

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED

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
Dec 31, 2024
2. SEC Identification Number
38686
3. BIR Tax Identification No.
000-315-612-000
4. Exact name of issuer as specified in its charter
THE PHILODRILL CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
8TH FLOOR, QUAD ALPHA CENTRUM, 125 PIONEER STREET, MANDALUYONG
CITY
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
METRO MANILA, PHILIPPINES
Postal Code
1550
8. Issuer's telephone number, including area code
(632)86318151
9. Former name or former address, and former fiscal year, if changed since last report
N.A.
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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	191,868,805,358
11. Are any or all of registrant's 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
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

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

P682,572,828

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

The Company's 2024 Audited Consolidated Financial Statements

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

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The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



The Philodrill Corporation OV

PSE Disclosure Form 17-1 - Annual Report *References: SRC Rule 17 and Section 17.2 and 17.8 of the Revised Disclosure Rules*

For the fiscal year ended	Dec 31, 2024
Currency	PHILIPPINE PESO

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Current Assets	747,418,028	700,128,985
Total Assets	2,728,928,728	2,713,838,807
Current Liabilities	54,286,638	41,885,938
Total Liabilities	96,144,157	73,823,258
Retained Earnings/(Deficit)	944,101,580	935,915,659
Stockholders' Equity	2,632,784,571	2,640,015,549
Stockholders' Equity - Parent	2,366,590,128	2,359,443,962
Book Value Per Share	0.01	0.01

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Gross Revenue	254,924,184	245,836,374
Gross Expense	256,860,069	311,751,241
Non-Operating Income	43,167,716	42,244,467
Non-Operating Expense	57,937,037	120,397,071

Income/(Loss) Before Tax	-1,935,885	-65,914,869
Income Tax Expense	-10,121,806	-32,036,543
Net Income/(Loss) After Tax	8,185,921	-33,878,326
Net Income/(Loss) Attributable to Parent Equity Holder	8,185,921	-33,878,326
Earnings/(Loss) Per Share (Basic)	0	-0
Earnings/(Loss) Per Share (Diluted)	0	-0

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2024	Dec 31, 2023
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	13.77	16.72
; ; Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	12.83	15.11
; ; Solvency Ratio	Total Assets / Total Liabilities	28.38	36.76
Financial Leverage Ratios			
; ; Debt Ratio	Total Debt/Total Assets	0.04	0.03
; ; Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.04	0.03
; ; Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	-	-
; ; Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.04	1.03
Profitability Ratios			
; ; Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	6.06	6.01
; ; Net Profit Margin	Net Profit / Sales	-0.91	-32.38
; ; Return on Assets	Net Income / Total Assets	0.3	-1.25
; ; Return on Equity	Net Income / Total Stockholders' Equity	0.31	-1.28
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	175.79	-55.5

Other Relevant Information
-

Filed on behalf by:

Name	Josephine Ilas
Designation	Assistant Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

8	t	h		F	l	o	o	r	,		Q	u	a	d		A	l	p	h	a		C	e	n	t	r	u	m	
B	u	i	l	d	i	n	g	,		1	2	5		P	i	o	n	e	e	r		S	t	r	e	e	t		
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y														

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

J.E.Thomas P. Salustiano

Contact Person

8631-8151

Company Telephone Number

1	2
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Month

3	1
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Day

SEC Form 17-A (2024)

FORM TYPE

0	6
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Month

1	9
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Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

8	5	1	3
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Total No. of Stockholders

Total Amount of Borrowings

0

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

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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 calendar year ended **December 31, 2024**
2. SEC Identification Number: **38683**
3. BIR Tax Identification No.: **000-315-612-000**
4. Exact name of issuer as specified in its charter: **THE PHILODRILL CORPORATION**
5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. _____ (SEC Use Only)
Industry Classification Code
7. **8th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City** **1550**
Address of principal office Postal Code
8. **(632) 8631-8151/52**
Issuer's telephone number, including area code
9. **Not Applicable**
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 of the RSA

Number of shares of Common Stock Outstanding 191,868,805,358
11. Are any or all of these securities listed on the Philippine Stock Exchange.

Yes ☒ No ☐
12. Check whether the issuer

(a) has filed all reports required to be filed by Section 11 of the SRC and SRC Rule 17 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 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 90 days.

Yes ☒ No ☐

13. Aggregate market value of the voting stock held by non-affiliates: ₱682,572,828
(91,009,710,415 shares at ₱0.0075 per share as of December 31, 2024)

14. Documents incorporated by reference:

(a) The Company's 2024 Audited Consolidated Financial Statements

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PART 1 - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(a) Description of Business

(1) Business Development

The Philodrill Corporation (the “Company”) was incorporated in 1969, originally, with the primary purpose of engaging in oil, gas and mineral exploration and development. In 1989, realizing the need to balance the risk associated with its petroleum activities, the Company changed its primary purpose to that of a diversified holding company while retaining petroleum and mineral exploration and development as one of its secondary purposes. Thereafter, the Company has maintained investments in petroleum exploration and production, financial services, property development, mining and infrastructure development. On January 16, 2008, stockholders representing at least two-thirds of the Company’s outstanding capital stock approved to change the Company’s primary purpose back to petroleum exploration and development and to relegate and include as a secondary purpose the Company’s holding company purpose clause, which the Securities and Exchange Commission (SEC) approved on April 13, 2009.

With the Company’s corporate term which expired in 2019, an application for the amendment of its Articles of Incorporation was filed, extending its corporate term for another fifty (50) years. The SEC on January 18, 2018, approved The Philodrill Corporation’s amended Articles of Incorporation extending its corporate term for another fifty (50) years, from and after June 25, 2019.

The Company’s active petroleum projects cover production and exploration areas in offshore Palawan and onshore Mindoro under various Service Contracts (SC) with the Philippine government through the Department of Energy (DOE).

In the financial services sector, the Company is a 40% shareholder of Penta Capital Investment Corporation (PCIC), an investment house. PCIC holds equity interest in several companies such as, Penta Capital Finance Corporation, a finance company (99% owned), Penta Capital Holdings Inc. (PCHI), an investment holding company (29.54% owned), Penta Capital Realty Corporation (100% owned) and Intra-Invest Securities, Inc. (68.47% owned). The Company also holds a 13.21% direct equity investment in PCHI.

In the mining sector, the Company holds minor equity interests in the following companies: Atlas Consolidated Mining & Development Corporation (ACMDC) and United Paragon Mining Corporation.

PETROLEUM PROJECTS

SERVICE CONTRACT NO. 14 C-1 (Galoc)

From January 1 to December 31, 2024, the Galoc Field produced a total of 447,857 barrels of oil, averaging approximately 1,227 barrels per day. This reflects a 10.9% decline in production compared to the previous year, primarily attributed to the field’s natural decline. Cumulative output since the commencement of commercial operations in 2009 now stands at 24,934,164 barrels. The calculated oil in storage at the FPSO at the end of the year was 108,375 barrels.

During 2024, three oil cargo parcels were lifted. Palawan Cargo No. 77, with a total volume of 196,826 barrels, was lifted at the end of January. Palawan Cargo No. 78, totaling 112,372 barrels, was lifted on April 29. Finally, Palawan Cargo No. 79, with a volume of 118,970 barrels, was lifted on September 30.

As of December 31, 2024, the remaining reserves/resources of the Galoc Main Field, based on the Competent Person's Report prepared by Three60 Energy and issued by NPG on February 7, 2025, are as follows:

SUMMARY OF RESOURCES			
Developed Producing Oil Reserves (MMstb)	Proved (1P)	Proved plus Probable (2P)	Proved plus Probable plus Possible (3P)
	0.384	0.399	0.415
Contingent Oil Resources (MMstb)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
	0.114	0.592	0.877
	80% Chance of Commerciality		
Proved + Contingent (MMstb)	1P + 1C	2P + 2C	3P + 3C
	0.498	0.991	1.291
Field Economic Limit	April 2026	September 2027	April 2028

The Developed Producing Oil Reserves are estimated based on the earlier occurrence of either the Economic Limit or the Service Contract expiry date of December 17, 2025. In contrast, Contingent Oil Resources are assessed on the assumption that a new Development and Production Petroleum Service Contract (DPPSC) will be awarded for the Galoc Field—under the existing terms and conditions—allowing continued operations until the field reaches its economic limit.

In preparation for the application to the Department of Energy (DOE) of a Development and Production Petroleum Service Contract (DPPSC), the JV approved on April 30, 2024, the resolutions authorizing NPG, on behalf of the JV, to proceed with the application for a DPPSC.

For the 2025 Work Program and Budget, the Operator submitted a firm budget of US\$ 20,123,592 and a contingent budget of US\$ 352,000 for approval by the Department of Energy. With a projected 10% production decline, the oil production target for 2025 is set at 398,000 barrels, with three cargo liftings of approximately 170,000 barrels each scheduled for the year.

NOMINATED AREA 10 APPLICATION (formerly SERVICE CONTRACT NO. 6A, Octon)

The Department of Energy (DOE) is still waiting for the communication on the schedule of the signing of a new service contract from the Office of the President. The complete documents of the new service contract were submitted in November 2023.

The DOE recently advised Philodrill to secure a Certificate of Non-Overlap (CNO) from the National Commission on Indigenous Peoples (NCIP) over the application area. Securing a CNO for new SC applications is now being required before any SC/DPPSC is signed by the President. Philodrill continues to finalize the Project Description, which will be included to

the documentary requirements in the CNO application through the Energy Virtual One-Stop Shop (EVOSS) system.

Sunda Energy met with Philodrill to explore the potential opportunities to participate in NA 10 by way of farm-in. Sunda was provided access to a data room to review the technical data.

DP PSC APPLICATION (formerly SC 6B Bonita)

The Amendment to the Farm in Agreement between Nido and the rest of the members of the Joint Venture was signed on 11 January 2024 to ensure that the conditions/provisions under the Farm-in Agreement between Nido and the rest of the Joint Venture will continue to apply even after a new Development and Production Petroleum Service Contract (DP PSC) is awarded.

On January 26, 2024, Nido submitted to the DOE all the required documentation for the DP PSC application. The DOE completed the evaluation of the application and confirmed that the consortium is legally, technically and financially qualified to enter into a Petroleum Service Contract. The draft of the DP PSC was being finalized as the year ended.

Nido also informed the JV Partners that the drillship *Deep Venture* was initially planned for the drilling of Cadlao 4. Built in Finland, the drillship is designed to operate in water depths ranging from 90 to 1,500 meters. It is equipped with a DP-2 Dynamic Positioning System, and an 8-point mooring assist system will be installed for shallow-water operations once it arrives in the Philippines for further refurbishments. However, Nido has since reconsidered using the drillship and is now leaning toward using a jack-up rig instead.

In preparation for the Cadlao-4 drilling and possible Extended Well Test (EWT), Nido also reported that the application process to secure the Environmental Compliance Certificate (ECC) and the application for a Certificate of Non-Overlap with the NCIP are ongoing.

The long lead items for the drilling activities have already been acquired and are currently warehoused in Mabini, Batangas.

SERVICE CONTRACT NO. 14 C-2 (West Linapacan)

Philodrill finalized the reinterpretation of seismic data for the well plan and design study. The results of the seismic reinterpretation were discussed with Nido for its incorporation in the planned reservoir engineering study to be conducted by a third-party subcontractor.

Nido completed the reservoir engineering study for the West Linapacan A Field and distributed copies to the partners through Philodrill. The study builds upon the dynamic modeling that RISC conducted for the joint venture in 2017. However, Nido encountered significant issues with the static model of West Linapacan A created by RISC during the 2017 study. These challenges have adversely affected the dynamic modeling, resulting in low production volumes estimated between 3.61 and 4.82 Million barrels of oil from two new deviated wells strategically located on the structure.

During a hybrid meeting of the partners on Thursday, December 12, 2024, the joint venture approved the proposed 2025 Work Program and Budget (WP&B) of \$395,890. This budget includes a \$20,000 balance from the 2024 WP&B, a firm budget of \$275,890, and a contingent

budget of \$100,000. The allocated funds will be used for preparing a revised static model to do a rerun of the dynamic modeling for West Linapacan A, developing a Plan of Redevelopment for West Linapacan A that includes a Well Plan and Design/Extended Well Test (EWT) Plan study, reviewing the Plug and Abandon (P&A) of the West Linapacan, and implementing a contingent program to apply for an Environmental Compliance Certificate from the DENR Environmental Management Bureau, along with a Certificate of Non-overlap (CNO) or Certification Precondition (CP) from the National Commission on Indigenous Peoples.

Additionally, the joint venture agreed to apply for a Development and Production Petroleum Service Contract (DPPSC) from the Department of Energy (DOE) before the expiration of the service contract in December 2025. The Plan of Development, including the Well Plan and the Design/EWT Plan study, will be an integral part of the justification submitted to the DOE to support the DPPSC application.

SERVICE CONTRACT NO. 53 (Onshore Mindoro)

The remapping of the target reservoir horizon at the Progreso Prospect using the 2023 reprocessed seismic was undertaken under the approved WP&B for 2024. With improved imaging of the subsurface from the reprocessed seismic data, a more robust structural closure of the Progreso prospect at the different reservoir levels was mapped. This resulted in an uplift of the resource estimates of the prospect.

At year end, a report incorporating the seismic reinterpretation and mapping, and the updated resource estimates is being finalized for submission to the Partners and the DOE.

The initial well plan and design, developed in collaboration with Mr. Dave Thomson of CWT, was also completed. A final well plan and drilling program for Progreso-2 will be prepared when a decision to drill has been made. Based on the well objectives that were defined by Philodrill, it was estimated that 21 drilling days would be required to drill the well to the proposed TD of 1600m. The estimated cost of the well is US\$ 6.139 MM.

Philodrill continued to coordinate with the National Commission on Indigenous Peoples (NCIP) on the Certification Precondition (CP) application for the Cambayan Project.

- **Occidental Mindoro:** On September 5, 2024, Philodrill along with the representatives from the DOE participated in the MOA signing ceremony with the Hanuno-Gubatnon-Ratagnon (HAGURA) Indigenous Peoples (IPs), at Magsaysay Hillside Resort and Restaurant, Magsaysay, Occidental Mindoro.
- **Oriental Mindoro:** Following the MOA signing on the Occidental side on September 5, 2024, Philodrill is actively coordinating with the DOE and the NCIP's Ancestral Domains Office (ADO) in relation to the permitting activities on the Oriental side, and currently in the process of preparing and reviewing the necessary documentation to comply with the permitting requirements.

SERVICE CONTRACT NO. 74 (Linapacan)

In a letter dated March 18, 2024, the DOE confirmed that PXP's consolidated submission of all data was in order and credited it as complete fulfillment of all technical work commitments under SC 74.

