP Parent	(₱175)	₱175	Payable on demand	Unsecured, no impairment

a. On November 24, 2010, Forum Philippine Holdings Limited (FPHL) entered into a US$10,000 loan facility agreement with PMC. The facility agreement will be available for a three-year period and funds can be borrowed at an annual interest rate of US London Interbank Offered Rate (LIBOR) + 4.5% for the drawn portion and a commitment fee of 1% for the undrawn portion. The facility agreement will enable FPHL to fund its 70% share of a first SP work program over SC 72. Obligations arising from funds drawn under this facility agreement are not convertible into FEL's or FPHL's common shares.

   In June 2012, an amendment to the original loan agreement has been made to extend the loan facility to US$15,000.

   On November 21, 2013, PMC assigned its rights and obligations under the facility agreement to the Parent Company. On the same date, the loan facility was increased to US$18,000 and has been extended for an additional three years. The loans receivable from FPHL and loan payable to PMC recorded in the Parent Company amounted to ₱674,804 in 2013.

   In 2015, a transfer agreement has been entered into by FPHL (the "Original Borrower") and FGSECL (the "New Borrower"). This states that all the rights and obligations under the Finance Documents of the Original Borrower will be transferred by way of novation to the New Borrower and the Original Borrower will be released from its obligations and will cease to own any rights under the Facility Agreement.

On March 23, 2017, PXP, FEL and FGSECL agreed to the conversion of US$11,805 loan to equity, by subscribing to 39,350,920 new common shares of FEL. The loan payable consisted of total drawdowns from the loan facility of US$15,500 and interest accrued of US$2,828. Of the remaining balance, US$1,000 was paid through cash received from subscription of Tidemark to 6,666,667 new common shares of FEL.

On the same date, PXP and FGSECL entered into a new loan facility amounting to US$6,000 of which US$5,522 was drawn out to fully settle the remaining portion of the long-term loan.

Interest expense incurred for the old loan facility amounted to ₱11,692 in 2017. During the same year, commitment fees incurred amounted to ₱281.

On April 16, 2020, FGSECL made a partial repayment of the maturing loan principal amounting to US$431 together with the full payment of accrued interest from March 16, 2017 to April 15, 2020 amounting to US$958. In addition, a further extension of the then reduced outstanding loan principal of US$5,091, was made from April 16, 2020 to December 31, 2021 and quarterly payments of accrued interest is to be made from April 16, 2020 onwards.

Total outstanding principal from the loan facility amounted to US$5,091 and US$5,522 as at June 30, 2020 and 2019. Interest expense incurred for the period ended June 30, 2020 and 2019 amounted to ₱6,174 and ₱8,297, respectively. The new loan facility does not include an agreement for commitment fee.

The interest expense and commitment fees were recorded under 'Interest expense and other charges' in the consolidated statements of income while these were eliminated upon consolidation for the period ended June 30, 2020 and 2019.

Loans receivable of PXP as at June 30, 2020 and December 31, 2019 amounted to ₱255,711 and ₱279,621, respectively which was eliminated upon consolidation.

b. PMC made cash advances to be used as additional working capital of the Parent Company and acquisition of investments.

   On August 11, 2015, the BOD has agreed that a pledge agreement with PMC (pledgee) be entered into by PXP (pledgor). In order to secure the balance of ₱2,200,000 as of pledge date, the Parent Company has pledged its shares in its subsidiaries, Pitkin and Forum to PMC. The contract was formally executed on August 17, 2015.

   In 2018, the Group paid PMC amounting to ₱781,334 while in 2019, PXP fully paid the cash advances from PMC. As a result, the related pledge was extinguished.

   As at June 30, 2020 and December 31, 2019, advances from PMC amounted to ₱175 and ₱nil, respectively.

c. 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.

6. Basic/Diluted Earnings Per Share

Basic/diluted earning (loss) per share for the period ended June 30, 2020 and 2019 is computed as follows:

	2020	2019
Net loss attributable to equity holders of the Parent Company	**(₱44,384)**	(₱17,897)
Divided by weighted average number of common shares issued during the period	**1,960,000**	1,960,000
Basic and diluted earnings (loss) per share	**(₱0.0226)**	(₱0.0039)

As of June 30, 2020, the Parent Company does not have any potentially dilutive stocks.

7. Seasonality and Cyclicality of Interim Operation

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