In a letter dated July 12, 2024, the DOE approved the SC 74 area relinquishment subject to the settlement of the remaining scholarship commitment in the amount of \$55,000 to be remitted to the Palawan State University, the intended beneficiary of scholarship commitment under SC 74. The DOE has yet to instruct the consortium on the remittance of the scholarship fund.

PDAs BP-2 and BP-3, Sulu Sea (Under the DOE/BARMM Bid Round)

Philodrill entered into a Joint Application and Participation Agreement with Sunda Energy, Triangle Energy, and PXP to submit bid applications for the Pre-Determined Areas (PDAs) BP-2 and BP-3 under the 1st BARMM Energy Bid Round. Sunda and Triangle will each hold a 37.5% Participating Interest (PI), totaling 75%, while Philodrill and PXP will share the remaining 25% equally at 12.5% each.

Triangle, designated as the application manager, submitted the sealed bid documents for both areas on August 27, 2024. These submissions were the only bids received for the two areas. On the same day, the bid documents were opened and both DOE and BARMM announced that the consortium met the requirements of the DOE/BARMM bid process.

The DOE informed Triangle that the consortium is qualified to enter petroleum service contracts for the PDAs BP-2 and BP-3. The consortium pre-signed the petroleum service contracts and the DOE transmitted the same to the Office of the President for approval and signature.

Additional information required by Item 1 (a) is also contained in Notes 7 and 11 to the Company's 2024 Audited Consolidated Financial Statements.

INVESTMENTS IN ASSOCIATES

The Company's associates are PCIC, PCHI and ACMDC, where the Company has 40%, 13.21% and 0.53% equity interest, respectively. In December 2015, the Company entered into a Joint Voting Agreement with Alakor Corporation, National Book Store, Inc. and Anglo Philippine Holdings Corporation, collectively known as the Ramos Group, to jointly vote their shares in ACMDC in all matters affecting their rights as stockholders effective January 1, 2015. As of December 31, 2024, the combined interest of the parties to the agreement represents 43.01% interest in ACMDC.

PCIC's net loss amounted to P12.6 million in 2024 as compared to net income of P18.4 million in 2023. Gross revenues amounted to P92.4 million in 2024 and P109.8 million in 2023.

PCHI posted a net loss of P95.5 million in 2024 as compared to P0.2 million in 2023. Gross revenues amounted to P10.8 million in 2024 as compared to P57.7 million in 2023.

ACMDC's net loss in 2024 amounted to P231.1 million as compared to net income of P1.1 billion in 2023. Gross revenues amounted to P18.6 billion in 2024 and P18.9 billion in 2023.

Additional information is also contained in Note 9 to the Company's 2024 Audited Consolidated Financial Statements.

The Company has no direct equity interest in Penta Capital Finance Corporation and as such, no disclosure on its business development was made.

No bankruptcy, receivership or similar proceeding has been filed by or against the Company during the last three (3) years.

No material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets not in the ordinary course of business has been undertaken by the Company during the last three (3) years.

(2) Business of Issuer

(a) Description of Registrant

- (1) Principal products or services and their markets -The Company and other participants (collectively referred to as "Contractor"), entered into several SCs with the Philippine government through the DOE, for the exploration, development and exploitation of the contract areas situated mostly in offshore Palawan where oil discoveries have been made. The aforementioned SCs provide for certain minimum work expenditure obligations and the drilling of a specified number of wells and are covered by operating agreements which set forth the participating interests, rights and obligations of the contractor.

The Company's share in the jointly controlled assets of the SCs is included under the "Wells, platforms and other facilities" and "Deferred oil exploration costs" accounts in the statements of financial position. The Company follows full cost method of accounting for all exploration costs relating to each SC. These costs are deferred pending determination of whether the contract area contains oil and gas in commercial quantities. The exploration costs relating to the SC area where oil and gas in commercial quantities are discovered are subsequently capitalized as "Wells, platforms and other facilities" shown under "Property and equipment" account in the statement of financial position upon commercial production. When the SC is permanently abandoned or the Company has withdrawn from the consortium, the related deferred oil exploration costs are written-off. Reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs.

All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. As a field goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions. Additional information required by Item 1 (2) (a) is also contained on Notes 8 and 11 to the Company's 2024 Audited Consolidated Financial Statements. The Company's present

revenues and production and related expenses are from certain areas of SC 14 particularly Galoc. The crude oil revenues from these oilfields contributed about 83% of the total gross revenues.

Information as to gross production volume follows (in barrels):

	2024	2023	2022
Galoc	447,857	502,624	565,026

The Company also generates revenues from its equity investments by way of dividends received from, and/or equitizable share in the earnings of investee companies. Equitized earnings from affiliates constituted about -3% of the total gross revenues.

Investee Companies. The Company is a 40% shareholder of PCIC, an investment house. Aside from investment banking and financial advisory services, PCIC also specializes in providing securitization services, short-term bridge financing facilities and assistance in raising working capital funds.

The Company also has investment in PCHI with investment holdings in real estate, financial and securities transactions. The Company has 13.21% ownership in PCHI. PCIC also has 29.54% ownership interest in PCHI, making the Company's effective ownership in PCHI at 25.03%.

The Company has 0.53% minor equity interest in ACMDC, as of December 31, 2023, together with the other companies in the Ramos Group, the combined interest represents 43.01% in ACMDC.

ACMDC is engaged in metallic mineral and mining exploration, and currently produces copper concentrate (with gold and silver), magnetite iron ore concentrate and laterite nickel.

- (2) Percentage of sales or revenues and net income contributed by foreign sales- SC14C-1 crude oil were sold to foreign companies, the following are the percentages contributed by foreign sales:

	2024	2023	2022
Gross petroleum revenue	83%	83%	72%
Net operating income/loss	763%	118%	126%

- (3) Distribution Method of the Products or Service- For SC14C-1 consortium, the operator GPC sold the crude oil to several foreign firms. The proceeds from the sale of crude oil were distributed by the operator to the different consortium members in accordance with their respective participating interests.

- (4) Status of any new product or service - There are NO new products or services.

- (5) Competition-For SC14C-1, crude oil production for 2024 was sold to foreign firm, Trafigura Pte Ltd. Vitol Asia Pte., Ltd. continued to act as a marketing agent for the SC14C-1 consortium. Competition for market of petroleum does not have a significant bearing in the operations of the Company.

In the upstream local industry, group of companies form consortiums to explore certain areas. The DOE awards SCs to technically and financially capable companies based on competitive bidding. The Company competes in the acquisition of exploration rights with foreign firms and local exploration companies namely, PNOC-EC, Oriental Petroleum and Minerals Corporation, PetroEnergy Resources Corporation, NPG Pty. Ltd., Forum Energy Phils. Corporation. Competition in the acquisition of exploration rights also gives opportunities for partnership between local and foreign companies.

The Company is a recognized leader in the local petroleum industry. The Company is financially strong and the technical expertise of its staff is recognized by the DOE. The Company remains a strong player in the local exploration and production industry.

- (6) Sources and availability of raw materials - Not applicable
- (7) Dependence on One or a Few Major Customers and Identification of Such-
- Petroleum Revenue - production from Galoc which is 83% of the total gross revenues were sold to foreign firm Trafigura Pte Ltd..Vitol Asia Pte., Ltd. continued to act as a marketing agent for the SC14C-1 consortium.
 - Investment Income - the Company's equity share in associates' earnings is dependent on the financial performance of its investee company, PCIC, PCHI and ACMDC.
- (8) Transactions with and/or Dependence on Related Parties - the information required is contained on Note 16 to the Company's 2024 Audited Consolidated Financial Statements.
- (9) Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements, or Labor Contracts, including Duration-The Company is a member of the following valid and subsisting Petroleum SCs, either in its capacity as Operator or Consortium Member:

<i>Service Contract No.</i>	<i>Location</i>	<i>Expiry</i>	<i>Company's Capacity (as of December 31, 2024)</i>
Nominated Area 10 (formerly SC6A Octon Block*)	NorthWest Palawan		
SC6B Bonita Block**	NorthWest Palawan		Consortium Member
SC14C-1 Galoc Block	NorthWest Palawan	December 2025	Consortium Member
SC14C-2 West Linapacan	NorthWest Palawan	December 2025	Operator
SC53 Onshore Mindoro	Mindoro	Under Force Majeure	Operator
SC74 Linapacan***	NorthWest Palawan		Consortium Member

*Relinquished and awaiting DOE's approval of service contract application

**New SC (DPPSC) application being processed by the DOE

***PXP Energy as operator submitted the Notice of Surrender of SC to the DOE on December 13, 2023. The DOE approved the relinquishment in a letter dated July 12, 2024 subject to the settlement of the remaining scholarship commitment in the amount of \$55,000.

- (10) Government Approvals – The Company is a participant in various SCs with the Philippine government through the DOE which provide for certain minimum work expenditure obligations and drilling of a specified number of wells and are covered by operating agreements which set forth the participating interests, rights and obligations of the Contractor.
- (11) Effect of Existing or Probable Governmental Regulations on the Business - Existing government regulations do not adversely affect the business of the Company. The company is not aware of any probable government regulation that may adversely affect its business and of its subsidiary.
- (12) Estimate of Amount Spent for Research and Development Activities - The Company incurs expenses in the oil exploration projects wherein the Company is a participant. The expense on the evaluation and studies on these projects forms part of deferred costs.

The following are the expenses incurred for the last three (3) years:

Year	Amount
2024	P13.2M
2023	P16.2M
2022	P19.4M

- (13) Costs and Effects of Compliance with Environmental Laws - Compliance with the environmental laws has not, and is not anticipated to adversely affect the businesses and financial condition of the Company. Petroleum service contractors are mandated to comply with all environmental laws in phases of exploration and production operations. The Company did not directly incur any expenses for such activities during the last three (3) years. Any costs of compliance with environmental laws will either be charged as ordinary operating expense or capitalized as part of project investment.
- (14) Employees- As at December 31, 2024, the Company had 21 employees.

Type of employee	Exploration/ Technical	Finance/ Administration Legal/Stocks
Executive Officers - Administrative	1	4
AVP, Managers - Technical/Operations	1	2
Rank and File - Clerical	4	9
Total	6	15

The present employees are not subject to Collective Bargaining Agreement. For the past three (3) years, there had not been any strike threat. All regular officers and employees are entitled to supplemental benefits as provided under the applicable labor laws and existing Company's schedule of benefits (i.e. leaves, medical and other cash aid programs, bonuses, retirement, life/hospitalization insurances and others). The Company will continue to provide such benefits within the ensuing twelve (12) months. The Company does not anticipate hiring additional personnel within the ensuing twelve (12) months.

- (15) Major risk/s involved in each of the business of the company and subsidiaries- Information required by this Item is contained in Note 22 to the Company's 2024 Audited Consolidated Financial Statements. Note 22 discussed the risks factors namely: credit risk, liquidity risk and market risk which includes foreign currency risk and equity price risk. In addition, we would like to disclose the following risks:

Commodity price risk – The Company's petroleum revenues are based on international commodity quotations (i.e. primarily on the average Dubai oil prices) over which the Company has no significant influence or control. This exposes the Company's results of operations to commodity price volatilities that may significantly impact its cash inflows. However, the Company is exerting its efforts in reducing operating costs in order to counteract any decrease in commodity price.

Production risk -The Company's crude oil production from the Galoc field may experience decline that are due to normal reserve depletion, production shutdown, adverse weather condition and problems relating to availability of vessels. In the Galoc field, the SC14C-1 consortium upgraded the mooring and riser system (M&RS) of the FPSO which involved the installation of a revolving external turret on the bow of the FPSO. The installed turret practically eliminated the need for the risky and costly disconnection of the M&RS during adverse weather conditions and its subsequent reconnection which in the past had resulted in expensive damage and prolonged operating downtimes. Because of the improved M&RS system, the Galoc operations attained close to 100% process uptime in 2024.

(b) Additional Requirements as to Certain Issues or Issuers

- (a) Debt issues - Not applicable
- (b) Investment Company Securities - Not applicable
- (c) Mining and Oil Companies -In line with its primary business purpose, the Company remains a participant in certain petroleum exploration projects. The amount of the Company's interests in these contracts and a brief description of the areas and status of works performed therein are provided in Item 1 (a) above under the heading "Petroleum Projects".

Item 2. Properties

The information required by Item 2 is contained in Notes 7 and 8 to the Company's 2024 Audited Consolidated Financial Statements.

As a participant in SC No.14, the Company reflects its proportionate share in the cost of the production facilities of the Galoc and West Linapacan oilfields under the "Wells, platforms and other facilities" account. These production facilities are located in the offshore Palawan area, while the office condominium unit, furniture, and other equipment are located at 125 Pioneer Street, Mandaluyong City. These properties are in good condition. The Company does not intend to make any substantial property acquisition in the next twelve (12) months.

The Company's exploration properties, which are presented as deferred oil exploration and development costs in the audited consolidated financial statements are presented below:

SC No.	The Company's Interest (%)	Partners	Operator /Contractor	Issue Date	Expiry Date	Location	Status
Nominated Area 10 (formerly SC6A Octon)*	**72.1662	Anglo Phil. Holdings Corp. Forum Energy Phils. Corp. PXP Energy Corp.	The Company			Northwest Palawan	Exploration
SC6B (Bonita)***	17.4546	Oriental Pet.& Minerals Corp Nido Petroleum Phils. Pty Forum Energy Phils. Corp. Alcorn Gold Resources Corp	Nido Petroleum			Northwest Palawan	Exploration
SC53 (Onshore Mindoro)	81.480	Anglo Phil. Holdings Corp.	The Company	July 08, 2005	Under Force Majeure	Mindoro	Exploration
SC74 (Linapacan)****	25.000	PXP Energy Corp. PNOC-EC	PXP Energy			Northwest Palawan	Exploration

*Relinquished and awaiting DOE's approval of service contract application

**Philodril's participating interest in the new SC application

***DOA and Transfer of Operatorship to Nido Petroleum were approved by the DOE on December 19, 2022. New SC (DP PSC) application being processed by the DOE.

****PXP Energy as operator submitted the Notice of Surrender of SC to the DOE on December 13, 2023. The DOE approved the relinquishment in a letter dated July 12, 2024 subject to the settlement of the remaining scholarship commitment in the amount of \$55,000.

Item 3. Legal Proceedings

- a. All Labor cases filed by Mr. Navarro against The Philodril Corporation and its officers have been resolved and decided with finality against him. As of January 2024, there are no pending or active labor case against the Company.
- b. Criminal Cases

TPC et al vs. Navarro

NPS Docket No. XV-06-INV-171-6152

DOJ Manila

This is a criminal complaint filed against Mr. Navarro for attempted estafa, in making false pretenses by repeatedly misrepresenting that he is entitled to a “special retirement pay” that was supposedly approved by Mr. Alfredo Ramos. In November 2017, the OCP-Mandaluyong dismissed the criminal complaint for lack of probable cause and insufficiency of evidence to establish deceit on the part of Mr. Navarro. In April 2018 the Company filed a Petition for Review with the DOJ and was subsequently dismissed on June 23, 2021. A Motion for Reconsideration was filed by the Company, which to date remains unresolved.

TPC and Nazarea vs. Navarro

NPS Docket No. XV-06-INV-171-6153

OCP- Mandaluyong

This complaint for 10 counts of perjury against Mr. Navarro was dismissed by the OCP-Mandaluyong, which instead found probable cause for unjust vexation. However, MTC of Mandaluyong dismissed the information for unjust vexation in November 2018, finding that Mr. Navarro lacked criminal intent to commit the crime. In light of the dismissal of the complaint for perjury, Company appealed the OCP Resolution to the DOJ, which up to this date remains pending.

Navarro vs. Nazarea, Ramos, et.al.
NPS Docket No. XV-06-INV-17H-05689
DOJ- Manila

This is a complaint filed by Mr. Navarro against the directors and/or officers of the Company for violation of Sections 28 (Removal of Director) and 144 of the Corporation Code. This complaint was dismissed by the OCP-Mandaluyong for lack of probable cause. Mr. Navarro appealed the decision to the DOJ through a Petition for Review, to which the Company filed its opposition in February 2018 and was submitted for resolution in March 2018. Philodrill on November 30, 2023 filed a Motion for Early Resolution of the Petition filed by Mr. Navarro, which remains unresolved as of this date.

The Company maintains that Mr. Navarro's pending Petition for Review presents no new or substantial matter that will warrant the reversal of the Resolution of Asst. City Prosecutor Hernandez of the OCP Mandaluyong.

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

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholders Matters

(a) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

The Company's shares are listed and traded in the Philippine Stock Exchange (PSE). The high and low sales price of the Company's shares for each quarter during the last two (2) years 2024 and 2023 and the first quarter of the current year 2025, expressed in Philippine Peso, are as follows:

Stock Prices:		High	Low
2025	First Quarter	0.0085	0.0070
2024	First Quarter	0.0097	0.0073
	Second Quarter	0.0089	0.0070
	Third Quarter	0.0083	0.0063
	Fourth Quarter	0.0093	0.0066

2023	First Quarter	0.0098	0.0089
	Second Quarter	0.0092	0.0085
	Third Quarter	0.0089	0.0070
	Fourth Quarter	0.0087	0.0075

(2) Holders

There were 8,513 shareholders of record as of December 31, 2024. Common shares outstanding as of December 31, 2024 totaled 191,868,805,358 shares.

The Company's last offering was in 2008 when it offered to all its shareholders the right to subscribe to one (1) offer share for every four (4) common shares held as of record date of October 16, 2008. The Company filed a Registration Statement on May 28, 2008, covering the offer shares, with the SEC and was approved by the SEC on September 18, 2008. The Company filed its application for the listing and trading of the offer shares with the PSE and approved the application on September 24, 2008. Additional information required is also contained in Note 14 to the Company's 2024 Audited Consolidated Financial Statements.

Top 20 stockholders as of December 31, 2024:

NAME	NO. OF SHARES HELD	% TO TOTAL
1. PCD NOMINEE CORPORATION FILIPINO	173,874,498,464	90.62
2. PCD NOMINEE CORPORATION NON FILIPINO	1,578,195,162	0.82
3. ALFREDO C. RAMOS	690,088,350	0.36
4. ALSONS CONSOLIDATED RESOURCES, INC.	566,720,000	0.30
5. MARGARET S. CHUA CHIACO	530,000,000	0.28
6. TRAFALGAR HOLDINGS PHILS., INC.	360,993,600	0.19
7. ALBERTO MENDOZA &/OR JEANIE MENDOZA	317,910,514	0.17
8. CHRISTINE C. CHUA	254,097,005	0.13
9. RCBC TA# 32-314-4	190,900,000	0.10
10. PHIL. REMNANTS CO., INC.	188,247,468	0.10
11. AYALA CORPORATION	188,068,125	0.10
12. CARMENCITA O. REYES	176,415,750	0.09
13. INDEPENDENT REALTY CORPORATION	165,807,000	0.09
14. ANSELMO C. ROQUE	150,000,000	0.08
15. PAULINO G. PE	135,490,200	0.07
16. ESTATE OF GREGORIO K. SY SUAN	112,500,000	0.06
17. ANSALDO GODINEZ & CO., INC.	112,188,084	0.06
18. J.A. GONZALEZ	110,400,000	0.06
19. ANGLO PHILIPPINE HOLDINGS CORPORATION	108,936,264	0.06
20. LUCIO W. YAN &/OR CLARA Y. YAN	107,918,500	0.06

(3) Dividends

As of the years 2024, 2023 and 2022, the Board has not approved any dividend declaration.

The Company's ability to declare and pay dividends is subject to the availability of funds and balance of the Retained Earnings.

(4) Recent Sales of Unregistered Securities

NO unregistered securities were sold during the past three (3) years. All of the Company's issued and outstanding shares of stock are duly registered in accordance with the provisions of the Securities Regulation Code.

- (a) Securities Sold - not applicable; NO securities were sold
- (b) Underwriters and Other Purchases - not applicable; NO securities were sold
- (c) Consideration - not applicable; NO securities were sold
- (d) Exemption from Registration Claimed - not applicable; NO securities were sold

Item 6. Management's Discussion and Analysis or Plan of Operation.**(a) Management's Discussion and Analysis or Plan of Operation****Audited Consolidated Financial Statements for Years 2022 to 2024**

(In thousands of Pesos)	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
<i>Income Statement</i>			
Petroleum Revenues	211,756	203,592	237,489
Operating Income (Loss)	(1,936)	(65,915)	(320,109)
Net Income (Loss)	8,186	(33,878)	(339,334)
<i>Assets</i>			
Current Assets	747,418	700,129	685,618
Non-Current Assets	1,981,511	2,013,710	2,083,295
Total Assets	2,728,929	2,713,839	2,768,914
<i>Liabilities</i>			
Current Liabilities	54,287	41,886	45,859
Non-Current Liabilities	41,857	31,937	36,189
Stockholders' Equity	2,632,785	2,640,016	2,686,866
<i>Earnings (Loss) Per Share</i>	0.00004	(0.00018)	(0.00177)

(1) Plan of Operation

- (A)** The Company expects to be able to satisfy its working capital requirements for the next twelve (12) months. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider:

Issuing subscriptions call on the balance of the Subscriptions Receivable as of December 31, 2024; collecting a portion of Accounts Receivables as of December 31, 2024; Selling a portion of its existing investments and/or assets; and or Generating cash from loans and advances.

- (B)** The Company continues to consider farm-in proposals from local and foreign oil companies which have offered to undertake additional exploration/development work and implement production enhancement measures at no cost to the Filipino companies in exchange for equity in the projects that they will be involved in.

- (C) The Company does not expect to make any significant purchase or sale of any plant and equipment within the next twelve (12) months.
- (D) The Company does not expect any significant change in the number of its employees in the next twelve (12) months.

(2) Management's Discussion and Analysis

Financial highlights for the years 2024, 2023 and 2022 are presented below:

(in thousands of pesos)	2024	2023	2022
Petroleum Revenues	211,756	203,592	237,489
Investment Income (Loss)	(7,826)	13,323	33,163
Interest Income	31,364	26,928	15,705
Net Income (Loss)	8,186	(33,878)	(339,334)
Total Assets	2,728,929	2,713,839	2,768,914
Net Worth	2,632,785	2,640,016	2,686,866
Issued & Subscribed Capital	1,918,688	1,918,688	1,918,688

The key performance indicators of the Company are as follows:

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Current Ratio	13.77:1	16.72:1	14.95:1
Current Assets	747,418,028	700,128,985	685,618,138
Current Liabilities	54,286,638	41,885,938	45,858,882
Debt to Equity Ratio	0.04:1	0.03:1	0.03:1
Total Liabilities	96,144,157	73,823,258	82,047,982
Stockholders' Equity	2,632,784,571	2,640,015,549	2,686,865,641
Equity to Debt Ratio	27.38:1	35.76:1	32.75:1
Stockholders' Equity	2,632,784,571	2,640,015,549	2,686,865,641
Total Liabilities	96,144,157	73,823,258	82,047,982
Book Value per Share	0.01372	0.01376	0.01400
Stockholders' Equity	2,632,784,571	2,640,015,549	2,686,865,641
Outstanding shares	191,868,805,358	191,868,805,358	191,868,805,358
Earnings (Loss) per Share	0.00004	(0.00018)	(0.00177)
Net Income (Loss)	8,185,921	(33,878,324)	(339,333,554)
Weighted Average shares outstanding	191,868,805,358	191,868,805,358	191,868,805,358

Current Ratio is 13.77:1 as of December 31, 2024; 16.72:1 as of December 31, 2023; and 14.95:1 as of December 31, 2022. As of December 31, 2024, December 31, 2023 and December 31, 2022, current assets exceeded the current liabilities by P693.1 million, P658.2 million, and P639.8 million, respectively. However, a portion of the "Investments" account in the statements of financial position consists mainly of shares of stock which are listed with the

PSE and which could be sold to meet the Company's obligations as might be called for by future circumstances. These shares of stock have an aggregate market value of P43.2 million as of December 31, 2024, P52.4 million as of December 31, 2023 and P64.5 million as of December 31, 2022. If these shares would be considered part of Current Assets, the recomputed current ratio would be 14.56:1 as of December 31, 2024; 17.97:1 as of December 31, 2023; and 16.36:1 as of December 31, 2022.

The Company has a wholly-owned subsidiary, Philodrill Power Corporation (PPC) (formerly Phoenix Gas & Oil Exploration Co., Inc.). The Company acquired 100% of PPC's capital stock in May 2007. Since PPC has NO operations, disclosure on performance indicators are as follows:

	December 31, 2024
Current Ratio	351.5:1
Current Assets	8,268,249
Current Liabilities	23,520
Debt to Equity Ratio	0.0029:1
Total Liabilities	23,520
Stockholders' Equity	8,244,729
Equity to Debt Ratio	350.5:1
Stockholders' Equity	8,244,729
Total Liabilities	23,520
Book Value per Share	0.0007
Stockholders' Equity	8,244,729
Average shares outstanding	12,505,000,000
Income per Share	-0-
Net Income (Loss)	(81,313)
Average shares outstanding	12,505,000,000

- (i) Trends, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity, the information required by this item is contained in Note 22 to the Company's 2024 Audited Consolidated Financial Statements.
- (ii) The Company's internal source of liquidity comes from revenues generated from operations. The Company's external sources of liquidity come from stock subscriptions, loans and advances.
- (iii) The Company is expected to contribute its share in the exploration and development expenditures in the SCs. However, most of the funding for such expenditures is expected to be provided by operations, collection of subscriptions and other receivables, loans/financing from banks and potential farminees to these projects.
- (iv) Trends, events or uncertainties that have had or reasonably expected to have a material impact on the revenues or income from continuing operations, the information required by this item is contained in Notes 11 and 22 to the Company's 2024 Audited Consolidated Financial Statements.
- (v) There have been no material changes from period to period in one or more line items of the Company's financial statements, except those discussed below:

- a) Total assets increased by P15.09 million from P2.71 billion as of year-end 2023 to P2.73 billion as of year-end 2024.
- Receivables account increased by P63.5 million from P237.5 million as of December 31, 2023 to P301.0 million as of December 31, 2024 due to the advances made to a related party during the year.
 - Crude oil inventory decreased by P18.2 million from P59.9 million as of December 31, 2023 to P41.7 million for the Company's share in inventory for the SC14 Galoc crude as of December 31, 2024. The decrease was due to lower volume at year-end 2024.
 - Other current assets increased by P1.9 million from its December 31, 2023 balance of P7.2 million to December 31, 2024 balance of P9.1 million. The increase was due to the additional prepaid income tax booked at year-end 2024.
 - Property and equipment decreased by P34.1 million from its December 31, 2023 balance of P261.9 million to December 31, 2024 balance of P227.8 million. The decrease was mainly due to depletion expense net of additional capital expenditures booked during the year.
 - Investments in associates decreased by P14.3 million from the year-end 2023 balance of P903.6 million to year-end 2024 balance of P889.3 million due the equity share in associates' losses, adjustment in the other comprehensive income of associates net of cash dividend booked during the period. Additional information is also contained in Note 9 of the Audited Consolidated Financial Statements for 2024.
 - Financial assets at Fair Value through OCI decreased by P9.2 million level from its 2023 balance of P56.6 million to year-end 2024 balance of P47.5 million. Additional information is also contained in Note 10 of the Audited Consolidated Financial Statements for 2024.
 - Deferred oil exploration costs increased by P13.2 million from its year-end 2023 balance of P563.1 million to year-end 2024 balance of P576.4 million. The increase was mainly due to the additional project costs booked for the year. Additional information is also contained in Notes 7 and 11 of the Audited Consolidated Financial Statements for 2024.
 - Deferred tax asset (DTA) increased from its year-end 2023 balance of P228.4 million to P240.6 million as of year-end 2024 due the adjustment on recognized DTA mainly on net operating loss carryover. Additional information is also contained in Note 20 of the Audited Consolidated Financial Statements for 2024.

- b) Total liabilities increased from its balance of P73.8 million in 2023 to P96.1 million balance in 2024.
- Accounts payable and accrued liabilities increased by P12.4 million from its year-end 2023 balance of P8.7 million to year-end 2024 balance of P21.2 million. The increase was mainly due to project-related accounts accrued at year-end.
 - Beginning year-end 2016, full provision was made for the future cost of decommissioning Galoc oilfield. The company's estimated share in decommissioning liability amounted to P30.7 million as of December 31, 2023 and P33.8 million as of year-end 2024. The movements on the balances were adjustments on the revaluation of the liability. In relation to this decommissioning liability, a decommissioning fund equivalent to its current contribution to settle its share in the decommissioning costs of Galoc oilfield is also established and is reflected under "Property and equipment" account. Additional information is also contained in Note 13 of the Audited Consolidated Financial Statements for 2024.
 - Retirement benefit liability increased by P6.9 million from its year-end 2023 balance of P1.2 million to year-end 2024 balance of P8.1 million. The increase was due to the adjustment in the recognized retirement benefit liability as of end of the period. Additional information is also contained in Note 19 of the Audited Consolidated Financial Statements for 2024.
- c) Stockholders' equity decreased by P7.2 million from its year-end 2023 balance of P2.640 billion to year-end 2024 balance of P2.632 billion.
- Capital stock balance remained at P1.743 billion for the years-ended 2023 and 2024.
 - The unrealized loss on the decline in value of financial assets at fair value through other comprehensive income increased by P9.2 million from year-end 2023 balance of P54.0 million to year-end 2024 balance of P63.2 million. The increase of P9.2 million was due to the fair value changes during the year. Additional information is also contained in Note 10 of the Audited Consolidated Financial Statements for 2024.
 - Retained Earnings from year-end 2023 balance of P0.93 billion to year-end 2024 balance of P0.94 billion, reflected an increase of P8.2 million due to the net income booked during the period.
- d) Petroleum revenues in 2024 totaled P211.8 million as compared to P203.6 million in 2023 and P237.5 million in 2022. For the year 2024, the increase in revenues was mainly brought about by the increase in liftings volume. Liftings made or sold crude oil for 2024 totaled to 498,168 barrels as compared to 475,183 barrels in 2023. Production volume decreased by 9% from its 2023 level of 0.50 million barrels to 0.45 million barrels in 2024. Combined average lifting prices for 2024 and 2023 were US\$79.06 and

US\$80.47, respectively. For 2022, liftings totaled to 0.48 million barrels and average lifting price per barrel was US\$95.34.

Equity in net losses of associates amounted to P7.8 million in 2024 as compared to equity in net earnings of P13.3 million in 2023. The decrease of P21.1 million from year-end 2023 to year-end 2024 balance was due to losses incurred by affiliates. For 2022, equity in net earnings of associates amounted to P33.2 million.

Interest income totaled to P31.4 million in 2024, P26.9 million in 2023 and P15.7 million in 2022.

Foreign exchange gains amounted to P18.3 million for 2024, P0.8 million for 2023 and P40.6 million in 2022.

- e) Total costs and expenses totaled to P256.9 million in 2024, P311.8 million in 2023 and P648.3 million in 2022.

Share in production costs totaled to P155.7 million in 2024, P138.7 million in 2023 and P105.4 million in 2022.

Depletion costs amounted to P43.2 million in 2024, P52.7 million in 2023 and P48.3 million in 2022.

General and administrative expenses totaled to P55.1 million in 2024, P56.2 million in 2023 and P64.9 million in 2022.

Current provision for income taxes amounted to P0.8 million in 2024, P2.0 million in 2023 and P0.9 million in 2022. Recognition of deferred tax asset resulted to (provision for) benefit from income tax amounting to P10.9 million in 2024, P34.0 million in 2023 and (P18.3) million in 2022.

For 2023, provision for unrecoverable deferred oil exploration costs amounted to P57.3 million for the SC74 Linapacan project. In 2022, total provision for unrecoverable costs amounted to P423.7 for the SC6A and Sulu Sea projects were also booked.

- (vi) There have been NO seasonal aspects that had material effect on the financial condition or results of operations of the Company.
- (vii) There are NO events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- (viii) 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.

(3) Interim Periods

No interim financial statements are included in this report.

Item 7. Financial Statements

The 2024 Audited Consolidated Financial Statements of the Company is incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Information on Independent Accountant and other Related Matters

Information on Independent Accountant. The accounting firm of SyCip Gorres Velayo & Company (SGV) with address at 6760 Ayala Avenue, Makati City was appointed as the external auditor of the Company in the 2024, 2023 and 2022 annual stockholders' meetings.

External Audit Fees and Services. The fees of the external auditor in the past three (3) years for the Group are as follows:

Year	Audit & Audit Related Fees	Tax Fees	Other Fees
2024	P1,210,650	-0-	-0-
2023	P1,155,000	-0-	-0-
2022	P1,155,000	-0-	-0-

For the past three (3) years, the Company has engaged the services of SGV for the audit of the annual consolidated financial statements in connection with statutory and regulatory filings for years 2024, 2023 and 2022. The amounts under the caption "Audit and Audit Related Fees" for the years 2024, 2023 and 2022 pertain to these services.

The Audit Committee has an existing policy, which prohibits the Company from engaging the independent accountant to provide services that may adversely impact their independence, including those expressly prohibited by SEC regulations.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There have been NO changes in and disagreements with accountants on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

The Company did NOT engage any new independent accountant, as either principal accountant to audit the Company's consolidated financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary, during the two (2) most recent fiscal years or any subsequent interim period.

NO independent accountant engaged by the Company as principal accountant, or an independent accountant on whom the principal accountant has expressed or is expected to express reliance on its report regarding a significant subsidiary, has resigned, or has declined to stand for re-election after completion of the current audit, or was dismissed.

The Audit Committee reviews and recommends to the Board and stockholders the appointment of the external auditor and the fixing of the audit fees for the Company.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

(a) Directors, Executive Officers Promoters and Control Persons

(1) Identify Directors and Executive Officers

(A) Names and Ages of all Directors and Executive Officers

Name	Age	Citizenship	Position	Period of Service	
				From	To
Gerard Anton S. Ramos	50	Filipino	Director Chairman	Dec 16, 2015 Dec. 21, 2022	Present Present
Adrian Paulino S. Ramos	46	Filipino	Director President	Jan 18, 2006 Dec. 21, 2022	Present Present
Presentacion S. Ramos	82	Filipino	Director	May 28, 1997	Present
Maureen Alexandra Ramos-Padilla	52	Filipino	Director	Jun 19, 2013	Present
Christopher M. Gotanco	75	Filipino	Director	Aug 17, 2005	Present
Reynaldo E. Nazarea	73	Filipino	Director Treasurer VP Administration	Jun 21, 2017 May 1, 2005 May 1, 1992	Present June 30, 2024 June 30, 2024
Vincent L. Tempongko	47	Filipino	Independent Director	June 21, 2023	Present
Allen L. Copok	46	Filipino	Independent Director	June 21, 2023	Present
John Peter C. Hager	55	Filipino	Independent Director	June 21, 2023	Present
J.E. Thomas P. Salustiano	39	Filipino	Treasurer VP-Administration	July 1, 2024 July 1, 2024	Present Present
Dennis V. Panganiban	62	Filipino	AVP Exploration and Production VP Exploration & Production	Sep 1, 2011 Sept. 1, 2022	Aug 31, 2022 Present
Adrian S. Arias	62	Filipino	Corporate Secretary	Dec 2, 1992	Present
Jennifer P. Tombaga	60	Filipino	AVP Finance	Jan 1, 2022	Present
Arturo B. Maulion	62	Filipino	AVP Exploration & Production	Nov.7, 2022	Present

The Company's Independent Directors are Messrs. Allen Copok, John Peter Hager and Vincent Tempongko.

(B) Positions and offices that each person named above held with the Company

Mr. Gerard Anton S. Ramos has been a Director of the Company since December 16, 2015. He was appointed as Chairman of the Board on December 21, 2022 after the demise of his father, the late Alfredo C. Ramos.

Mr. Adrian Paulino S. Ramos has been occupying the position of Director since January 18, 2006. He was appointed as President of Philodrill on December 21, 2022.

Ms. Presentacion S. Ramos has been a Director since May 28, 1997.

Ms. Maureen Alexandra Ramos-Padilla has been serving as a Director of the Company since June 19, 2013.

Mr. Christopher M. Gotanco was elected Director of the Company on August 17, 2005.

Mr. Reynaldo E. Nazarea was appointed Vice President for Finance in 1987. He concurrently served as Vice President for Administration since 1992, and as Company Treasurer since May 1, 2005. On June 21, 2017, he was elected

as Director of the Company. Mr. Nazarea served as Treasurer and VP for Administration until June 30, 2024.

Mr. Vincent L. Tempongko was elected Independent Director on June 21, 2023. Mr. Tempongko possesses all the qualifications and none of the disqualifications as Independent Director since his election in 2023.

Mr. Allen L. Copok was elected Independent Director on June 21, 2023. Mr. Copok has all the qualifications and none of the disqualifications as an Independent Director since his election in 2023.

Mr. John Peter C. Hager was elected Independent Director on June 21, 2023. Mr. Hager possesses all the qualifications and none of the disqualifications as Independent Director since his election in 2023.

Mr. J.E. Thomas P. Salustiano joined the Company as Vice President for Finance and Administration on July 1, 2024 and was appointed as Treasurer during the same year.

Mr. Dennis V. Panganiban has been with the Company since 2011 serving as Asst. Vice President for Exploration and Production. He was promoted to the position of Vice President for Exploration and Production effective September 1, 2022, after the retirement of Mr. Alessandro O. Sales.

Atty. Arturo B. Maulion was appointed Asst. Vice President for Exploration and Production on November 7, 2022.

Ms. Jennifer P. Tombaga was appointed Asst. Vice President for Finance on January 1, 2022. She served the Company as Accounting Manager for 13 years prior to her assumption as AVP.

Atty. Adrian S. Arias has been the Company's Corporate Secretary since December 2, 1992.

(C) Term of Office as Director and Period of Service

The Directors of the Company are elected at the Annual Stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. Officers are appointed or elected annually by the Board of Directors during its organizational meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified, in accordance with the Company's By Laws.

(D) Business experience of directors/officers during the past five (5) years

PRESENTACION S. RAMOS (82, Filipino) is a Member of the Board of **The Philodrill Corporation** since May 1997. Mrs. Ramos also serves as Chairman of the Board of Alakor Securities Corporation and sits in the Board of Anglo Philippine Holdings Corporation (1984 to date), United Paragon Mining Corporation (1993 to date) and Philippine Red Cross. Mrs. Ramos also serves as Executive Officer of Peakpres Corporation, Abacus Book &

Card Corp., National Book Store, Inc., NBS Express, Inc., Power Books, Inc., Zenith Holdings Corporation and Alakor Corporation.

GERARD ANTON S. RAMOS (50, *Filipino*) joined **The Philodrill Corporation** in December 2015. He is a member of the Board of Atlas Consolidated Mining & Development Corporation and Carmen Copper Corporation. He serves as Chairman and Executive Vice President for Investments at Anglo Philippine Holdings Corp.; Chairman at Alakor Corporation, President and Nominee at Alakor Securities Corporation and Chairman of United Paragon Mining Corp.; Chairman and Chief Operating Officer of National Bookstore, Inc.

ADRIAN PAULINO S. RAMOS (46, *Filipino*) Apart from being a member of the Board of The Philodrill Corporation, Mr. Adrian Ramos holds key position in several listed companies: President & COO of Anglo Philippine Holdings Corporation; President of Atlas Consolidated Mining & Development Corp. President of United Paragon Mining Corp. He is also the current President of Alakor Corporation and President of National Book Store, Inc.

MAUREEN ALEXANDRA RAMOS-PADILLA (52, *Filipino*) joined the company as Director in June, 2013. She also serves as Director of Anglo Philippine Holdings Corporation and Zenith Holdings Corporation. Her other business affiliations include, Managing Director of National Book Store, Inc. and President of Anvil Publishing Corp.

CHRISTOPHER M. GOTANCO (75, *Filipino*) is a Director of The Philodrill Corporation from 2006 to date. He is currently a Senior Advisor and member of the Board of Directors of Anglo Philippine Holdings Corporation. Mr. Gotanco's current affiliations include: Vulcan Materials Corporation (Vice Chairman & Director from 2012 to date), Bataan Aggregates Corporation (Director from April 2017 to date), MRT Holdings, Inc. (Director from 1995 to date), MRT Development Corporation (Director from 1995 to date), United Paragon and Mining Corporation (Director from 2006 to date), Penta Capital Investment Corporation (Director, from 2007 to date; Vice-Chairman, 2007-2018; Chairman, 2018-2019); Penta Capital Finance Corporation (Director from 2007 to date; Chairman, 2007-2019), and Boulevard Holdings, Inc (Director from 2007 to date).

REYNALDO E. NAZAREA (73, *Filipino*) joined the Company as Vice President for Finance in 1987. He was appointed Treasurer in 2005, and has concurrently served as Vice President for Administration until his retirement in June 2024. Before joining the Company, Mr. Nazarea practiced public accounting under Sycip, Gorres, Velayo & Co. and held accounting, finance, controllership and administrative positions in Vulcan Industrial & Mining Corporation and Semirara Coal Corporation (now Semirara Mining Corporation). Mr. Nazarea also serves in the Board of Anglo Philippine Holdings Corporation, PentaCapital Investment Corporation, PentaCapital Finance Corporation and PentaCapital Holdings, Inc.,

VINCENT L. TEMPONGKO (47, *Filipino*) Over twenty (20) years of Technology Management experience across Program Management, Strategic

Planning, Network Investments, Business Development, Operations Management and Site Acquisition. A transformational leader with previous experience in Offshore and Global Operations. Mr. Tempongko serves as CEO and President of Yoma Micro Power Philippines at ACEN Corporation (2024-Present).

ALLEN L. COPOK (46, Filipino) He founded and co-created several entrepreneurial companies since 2003 which are engaged in the industries of financing and lending, real estate development and cold storage supply chain. Mr Copok holds various positions in several corporations, as Director for Operations in Rural Bank of Dolores, President of Laguna AAA Prime Holdings and Blue Lagoon Holdings. He is currently the Corporate Secretary of ALC Empire Holdings. He is the Treasurer of Ice House Inc., and Nordic Strong Ice Inc..

JOHN PETER C. HAGER (55, Filipino) For the past five (5) years, Mr. Hager has been working in various management capacities and serves as Managing Director for trading companies actively involved in: metals, minerals, pulp, paper, packaging, coconut oil and related products, security paper, security printing products, grains, feeds and countertrade. His business activities also include managing local interests of foreign principals and serving as commercial advisor to several international companies and local agents. Mr. Hager is currently the Independent Director of Alakor Securities Corporation and United Paragon Mining Corporation.

J.E. THOMAS P. SALUSTIANO (39, Filipino) joined the Company as Vice President for Finance and Administration in 2024 and was appointed as Treasurer during the same year. Before joining the Company, Mr. Salustiano was the Chief Financial Officer of Glacier Megafridge Group. He also worked in public practice under Sycip, Gorres, Velayo & Co., prior to holding accounting, finance and controllership positions in Filinvest Hospitality Corporation, Mimosa Cityscapes, Inc. and Glacier Megafridge Group.

DENNIS V. PANGANIBAN (62, Filipino) was appointed Vice President for Exploration and Production effective September 1, 2022. Mr. Panganiban oversees the implementation of Philodrill's exploration and development programs. He has more than 38 years of experience in the upstream petroleum industry. Mr. Panganiban started his career with the Philippine National Oil Company-Exploration Corporation in 1985 and has since then held senior positions with Semirara Coal Corporation, the Office of the Energy Affairs (now the Philippines Department of Energy), E.F Durkee and Associates, Cophil Exploration Corporation and Coplex Energy Corporation. Before joining Philodrill in 2011, Mr. Panganiban was a Joint Venture and Assets Manager of Norasian Energy Ltd..

ARTURO B. MAULION (62, Filipino) was appointed Asst. Vice President for Exploration and Production on November 7, 2022. He held various positions in Seafront Resources Corporation, PetroEnergy Resources Corporation and Pitkin Petroleum Ltd. as technical person, assistant/corporate secretary, chief administrative officer, legal and human resources manager. He is a geologist and a lawyer for more than 30 years.

JENNIFER P. TOMBAGA (60, Filipino) was appointed Asst. Vice President for Finance on January 1, 2022. She served the Company as Accounting Manager for 13 years prior to her assumption as AVP.

ADRIAN S. ARIAS (62, Filipino) is the Company's Corporate Secretary. He has been in active corporate law practice for three (3) decades now and serves as a director of companies involved in investments holding (Anglo Philippine Holdings Corp.), and financial services (Penta Capital Finance Corporation and Penta Capital Investment Corp.), and rail transport (Metro Rail Transit Corp).

(E) Directors with directorship(s) held in reporting companies

Presentacion S. Ramos	Anglo Philippine Holdings Corporation
	United Paragon Mining Corporation
Gerard Anton S. Ramos	Anglo Philippine Holdings Corporation
	Atlas Consolidated Mining & Dev't. Corp.
	United Paragon Mining Corporation
	Alakor Corporation
Adrian Paulino S. Ramos	Anglo Philippine Holdings Corporation
	Atlas Consolidated Mining & Dev't. Corp.
	United Paragon Mining Corporation
	Vulcan Industrial & Mining Corporation
	Alakor Corporation
Maureen Alexandra Ramos-Padilla	Anglo Philippine Holdings Corporation
Christopher M. Gotanco	Anglo Philippine Holdings Corporation
	Boulevard Holdings, Inc.
	United Paragon Mining Corporation
Reynaldo E. Nazarea	Anglo Philippine Holdings Corporation
John Peter C. Hager	United Paragon Mining Corporation
Vincent L. Tempogko	-
Allen L. Copok	-

Significant Employees

Other than its executive officers, the Company has not engaged the services of any person who is expected to make significant contribution to the business of the Company.

(3) Family Relationships

Messrs. Gerard Anton S. Ramos and Adrian Paulino S. Ramos together with Mrs. Maureen Alexandra Ramos-Padilla are siblings, they are children of the late Alfredo C. Ramos and Mrs. Presentacion S. Ramos.

(4) Involvement in Certain Legal Proceedings

- (a) *Violation of Article 172 of the Revised Penal Code/Perjury Case against Mr. Nazarea and other Officers of Philodrill.*

This criminal complaint for Falsification of Public Document (Art. 172, Rev. Pen. Code) filed by Mr. Francisco A. Navarro against Philodrill officers namely: Mr. Reynaldo E. Nazarea, Ms. Isabelita L. Matela, Ms. Grace D. Laurente, and Atty. Adrian S. Arias, and Pasig City Notary Public Atty. Leticia Amon was dismissed by the Office

of the City Prosecutor of Mandaluyong City in August 2017 for lack of probable cause. Mr. Navarro moved for reconsideration, but this was denied in November 2017. He then appealed to the Department of Justice (DOJ) in January 2018, to which Philodrill filed its Comment in February 2021. Since then, the matter has been submitted for DOJ's resolution.

- *Violation of Article 183 of the Revised Penal Code/Perjury Case against Mr. Nazarea and 2 former employees and Philodrill.*

There were two separate criminal complaints for perjury filed by Mr. Navarro against former Assistant Vice President for Finance Ms. Isabelita L. Matela and Personnel and Administrative Supervisor Ms. Grace Joy D. Laurente, alongside the Vice President for Administration and Treasurer Mr. Reynaldo E. Nazarea, in relation to certain statements they made in their respective affidavits in NPS Docket No. XV-06-INV-17B-00787 (for falsification of public documents), were both dismissed by the OCP-Mandaluyong for lack of probable cause. In both cases, Mr. Navarro appealed to the DOJ. Philodrill opposed. The cases were submitted for resolution as of March 2018.

- *Violation of Sec. 28 in relation to Sec. 144 of the Corporation Code/Corporation Code Case against Mr. Nazarea, Mr. Alfredo C. Ramos, Ms. Presentacion S. Ramos, Mr. Gerard Anton S. Ramos, Mr. Christopher M. Gotanco, Mr. Maureen Alexandra R. Padilla, and Atty. Arias.*

This is a complaint filed by Mr. Navarro against the directors and/or officers of the Company for violation of Sections 28 (Removal of Director) and 144 of the Corporation Code. This complaint was dismissed by the OCP-Mandaluyong for lack of probable cause. Mr. Navarro appealed the decision to the DOJ through a Petition for Review, to which the Company filed its opposition in February 2018 and was submitted for resolution in March 2018.

Philodrill on November 30, 2023 filed a Motion for Early Resolution of the Petition filed by Mr. Navarro, which remains unresolved as of this date.

The Company maintains that Mr. Navarro's pending Petition for Review presents no new or substantial matter that will warrant the reversal of the Resolution of Asst. City Prosecutor Hernandez.

Other than the foregoing case, the company is not aware of:

- (1) any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Company was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior that time;

(2) any conviction by final judgment 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 of any director, person nominated to become a director, executive officer, promoter, or control person of the Company;

(3) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses of any director, executive officer, promoter or control person; and

(4) judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Company found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

(1) Summary Compensation Table

Information as to aggregate compensation paid or accrued during the last two (2) years and to be paid in the ensuing year to the Company's Chief Executive Officer and four other most highly compensated officers as follows:

Name	Position (as of Dec 31, 2024)	Year	Salary	Bonus	Other annual Compensation
Adrian Paulino S. Ramos J.E. Thomas P. Salustiano	CEO/President Treasurer/VP-Finance & Administration (from July 1, 2024)				
Reynaldo E. Nazarea	Treasurer/VP-Finance & Administration (until June 30, 2024)				
Dennis V. Panganiban Jennifer P. Tombaga	VP-Exploration & Production AVP-Finance				
		2023	13,806,552	-0-	-0-
		2024	13,269,080	-0-	-0-
		2025 (estimate)	12,281,887	-0-	-0-
All Officers and directors as a group unnamed					
		2023	17,704,916	-0-	210,000
		2024	18,976,703	-0-	400,000
		2025 (estimate)	16,436,795	-0-	480,000

(2) Compensation of Directors

(A) Standard Arrangement

For the most recently completed year, directors received a per diem of P10,000 per month to defray their expenses in attending board meetings, which will

continue to be received in the ensuing year. There are no other arrangements for compensation of directors, as such, during the last year and for the ensuing year.

(B) Other Arrangements

Except for the entitlement to receive bonuses as determined by the management and to receive additional remuneration under the provisions of the Company's Stock Appreciation Rights Plan, there are no other arrangements for compensation of directors, as such, during the last year and ensuing year.

(3) Employment Contracts and Termination of Employment and Change-in-Control

The Company maintains standard employment contracts with Messrs. Adrian Paulino S. Ramos, Reynaldo E. Nazarea, Dennis V. Panganiban, J.E. Thomas P. Salustiano and Ms. Jennifer P. Tombaga, all of which provide for their respective compensation and benefits, including entitlement to health benefits, representation expenses and company car plan.

Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive more than ₱2,500,000.00 as a result of their resignation, or any other termination of employment, or from change in control of the Company.

The Company maintains a retirement plan pursuant to which an eligible employee will receive an amount equal to a percentage of his final monthly salary for every year of credited service. Based on the policy, the retirement pay of some officers of the Company may exceed ₱2,500,000.00.

There are no warrants or options outstanding in favor of directors and officers of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Owners of 5% or More. The following persons are known to the Company to be directly or indirectly the owner of more than 5% of the Company's voting securities as of December 31, 2024.

Class	Name/Address of Record Owner	Relationship With Issuer	Name of Beneficial Owner	Citizenship	No of Shares Held	Percentage Ownership
Common	PCD Nominee Corporation 37/F Tower 1 Enterprise Center 6766 Ayala Ave, Makati	Stockholder	Various clients (Notes A, B and C)	Filipino	74,702,534,947	38.934%
Common	National Book Store, Inc. 4/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	National Book Store Inc	Filipino	16,735,965,802	8.723%
Common	Alakor Corporation 9/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Alakor Corporation	Filipino	16,735,965,801	8.723%
Common	Alakor Securities Corporation 5/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Anglo Philippine Holdings Corp./Alakor Corporation/National Bookstore, Inc.	Filipino	30,388,193,010	15.838%

Common	BDO Securities Corporation 27th Floor, Tower 1 & Exchange Plaza, Ayala Ave., Makati City	Stockholder	Anglo Philippine Holdings Corp.	Filipino	36,462,800,000	19.004%
Common	Anglo Philippine Holdings Corp. 6/F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Anglo Philippine Holdings Corp.	Filipino	536,170,330	0.279%

Note A: The number of shares held by PCD Nominee Corporation (PCD) is net of the 100,750,158,679 shares held by National Book Store Inc (NBS), Alakor Corporation (AC) and Anglo Philippine Holdings Corp. (Anglo).

Note B: Of the 74,702,534,947 shares held by PCD, 73,560,078,645 shares have been fully paid and issued, while 1,142,456,302 are subscribed. The 16,735,865,802 shares held by NBS and the 16,735,965,801 shares held by AC are all subscribed. Of the 66,904,763,340 shares held (directly and indirectly) by Anglo, 66,477,529,274 shares have been fully paid and issued, while 427,234,066 shares are subscribed.

Note C: The shares registered in the name of PCD are beneficially owned by its clients. Thus, PCD does not vote the number of shares registered in its name; instead, PCD issues a general proxy constituting and appointing each of its participants as PCD's proxy to vote for the number of shares owned by such participant in PCD's books as of Record Date. The proxies of NBS, AC and Anglo are appointed by their respective Boards of Directors and the Company becomes aware of such proxies only when the appointments are received by the Company. Mr. Adrian Paulino S. Ramos was appointed proxy for NBS, Anglo and AC. Mr. Ramos has direct/indirect interest/shareholdings in NBS, AC and Anglo.

(2) Security Ownership of Management

The Company's directors (D), Chief Executive Officer (CEO), and four (4) most highly compensated executive officers (O) own the following number of voting shares as of December 31, 2024:

		Number/Nature of Beneficial Ownership			
		Issued			
Class	Name of Beneficial Owner	Direct	Indirect	Citizenship	Ownership
Common	Gerard Anton S. Ramos (Chairman)	100,000	0	Filipino	0.000%
Common	Adrian Paulino S. Ramos (D/CEO)	1,250,000	33,323,125	Filipino	0.018%
Common	Presentacion S. Ramos (D)	125,000	77,000,000	Filipino	0.040%
Common	Maureen Alexandra R. Padilla (D)	10,000	80,000	Filipino	<0.000%
Common	Christopher M. Gotanco (D)	4,860,025	245,463,375	Filipino	0.130%
Common	Reynaldo E. Nazarea (D)	100,000	86,056,250	Filipino	0.045%
Common	Vincent L. Tempongko (ID)	0	1,000,000	Filipino	<0.001%
Common	Allen L. Copok (ID)	0	1,000,000	Filipino	<0.001%
Common	John Peter C. Hager (ID)	0	5,000,000	Filipino	<0.003%
Common	Dennis V. Panganiban (O)	0	1,000,000	Filipino	<0.001%
Common	Adrian S. Arias (O)	65,217	9,569,119	Filipino	0.01%
Common	Jennifer P. Tombaga (O)	0	6,000,000	Filipino	<0.003%

As of December 31, 2024 the aggregate number of shares owned by the Company's directors, Chief Executive Officer, four (4) most highly compensated officers and nominees is 472,002,111 shares or approximately 0.246% of the Company's outstanding capital stock. Except for shares appearing on record in the names of the directors and officers above, the Company is not aware of any other shares which said persons may have the right to acquire beneficial ownership.

(3) Voting Trust Holders of 5% or More

To the extent known to the Company, there is NO PERSON holding more than 5% of any class of the Company's securities under a voting trust or similar agreement.

(4) Changes in Control

To the extent known to the Company, there are no arrangements, which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

Related Party Transactions. There had been NO transaction during the last two (2) years to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as director, or owner of more than 10% of the Company's voting stock, or voting trust holder of 10% or more of the Company's shares, or any member of the immediate family (including spouse, parents, siblings, and in-laws) of any of these persons, had or is to have a direct or indirect material interest.

In the ordinary and regular course of business, the Company had transactions with related parties (i.e. companies with shareholders common with the Company) during the last two (2) years consisting principally of advances to related parties. The identities of these related parties, including the amounts and details of the transactions are disclosed in Note 16 to the Company's 2024 Audited Consolidated Financial Statements, a copy of which is included in this Annual Report.

- (a) Business purpose of the arrangement. The business purpose of related party transaction is to address immediate working capital requirements of related parties (in case of advances to related parties).
- (b) Identification of the related parties' transaction business with the registrant and nature of the relationship. See Note 16 to the Company's 2024 Audited Consolidated Financial Statements.
- (c) How transaction prices were determined by parties. All transactions with related parties are based on prevailing market/commercial rates at the time of the transaction.
- (d) If disclosures represent that transactions have been evaluated for fairness, a description of how the evaluation was made. There are NO disclosures representing that the transactions with related parties have been evaluated for fairness inasmuch as the bases of all transactions with related parties were the prevailing market/commercial rates at the time of the transaction, or a valuation study conducted by a third party consultant over which neither the Company nor the related parties have control or influence whatsoever.
- (e) Any on-going contractual or other commitments as a result of the arrangement. NONE, other than the repayment of money lent or advanced.
- (f) There were NO transactions with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24. Neither were there any transactions with persons

with whom the Company or its related parties have a relationship that enabled the parties to negotiate terms of material transaction that may not be available from other, more clearly independent parties on an arms' length basis.

PART IV – CORPORATE GOVERNANCE

- (a) The Company uses the evaluation system established by the SEC in its Memorandum Circular No. 5 series of 2003, including the accompanying Corporate Governance Self Rating Form (CG-SRF) to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance Manual.
- (b) The Company undertakes a self-evaluation process regularly in accordance with its Revised Manual on Corporate Governance (May 2017) and any deviation from the Company's corporate Governance Manual is reported to the Management and the Board together with the proposed measures to achieve compliance.
- (c) The Company is in full compliance with global best practices on good corporate governance, applicable to it, as embodied in its Revised Manual on Corporate Governance (May 2017).
 - 1. The Company has adopted a Code of Conduct for the Board and its employees, and is being assessed regularly to cope with the dynamics of the business. The Company has existing policies and procedures that can identify and resolve potential conflicts of interest.
 - 2. Employees and officers undergo professional development programs subject to meeting the criteria set by the Company. The Corporate Governance & Nominations Committee (CG&NC) is engaged, together with the Management Committee, in the Succession Planning of the Executive officers, including the President. In the latter case, the CG&NC coordinates closely with the Chairman any and all activities involved in planning for the President's succession.
- (d) The Company shall adopt improvement measures on its corporate governance as the exigencies of its business will require from time to time.

PART V - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

- (a) Exhibits - see Index to Financial Statements and Supplementary Schedules
- (b) Reports on SEC Form 17-C – see List


THE PHILODRILL CORPORATION
LIST OF ITEMS REPORTED UNDER SEC FORM 17C


Date of Report	Description
January 12, 2024	List of Top 100 Stockholders as of December 31, 2023
February 14, 2024	Annual Verification of the Department of Energy 2024
March 19, 2024	Setting of Annual Stockholders' Meeting 2024 and Approval of the 2023 Audited Financial Statements
April 12, 2024	List of Top 100 Stockholders as of March 31, 2024
April 17, 2024	List of Stockholders as of Record Date (April 15, 2024)
June 18, 2024	Notice of the Retirement of Mr. Reynaldo E. Nazarea
June 19, 2024	Results of the Organizational and Annual Stockholders' Meeting
July 1, 2024	Assumption of Office of Mr. J.E. Thomas P. Salustiano as Treasurer & Vice-President for Administration
July 12, 2024	List of Top 100 Stockholders as of June 30, 2024
July 18, 2024	DOE approval of Service Contract (SC) No. 74 - Notice of Surrender
October 8, 2024	List of Top 100 Stockholders as of September 30, 2024
December 17, 2024	Extension of Subscription Payment 2024


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 on April __, 2025.

By:


ADRIAN PAULINO S. RAMOS
Principal Executive Officer/
Principal Operating Officer


ADRIAN S. ARIAS
Corporate Secretary


J.E. THOMAS P. SALUSTIANO
Principal Financial Officer/
Comptroller



JENNIFER P. TOMBAGA
Principal Accounting Officer

SUBSCRIBED AND SWORN to before me this 30 day of April 2025 affiants exhibiting to me their Passports or Driver's license, as follows:

Names	Passport/DL no.	Expiration Date	Place of Issue
ADRIAN PAULINO S. RAMOS	P6368801B	02-22-2031	DFA NCR East
J.E. THOMAS P. SALUSTIANO	N04-05-518674	10-31-2026	
ADRIAN S. ARIAS	P9176511A	10-15-2028	DFA NCR East
JENNIFER P. TOMBAGA	N26-10-017887	07-31-2034	

Notary Public

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ATTY. JOSEPHINE C. LAFIGUERA - ILAS
NOTARY PUBLIC - CITY OF MANDALUYONG
APPT. NO. 0644-25 UNTIL 12-31-2026
QUAD ALPHA CENTRUM, 125 PIONEER STREET
MANDALUYONG CITY 1550
PTR NO. 5729263/ MANDALUYONG CITY / 01-14-2025
IBP NO. 478905/11-25-2024/RSM CHAPTER
MCLE COMPLIANCE NO. VIII-0016124/11-20-2024
ROLL NO. 44784

THE PHILODRILL CORPORATION
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FORM 17-A, Item 7

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Jennifer Tombaga <tombagajp@philodrill.com>

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Wed, Apr 30, 2025 at 10:13 AM

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THE PHILODRILL CORPORATION

8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City, Philippines 1550
Tel. nos.: (632) 8631-1801 to 02, 8631-8151 to 52; Fax: Local 127 info@philodrill.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of The Philodrill Corporation and Subsidiary is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 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 for the periods December 31, 2024 and 2023 has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



GERARD ANTON S. RAMOS
Chairman of the Board



ADRIAN PAULINO S. RAMOS
Chief Executive Officer/President




J.E. THOMAS P. SALUSTIANO
Chief Financial Officer

Signed this 25th day of March 2025

SUBSCRIBED AND SWORN to before me this 07 APR 2025 day of 2025 affiants exhibiting to me their Passport/Driver's license, as follows:

NAMES	PASSPORT / DL NO.	EXPIRATION DATE	PLACE OF ISSUE
Gerard Anton S. Ramos	P7752563A	June 29, 2028	DFA NCR South
Adrian Paulino S. Ramos	P6368801B	February 22, 2031	DFA NCR East
J.E. Thomas P. Salustiano	N04-05-518674	October 31, 2026	

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Book No. II
Series of 2025.


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MCLE COMPLIANCE NO. VIII-0016124/11-20-2024
ROLL NO. 44784

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

T	H	E		P	H	I	L	O	D	R	I	L	L		C	O	R	P	O	R	A	T	I	O	N		A	N	D
S	U	B	S	I	D	I	A	R	Y																				

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

8	t	h		F	l	o	o	r	,		Q	u	a	d		A	l	p	h	a		C	e	n	t	r	u	m	,
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Form Type

A	A	C	F	S
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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

info@philodrill.com

Company's Telephone Number

(632) 8631-8151

Mobile Number

N / A

No. of Stockholders

8,513

Annual Meeting (Month / Day)

06/19

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. J.E. Thomas P. Salustiano

Email Address

jpsalustiano@philodrill.com

Telephone Number/s

(632) 8631-8151

Mobile Number

N / A

CONTACT PERSON'S ADDRESS

8th Floor, Quad Alpha Centrum, 125 Pioneer St., 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 Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of The Philodrill Corporation and Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, 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, 2024, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 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 (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements 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 the matters below, our description of how our audit addressed the matters 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 this matter. 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

As at December 31, 2024, the carrying value of the Group's deferred oil and gas exploration costs amounted to ₱576.4 million. These deferred exploration costs pertain to the expenditures incurred by the Group for various projects. 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 oil and gas reserves.

We considered this as a key audit matter because of the materiality of the amount involved, and the material management judgment required in assessing whether there is any indication of impairment.

The Group's disclosures about deferred oil and gas exploration costs are included in Notes 3 and 11 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether there is any indication that deferred oil and gas exploration costs may be impaired or that a previously recognized impairment loss may have decreased. We reviewed the summary of the status of each exploration project as at December 31, 2024. We inspected the licenses/permits 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. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas. For those concession areas where impairment indicators are present, we obtained the prospective financial information for the projects. We reviewed the underlying assumptions used in each probability scenario prepared by the management. We involved our internal specialist in evaluating the methodologies and the discount rates used. We compared the key inputs and assumptions used, including forecasted oil and gas prices, inflation rate, foreign exchange rate and estimated volume of reserves against the relevant external and internal 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 deferred oil and gas exploration costs.

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, 2024 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, 2024 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 performance of the 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 material audit findings, including any material deficiencies in internal control that we identify during our audit.

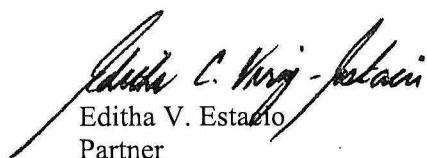
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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 Editha V. Estacio.

SYCIP GORRES VELAYO & CO.


Editha V. Estacio
Partner

CPA Certificate No. 91269

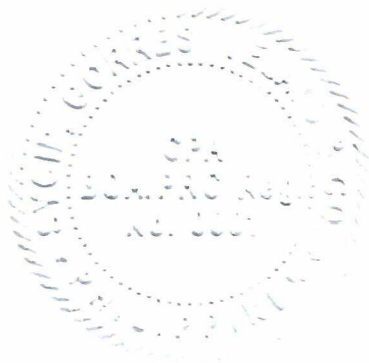
Tax Identification No. 178-486-845

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

BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026

PTR No. 10465302, January 2, 2025, Makati City

March 25, 2025



THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱395,644,061	₱395,545,218
Receivables (Note 5)	301,007,109	237,494,304
Crude oil inventory (Notes 6 and 7)	41,683,874	59,864,176
Other current assets	9,082,984	7,225,287
Total Current Assets	747,418,028	700,128,985
Noncurrent Assets		
Investments in associates (Note 9)	889,296,301	903,592,135
Deferred oil and gas exploration costs (Note 11)	576,367,250	563,138,013
Property and equipment (Note 8)	227,807,881	261,924,669
Deferred income tax assets - net (Note 20)	240,569,636	228,425,365
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	47,469,632	56,629,640
Total Noncurrent Assets	1,981,510,700	2,013,709,822
TOTAL ASSETS	₱2,728,928,728	₱2,713,838,807
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 12)	₱21,164,788	₱8,759,328
Dividends payable (Note 22)	33,121,850	33,126,610
Total Current Liabilities	54,286,638	41,885,938
Noncurrent Liabilities		
Provisions for plug and abandonment costs (Notes 7 and 13)	33,786,422	30,748,952
Retirement benefit liability (Note 19)	8,071,097	1,188,368
Total Noncurrent Liabilities	41,857,519	31,937,320
Total Liabilities	96,144,157	73,823,258
Equity		
Capital stock (Notes 14 and 23)	1,743,479,943	1,743,479,943
Paid-in capital from sale of treasury shares (Note 23)	1,624,012	1,624,012
Share in other comprehensive income of associates (Note 23)	53,316,288	55,925,308
Net unrealized loss on decline in value of financial assets at FVOCI (Note 10)	(63,177,018)	(54,017,010)
Remeasurement loss on retirement benefit liability (Note 19)	(46,560,234)	(42,912,363)
Retained earnings	944,101,580	935,915,659
Total Equity	2,632,784,571	2,640,015,549
TOTAL LIABILITIES AND EQUITY	₱2,728,928,728	₱2,713,838,807

See accompanying Notes to Consolidated Financial Statements.



THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2024	2023	2022
SHARE IN PETROLEUM REVENUE (Note 7)	₱211,756,468	₱203,591,907	₱237,488,580
COSTS AND EXPENSES			
Share in costs and operating expenses (Notes 7 and 17)	155,682,610	138,678,431	105,403,947
General and administrative expenses (Note 18)	55,126,139	56,200,188	64,922,351
Depletion expense (Notes 7 and 8)	43,240,423	52,675,739	48,261,960
	254,049,172	247,554,358	218,588,258
OTHER INCOME (CHARGES)			
Interest income (Notes 4 and 16)	31,364,009	26,927,701	15,705,047
Foreign exchange gains - net (Notes 13 and 22)	18,341,009	757,610	40,613,540
Share in net income (loss) of associates (Note 9)	(7,826,215)	13,323,123	33,162,913
Interest expense (Notes 13 and 19)	(1,922,568)	(2,053,168)	(2,578,786)
Dividend income (Note 10)	1,288,913	1,288,859	1,263,730
Provision for impairment losses on:			
Deferred oil and gas exploration costs (Note 11)	—	(57,302,287)	(423,754,823)
Investment in associate (Note 9)	—	(4,173,138)	—
Others - net	(888,329)	(721,116)	(3,420,889)
	40,356,819	(21,952,416)	(339,009,268)
LOSS BEFORE INCOME TAX	(1,935,885)	(65,914,867)	(320,108,946)
(PROVISION FOR) BENEFIT FROM INCOME TAX (Note 20)			
Current	(806,508)	(1,979,824)	(927,221)
Deferred	10,928,314	34,016,367	(18,297,387)
	10,121,806	32,036,543	(19,224,608)
NET INCOME (LOSS)	₱8,185,921	(₱33,878,324)	(₱339,333,554)
EARNINGS (LOSS) PER SHARE (Note 15)			
Basic/Diluted	₱0.00004	(₱0.00018)	(₱0.00117)

See accompanying Notes to Consolidated Financial Statements.



THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
NET INCOME (LOSS)	₱8,185,921	(₱33,878,324)	(₱339,333,554)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized losses on financial assets at FVOCI (Note 10)	(9,160,008)	(13,002,408)	(12,379,543)
Share in other comprehensive income (loss) of associates (Note 9)	(2,609,020)	428,192	29,016,581
Remeasurement loss on retirement benefit liability (Note 19)	(4,863,828)	(530,069)	(5,521,483)
Income tax effects	1,215,957	132,512	1,380,370
	(3,647,871)	(397,552)	(4,141,113)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(15,416,899)	(12,971,768)	12,495,925
TOTAL COMPREHENSIVE LOSS	(₱7,230,978)	(₱46,850,092)	(₱326,837,629)

See accompanying Notes to Consolidated Financial Statements.



THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Capital Stock (Note 14)	Paid-in Capital from Sale of Treasury Shares	Share in Other Comprehensive Income of Associates (Note 9)	Net Unrealized Loss on Decline in Value of Financial Assets at FVOCI (Note 10)	Remeasurement Loss on Retirement Benefit Liability (Note 19)	Retained Earnings	Total
Balances at January 1, 2022	₱1,743,479,943	₱1,624,012	₱26,480,535	(₱28,635,059)	(₱38,373,698)	₱1,309,127,537	₱3,013,703,270
Net loss	—	—	—	—	—	(339,333,554)	(339,333,554)
Other comprehensive income (loss)	—	—	29,016,581	(12,379,543)	(4,141,113)	—	12,495,925
Total comprehensive income (loss)	—	—	29,016,581	(12,379,543)	(4,141,113)	(339,333,554)	(326,837,629)
Balances at December 31, 2022	₱1,743,479,943	₱1,624,012	₱55,497,116	(₱41,014,602)	(₱42,514,811)	₱969,793,983	₱2,686,865,641
Net loss	—	—	—	—	—	(33,878,324)	(33,878,324)
Other comprehensive income (loss)	—	—	428,192	(13,002,408)	(397,552)	—	(12,971,768)
Total comprehensive income (loss)	—	—	428,192	(13,002,408)	(397,552)	(33,878,324)	(46,850,092)
Balances at December 31, 2023	₱1,743,479,943	₱1,624,012	₱55,925,308	(₱54,017,010)	(₱42,912,363)	₱935,915,659	₱2,640,015,549
Net income	—	—	—	—	—	8,185,921	8,185,921
Other comprehensive loss	—	—	(2,609,020)	(9,160,008)	(3,647,871)	—	(15,416,899)
Total comprehensive income (loss)	—	—	(2,609,020)	(9,160,008)	(3,647,871)	8,185,921	(7,230,978)
Balances at December 31, 2024	₱1,743,479,943	₱1,624,012	₱53,316,288	(₱63,177,018)	(₱46,560,234)	₱944,101,580	₱2,632,784,571

See accompanying Notes to Consolidated Financial Statements.



THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(₱1,935,885)	(₱65,914,867)	(₱320,108,946)
Adjustments for:			
Depletion and depreciation expense (Notes 7 and 8)	46,309,011	53,441,168	49,216,836
Interest income (Notes 4 and 16)	(31,364,009)	(26,927,701)	(15,705,047)
Share in net loss (income) of associates (Note 9)	7,826,215	(13,323,123)	(33,162,913)
Unrealized foreign exchange gains - net	(5,819,665)	(757,610)	(32,586,052)
Movement in retirement benefit liability (Note 19)	2,018,901	(1,163,841)	(20,028,470)
Accretion expense (Note 13)	1,919,723	2,000,342	1,915,669
Dividend income (Note 10)	(1,288,913)	(1,288,859)	(1,263,730)
Provision for unrecoverable deferred oil and gas exploration costs (Note 11)	–	57,302,287	423,754,823
Impairment loss on investment in associates (Note 9)	–	4,173,138	–
Working capital changes:			
Decrease (increase) in:			
Receivables	3,907,870	4,148,829	56,033,505
Crude oil inventory	18,180,302	(2,634,708)	(35,141,470)
Other current and non-current assets - net	(1,857,697)	7,885,033	(301,340)
Increase (decrease) in accounts payable and accrued liabilities	12,405,460	(3,972,944)	7,503,844
Cash from operations	50,301,313	12,967,144	80,126,709
Interest received	30,369,276	26,927,701	15,705,047
Dividends received	5,149,512	6,610,058	6,584,929
Income taxes paid, including creditable taxes applied	(806,508)	(1,979,824)	(957,886)
Net cash flows from operating activities	85,013,593	44,525,079	101,458,799
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to:			
Deferred oil and gas exploration costs (Note 11)	(13,229,237)	(16,156,965)	(19,417,983)
Property and equipment (Note 8)	(12,192,223)	(9,701,549)	(9,639,381)
Advances to a related party (Note 16)	(60,000,000)	–	–
Cash flows used in investing activities	(85,421,460)	(25,858,514)	(29,057,364)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments of dividends (Note 22)	(4,760)	–	(2,605)
Cash flows used in financing activities	(4,760)	–	(2,605)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(412,627)	18,666,565	72,398,830
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	511,470	(4,860,744)	24,669,412
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	395,545,218	381,739,397	284,671,155
CASH AND CASH EQUIVALENTS AT END OF YEAR ENDED (Note 4)	₱395,644,061	₱395,545,218	₱381,739,397

See accompanying Notes to Consolidated Financial Statements.



THE PHILODRILL CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Financial Statements

Corporate Information

The Philodrill Corporation (the “Parent Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on June 26, 1969.

The Parent Company and Philodrill Power Corp. (PPC, a wholly owned subsidiary incorporated in the Philippines) (collectively referred to as “the Group”) are primarily engaged in oil exploration and production and the development, exploitation, and processing of energy resources. PPC has not yet started commercial operations. The Parent Company is the ultimate parent company within the Group. The Parent Company is also an investment holding company with investments in financial services and mining. The Parent Company’s shares are listed and are currently traded at the Philippine Stock Exchange (PSE).

The registered business address of the Group is 8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City.

The Parent Company, which is operating in 2 business segments, has two associates engaged in financial services and one associate which has significant holdings in mineral resources in the Philippines. The Parent Company and its associates have no geographical segments as they were incorporated and are operating within the Philippines. Financial information regarding these associates as at and for the years ended December 31, 2024 and 2023 are presented in Note 9.

Group Information

The Parent Company’s subsidiary, associates and joint operations are as follows:

	Principal Activities	Country of Incorporation	% Equity/ Participating Interest
<i>Subsidiary</i>			
Philodrill Power Corporation (PPC)	Oil exploration and production	Philippines	100.00
<i>Associates (Note 9)</i>			
Atlas Consolidated Mining Development Corporation (ACMDC)	Mining	Philippines	0.53
Penta Capital & Investment Corporation (PCIC)	Finance, investments and brokerage	Philippines	40.00
Penta Capital Holdings, Inc. (PCHI)	Real estate, financial and securities transactions	Philippines	13.21
<i>*Indirect ownership through PCIC</i>			*11.82

Information on the Participating interests of the Group in Joint operations is provided in Note 7.

Authorization for Issuance of Financial Statements

The accompanying consolidated financial statements of the Group as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 were authorized for issue by the Board of Directors (BOD) on March 25, 2025.



2. Basis of Preparation and Material Accounting Policy Information

Basis of Preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for crude oil inventory which is valued at net realizable value (NRV) and financial assets at FVOCI which are measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's and its subsidiary's functional and presentation currency, rounded off to the nearest peso, except when otherwise indicated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

Basis of Consolidation

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.



Standards 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. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- 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 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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*

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.

a. Financial Assets

Initial Recognition and Measurement

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.

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 them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as determined under PFRS 15, *Revenue from Contracts with Customers*.

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 fair value through profit or loss, 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. 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 while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The Group's financial assets include financial assets at amortized cost and FVOCI.

- Financial assets at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest (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 Group's financial assets at amortized cost include cash and cash equivalents, receivables and other financial assets at FVOCI.

- Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right to payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group elected to classify irrevocably its quoted equity investments under this category.

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not at fair value through profit or loss. 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 effective interest rate. 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.



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.

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 refundable deposits, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. The Group recognizes an allowance based on 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

For other financial instruments such as financial assets at FVOCI, the Group applies the general approach where the Group track changes in credit risk at every reporting date.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment

PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been an SICR of a financial asset. Three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.
- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognized lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.
- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.



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 considering 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.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- 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 the risks and rewards of the asset, but has transferred control of the asset.

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.

b. Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as 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 at amortized cost include trade and other payables, advances from a related party and dividends payable.

Subsequent Measurement

After initial recognition, financial liabilities at amortized cost which include interest-bearing loans and borrowings, are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss 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 statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.



Crude Oil Inventory

Crude oil inventory is carried at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market value of crude oil inventory based on Platt's Dubai monthly average of the mid-day crude oil prices for the reporting month plus the arithmetic average of Upper Zakkum and Arab Extra Light and is adjusted taking into account fluctuations of price directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

Estimated cost to sell is the cost incurred necessary to complete the sale (e.g., freight charges, transportation costs, etc.).

Property and Equipment

Property and equipment are stated at cost less accumulated depletion and depreciation, and any impairment in value.

Wells, platforms, and other facilities including P&A costs are depleted on a field basis under the unit-of-production (UOP) method based upon estimates of proved developed reserves except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The depletion base includes the exploration and development cost of producing oil fields.

Wells, platforms, and other facilities include the capitalize plug and abandonment costs for which the Group is constructively liable.

Depreciation of property and equipment, other than wells, platforms, and other facilities, is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Category</u>	<u>Number of Years</u>
Office condominium units and improvements	20
Transportation equipment	5
Furniture and fixtures	5
Office equipment	3

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in its associates is accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.



The aggregate of the Group's share of profit or loss of its associates is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax. The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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 Group's deferred oil and gas exploration costs are specifically identified for each Service Contract (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. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of income when incurred.

If no potentially commercial hydrocarbons are discovered, the deferred oil and gas exploration asset is written off through the consolidated statement 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.

All such capitalized costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of income and statement of other comprehensive income.

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 first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to "Wells, platforms, and other facilities" account shown under the "Property and equipment" account in the consolidated 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 consolidated statement 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. When reserves of oil and gas are identified



and development is sanctioned by management, the relevant capitalized expenditure is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to oil and gas properties. Other than license costs, no amortization is charged during the exploration and evaluation phase. For exchanges/swaps or parts of exchanges/swaps that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognized.

The recoverability of deferred oil and gas exploration costs is dependent upon the discovery of economically recoverable 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.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from sale of petroleum 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 (i.e. lifting), which is typically upon delivery of the petroleum products to the customers. Revenue is measured at amount that reflects the consideration to which the Group is entitled in exchange of those goods, which is the fair value of the consideration received, excluding discounts and other sales taxes 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 participating 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*.

Share in Costs and Operating Expenses

Share in costs and operating expenses include production costs of SC-14 and transportation costs per lifting and ending inventory which is recognized upon the allocation of the amounts mentioned by the SC. Allocation is done by the use of the Group's participating interest in the SC.

Provision for Plug & Abandonment (P&A) costs

The Group recognizes P&A liability where it has a present legal or constructive obligation as a result of past events, and it is possible that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes dismantling and removing structures, rehabilitating wells and platforms, and dismantling operating facilities. The obligation generally arises when the asset is installed or the environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related oil assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income under "Accretion expense". Additional disturbances or changes in P&A costs will be recognized as additions or charges to the corresponding assets and P&A liability when they occur.

Where P&A is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous decommissioning work at each end of the reporting period and the cost is charged to the consolidated statement of income. For closed oil fields, changes to estimated costs are recognized immediately in the consolidated statement of income.



The ultimate cost of P&A is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in oil reserves or production rates. As a result, there could be material adjustments to the provision for P&A, which would affect future financial results.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred income tax is provided using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced 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 income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.

Deferred income 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 the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.



3. Material Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of income and expenses during the year. The judgments, estimates and assumptions used in the preparation of the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects will be reflected in the consolidated financial statements as they become reasonably determined.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Determining Future Economic Benefits from Deferred Oil and Gas Exploration Costs

The application of the Group accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is, in itself, an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the statement of income and statement of other comprehensive income in the period when the new information becomes available.

Determining and Classifying 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.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their 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:
 - The legal form of the separate vehicle
 - The terms of the contractual arrangement
 - Other facts and circumstances (when relevant)

This assessment often requires material 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.



The Group is a member in various joint arrangement operations in oil and gas drilling. These arrangements are entered into with the Philippine Government through SCs. As at December 31, 2024 and 2023, the Group's joint arrangements are in the form of joint operations (see Note 7).

Determining Whether Significant Influence Exists

The Group has investments in associates. These are shares purchased not for the purpose of trading. The Group considers that it has a significant influence in Atlas Consolidated Mining and Development (ACMDC), one of its the associates, as the Group is represented in the governance of the associates. In assessing whether significant influence still exists, the Group considered not only its percentage ownership but other factors such as the Board seat representations it has in the associate's governing body. Significant influence in the associate is also established by virtue of the agreement entered.

As at December 31, 2024 and 2023, the Group has significant influence over ACMDC (see Note 9).

Estimates and Assumptions

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

Assessing Recoverability of Deferred Oil and Gas Exploration Costs

The Group assesses impairment on deferred oil and gas exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Deferred oil and gas exploration costs are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed in full from successful development or by sale.

Key inputs and assumptions used in the assessment are as follows:

- Estimated reserves - which are based on oil resources reports based on the information gathered from seismic and geological data, analyses and evaluation activities;
- Pre-tax discount rate of 19.5% in 2024 and 14.9% in 2023 - 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 pre-tax rate. The WACC takes into account both debt and equity. Adjustments to 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; and
- Oil prices of \$76/bbl and in 2024 and \$75/bbl in 2023 - which are estimated with reference to external market forecasts of Brent crude prices.



The Group used a weighted average scenario probability in its calculation of value in use.

Information on the carrying values of deferred oil and gas exploration costs and allowance for unrecoverable deferred oil and gas exploration costs is provided in Note 11.

Assessing Recoverability of Deferred Income Tax Assets

The Group reviews the carrying amount of deferred income tax assets at each end of the reporting period and is adjusted accordingly to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies.

Information on the Group's unrecognized deferred income tax assets is provided in Note 20.

Estimating Provision for Expected Credit Losses on Related Party Receivables

The Group maintains provision for impairment of related party receivables at a level considered adequate to provide for uncollectible receivables. ECL on receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group evaluates specific account of related parties who are unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, including but not limited to, the related party's payment history and the result of Group's follow-up action to recover overdue receivables.

Information on the Group's related party receivables and ECL is provided in Note 5.

Estimating Depletion Based on UOP

Wells, platforms, and other facilities are depleted using the UOP method over the total proved and probable reserves. This results in amortization charge proportional to the depletion of the anticipated remaining production from the field.

Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depletion could be impacted to the extent that actual production in the future is different from current forecasted production based on total proved and probable reserves, or future capital expenditure estimate changes. Changes to prove and probable reserves could arise due to changes in the assumptions used in estimating the reserves. Changes are accounted for prospectively.

The depletion rates used in 2024 and 2023 are ₱852.64 per barrel and ₱857.2 per barrel, respectively.

Estimating Provision for P&A Costs

Significant estimates and assumptions are made in determining the provision for P&A. Factors affecting the ultimate amount of liability include estimates of the extent and costs of P&A activities, technological changes, regulatory changes, cost increases, and changes in discount and foreign exchange rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.



The provision at the end of each reporting period represents management best estimate of the present value of the future decommissioning cost required. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual P&A costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the oil field ceases to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

Information on the Group's recognized provision for P&A costs is provided in Notes 7 and 13.

4. Cash and Cash Equivalents

	2024	2023
Cash on hand and in banks	₱19,446,778	₱80,018,610
Short-term investments	376,197,283	315,526,608
	₱395,644,061	₱395,545,218

Cash in banks earn interest at prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at respective short-term investment rates.

Interest earned from cash in banks and short-term investments in 2024, 2023 and 2022 amounted to ₱16.0 million, ₱16.8 million and ₱5.6 million, respectively.

5. Receivables

	2024	2023
Advances to related parties (Note 16)	₱288,221,802	₱230,500,564
Accrued interest	12,092,327	27,264,029
Accounts with partners (see Note 7)	262,573	243,446
Others	430,407	406,463
	301,007,109	258,414,502
Less allowance for ECL	—	20,920,198
	₱301,007,109	₱237,494,304

Receivables are generally collectible on demand. These are non-interest bearing except for advances to related parties (see Note 16).

Accrued interests are earned from advances to related parties, bank placements and short-term investments. The Group makes advances for the operating expenses of the consortiums wherein it is the operator. The Group records this under the "Accounts with partners" account which represent receivables from these consortium members.

In 2024, the Group wrote off advances to related parties and accrued interest amounting to ₱4.8 million and ₱16.2 million, respectively, in which related allowance for ECL was recognized in 2018.



6. Crude oil inventory

The crude oil inventories carried at NRV amounted to ₱41.7 million and ₱59.9 million as at December 31, 2024 and 2023, respectively (see Note 7). The cost of petroleum inventories recognized as expense and included in “Share in costs and operating expenses” amounted to ₱154.8 million, ₱137.9 million and ₱103.9 million in 2024, 2023, and 2022, respectively (Note 17).

7. Interests in Joint Operations

The Group’s participating interests (in percentage) in the different SCs as at December 31, 2024 and 2023 are as follows:

Area	Location	Participating Interest (In percentage)	
		2024	2023
SC-14 (Northwest Palawan):	Philippines		
Block C-1 (Galoc)	Philippines	10.17782	10.17782
Block C-2 (West Linapacan)	Philippines	28.07000	28.07000
Nominated Area 10 Malajon (formerly SC-6A)*	Philippines	**72.16620	**72.16620
SC-6B (Bonita)**	Philippines	17.45460	17.45460
SC-53 (Onshore Mindoro)	Philippines	81.48000	81.48000
PDA-BP-2 (Sulu Sea)	Philippines	**15.00000	—
PDA-BP-3 (Sulu Sea)	Philippines	**25.00000	—

*Relinquished and awaiting DOE’s approval of service contract application

** Philodrill’s participating interest in the new SC application

*** DOA and Transfer of Operatorship to Nido Petroleum were approved by the DOE on December 19, 2022

SC-14 C1 Galoc Block

Change in management and block operatorship

In July 2018, Tamarind Galoc Pte Ltd (Tamarind), a subsidiary of Singapore-based Tamarind Resources, acquired the subsidiaries of Nido Petroleum Ltd. (Nido) – Galoc Production Company (GPC) and Nido Production (Galoc) Pte Ltd (NPG). This acquisition granted Tamarind majority equity and operatorship of the Galoc Field.

In December 2020, NPG Pty. Ltd, now fully owned by Tamarinds, succeeded GPC as the operator of SC 14C1. Subsequently, in March 2022, Matahio Energy—an independent energy company—acquired NPG from Tamarind. NPG continues to operate the Galoc Field under Matahio’s ownership.

Operations update

As of December 31, 2024, the Galoc Field had produced a cumulative total of 24,934,164 barrels of oil. During the year, three (3) oil liftings (Cargoes #77, #78, and #79) were completed with a combined volume of 498,168 barrels. The field continues to produce oil from two (2) remaining production wells, G4 and G5. NPG continues to manage production operations under the End of Field Life (EOFL) management strategy.



As of December 31, 2024, the remaining reserves/resources of the Galoc Main Field, based on the Competent Person's Report prepared by Three60 Energy and issued by NPG on February 7, 2025, are as follows:

SUMMARY OF RESOURCES			
Developed Producing Oil Reserves (MMstb)	Proved (1P)	Proved plus Probable (2P)	Proved plus Probable plus Possible (3P)
	0.384	0.399	0.415
Contingent Oil Resources (MMstb)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
	0.114	0.592	0.877
	80% Chance of Commerciality		
Proved + Contingent (MMstb)	1P + 1C	2P + 2C	3P + 3C
	0.498	0.991	1.291
Field Economic Limit	April 2026	September 2027	April 2028

The Developed Producing Oil Reserves are estimated based on the earlier occurrence of either the Economic Limit or the Service Contract expiry date of December 17, 2025. In contrast, Contingent Oil Resources are assessed on the assumption that a new Development and Production Petroleum Service Contract (DPPSC) will be awarded for the Galoc Field—under the existing terms and conditions—allowing continued operations until the field reaches its economic limit.

With SC 14C1 expiring on December 17, 2025, an application for DPPSC will be submitted to the Department of Energy (DOE) early in 2025. The DPPSC mechanism, introduced by the DOE, is designed to support the sustained production of existing producing fields and the development and utilization of producible hydrocarbon resources.

For 2025, NPG forecasts the continuation of the current production decline of 10% and a high operational uptime of 99%. Three crude cargo liftings are planned for the year, each targeting approximately 170,000 barrels per offtake.

The total expenditure forecast for 2025 includes a Firm Operations Expenditure/Work Program and Budget of US\$ 20,123,592, long with a Contingent Budget of US\$ 352,000.

SC-14 C-2 West Linapacan Block

With the issuance of the DOE Circular DC-2023-12-0033, outlining the procedures for awarding DPPSC, the JV will conduct a review of well plans and development concepts that will be integrated into the Plan of Development (POD). The POD will serve as the basis/justification for the application of a DPPSC.

Philodrill finalized the reinterpretation of seismic data for the well plan and design study. The results of the seismic reinterpretation were discussed with Nido for its incorporation in the planned reservoir engineering study to be conducted by a third-party subcontractor.

Nido completed the reservoir engineering study for the West Linapacan A Field and distributed copies to the partners through Philodrill. The study builds upon the dynamic modeling that RISC conducted for the joint venture in 2017. However, Nido encountered significant issues with the static model of West Linapacan A created by RISC during the 2017 study. These challenges have adversely affected the dynamic modeling, resulting in low production volumes estimated between 3.61 and 4.82 million barrels of oil from two new deviated wells strategically located on the structure.



During a hybrid meeting of the partners on Thursday, December 12, 2024, the joint venture approved the proposed 2025 Work Program and Budget (WP&B) of \$395,890. This budget includes a \$20,000 balance from the 2024 WP&B, a firm budget of \$275,890, and a contingent budget of \$100,000. The allocated funds will be used for preparing a revised static model to do a rerun of the dynamic modeling for West Linapacan A, developing a Plan of Redevelopment for West Linapacan A that includes a Well Plan and Design/Extended Well Test (EWT) Plan study, reviewing the Plug and Abandon (P&A) of the West Linapacan, and implementing a contingent program to apply for an Environmental Compliance Certificate from the DENR Environmental Management Bureau, along with a Certificate of Non-overlap (CNO) or Certification Precondition (CP) from the National Commission on Indigenous Peoples.

Additionally, the joint venture agreed to apply for a Development and Production Petroleum Service Contract (DPPSC) from the Department of Energy (DOE) before the expiration of the service contract in December 2025. The Plan of Development, including the Well Plan and the Design/EWT Plan study, will be an integral part of the justification submitted to the DOE to support the DPPSC application.

Nominated Area 10 Malajon (formerly SC6A)

The previous Joint Venture (JV) took a proactive decision of relinquishing SC6A in 2021 which surrender of the Service Contract (SC) was approved by the Department of Energy (DOE) on September 5, 2022.

In a letter dated November 7, 2022, the DOE granted the Area Clearance for the nomination of the former SC 6A Block, the Area of Interest (AOI), with an area of 108,000 hectares. However, the AOI was subsequently increased to 160,000 hectares when portions of the adjacent SC74 block became available from their mandatory 25% area relinquishment.

In 2023, the Parent Company as the designated operator, applied for a new SC by nomination under the DOE's Philippine Conventional Energy Contracting Program (PCECP).

A new Joint Application and Participation Agreement was executed by the joint venture partners without Alcorn and PetroEnergy. The new participating interests of the remaining Joint Venture members are as follows:

Joint Venture Members	Participating Interest (%)
Philodrill	72.1662
Anglo	14.1460
Forum	6.8439
PXP Energy Corporation (PXP)	6.8439

Once the new service contract is granted, the Group will continue its exploration activities in the norther portion of the area of interest where several prospects have been identified and are being matured for possible drilling and development. However, in the southern half of the area of interest, the development of Octon Discovery faces uncertainty. With its marginal resource, Octon Discovery has always been considered as a tie-back appraisal/development opportunity to the Galoc operations. With the Galoc field nearing its end of life, the opportunity to develop the Octon Discovery has significantly diminished, impairing the potential recovery of its share in the deferred oil and gas exploration costs in the old SC6A. The Group, therefore, recognized provision for unrecoverable deferred oil and gas exploration costs amounting to ₱277.6 million in 2022.



On November 7, 2022, the DOE granted the Area Clearance for the nomination of the former SC 6A Block. The application area, the area of interest (AOI), initially covered 108,000 hectares but was subsequently increased to 160,000 hectares when portions of the adjacent SC74 block became available after their mandatory 25% area relinquishment. With the approval of the AOI, Philodrill proceeded with the application of a new SC over the area under the Philippine Conventional Energy Contracting Program.

On June 26, 2023, after the application documents for a new SC were reviewed by the DOE, Philodrill was notified that, together with the rest of the joint venture, they were evaluated to be legally, financially, and technically qualified for the award of a new Service Contract over the nominated area. In November of 2023, the Office of the DOE Secretary endorsed the new SC for approval and signature to the Office of the President.

Once the new service contract is granted, the Group will continue its exploration activities in the northern portion of the area where several prospects have been identified and are being matured for possible drilling and development. However, in the southern half of the area of interest, the development of Octon Discovery faces uncertainty. With its marginal resource, Octon Discovery has always been considered as a tie-back appraisal/development opportunity to the Galoc operations.

As of December 31, 2024, the Group is still waiting for the license to be signed by the President of the Republic of the Philippines.

DPPSC Application/ (formerly SC-6B Bonita)

In February 2022, Nido entered a Farmin Agreement (FIA) with the rest of the JV to increase its equity in the SC. Under the FIA, Nido acquired an additional 63.637% to bring its participating interest to 72.727%.

Joint Venture Member	Participating Interest	
	Pre-FIA	Post-FIA
Philodrill	58.182%	17.4546%
Nido	9.090%	72.7270%
Oriental	16.364%	4.9092%
Alcorn	8.182%	2.4546%
Forum	8.182%	2.4546%
Total	100.000%	100.000%

The assignment of interests to Nido was in consideration of its commitment to fund 100% of the costs and operate the planned phased redevelopment of the Cadlao Oil Field. Phase 1 of the redevelopment involves the drilling and extended well testing (EWT) of the Cadlao-4 well, while Phase 2 will cover full-field redevelopment through the drilling of additional infill production wells and installation of permanent production facilities.

The Deed of Assignment (DOA) formalizing the transfer of participating interest was approved on December 19, 2022. Following the approval, the operatorship of the SC6B was transferred to Nido. A new Joint Operating Agreement reflecting the post-FIA participating interest structure, was signed in July 2023.

Following the DOE's issuance of the Department Circular DC2023-12-0033 governing the awarding of Petroleum Service Contracts for DPPSC for expiring SCs, Nido submitted all documentary requirement for application to the DOE on January 25, 2024.



The SC 6B contract expired on February 28, 2024. Prior to this, an application for a DPPSC was submitted to the DOE. Under an Amended Farm in Agreement executed on January 11, 2024, Nido retained operatorship and took the lead in the DPPSC application process. The amended FIA also ensures that the condition/provisions under the original Farm-in Agreement between Nido and the rest of the Joint Venture remain valid and enforceable even after the award of a DPPSC.

On January 26, 2024, Nido submitted to the DOE all the required documentation for the DPPSC application. The DOE completed the evaluation of the application and confirmed that the consortium is legally, technically and financially qualified to enter into a Petroleum Service Contract. As of year-end, the draft of the DPPSC was being finalized.

For the planned drilling and extended well test of Cadlao-4, the drillship Deep Venture was initially considered. Built in Finland, Deep Venture is capable of operating in water depths ranging from 90 to 1,500 meters. It is equipped with a DP-2 Dynamic Positioning System and will be fitted with an 8-point mooring assist system for shallow-water operations upon arrival in the Philippines for refurbishments. However, Nido is now evaluating the use of a jack-up rig as an alternative to the drillship.

The long lead items for the drilling activities have already been acquired and are currently warehoused in Mabini, Batangas.

In parallel, Nido is working on securing the necessary regulatory permits, including the Environmental Compliance Certificate (ECC) from the Department of Natural Resources – Environmental Management Bureau (DENR-EMB), as well as the Certificate of Non-Overlap from the National Commission on Indigenous Peoples (NCIP).

SC-53 Onshore Mindoro

The Certificate of Non-Coverage for the Progreso Drilling Project was issued by the DENR – Environmental Management Bureau (EMB) on April 28, 2023.

The efforts to refine the understanding of the subsurface of the Progreso Prospect were continued under the WP&B for 2024. The remapping of the target reservoir horizon at the Progreso Prospect using the 2023 reprocessed seismic was undertaken. With improved imaging of the subsurface from the reprocessed seismic data, a more robust structural closure of the Progreso prospect at the different reservoir levels was mapped. This resulted in an uplift of the resource estimates of the prospect.

At year end, a report incorporating the seismic reinterpretation and mapping, and the updated resource estimates is being finalized for submission to the Partners and the DOE.

The initial well plan and design, developed in collaboration with Mr. Dave Thomson of CWT, was also completed. A final well plan and drilling program for Progreso-2 will be prepared when a decision to drill has been made. Based on the well objectives that were defined by Philodrill, it was estimated that 21 drilling days would be required to drill the well to the proposed TD of 1600m. The estimated cost of the well is US\$ 6.139 million.

Engagement with the NCIP for the Certification Precondition (CP) application over the Cambayan Project was also continued. Since the Cambayan Project area straddles the boundary of Occidental and Oriental Mindoro, coordination is being conducted with both the Occidental and Oriental Mindoro offices.



For the Occidental Mindoro side, Philodrill, along with the representatives from the DOE, participated in the MOA signing ceremony with the Hanuno-Gubatnon-Ratagnon (HAGURA) Indigenous Peoples (IPs) at Magsaysay Hillside Resort and Restaurant, Magsaysay, Occidental Mindoro, on September 5, 2024.

On the Oriental side, the Pre-FPIC Conference took place on May 23, 2023, via Zoom. Following the MOA signing on the Occidental side, Philodrill actively coordinated with the DOE and the NCIP's Ancestral Domains Office (ADO) in relation to the permitting activities on the Oriental side and is currently in the process of preparing and reviewing the necessary documentation to comply with the permitting requirements.

The Group's interest in the joint arrangements in the various SCs and any assets and liabilities incurred jointly with the other partners, as well as the related revenues and expenses of the joint operation, which are included in the consolidated financial statements, are as follows:

	2024	2023	
Current assets:			
Receivables (Note 5):			
Accounts with partners	₱262,573	₱243,446	
Crude oil inventory (Note 6)	41,683,874	59,864,176	
	41,946,447	60,107,622	
Noncurrent assets:			
Wells and platforms (Note 8)	211,526,270	251,149,867	
Deferred oil and gas exploration costs (Note 11)	576,367,250	563,138,013	
	787,893,520	814,287,880	
Current liabilities:			
Accounts with partners (Note 12)	(19,504,994)	(7,197,568)	
Noncurrent liability:			
Provision for P&A costs (Note 13)	(33,786,422)	(30,748,952)	
	(₱53,291,416)	(₱37,946,520)	
	2024	2023	2022
Revenue:			
Share in petroleum revenue	₱211,756,468	₱203,591,907	₱237,488,580
Cost of petroleum operations:			
Share in costs and operating expenses (Note 17)	(155,682,610)	(138,678,431)	(105,403,947)
Depletion (Note 8)	(43,240,423)	(52,675,739)	(48,261,960)
Other income:			
Foreign exchange gains - net	3,137,062	5,002,474	10,784,517
	₱15,970,497	₱17,240,211	₱94,607,190



8. Property and Equipment

December 31, 2024	Wells, Platforms, and other Facilities (see Note 7)	Office Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Beginning of year	₱1,150,454,282	₱18,961,929	₱14,919,200	₱8,711,232	₱1,193,046,643
Additions	3,616,826	—	7,910,000	665,397	12,192,223
Disposals	—	—	(7,081,000)	—	(7,081,000)
End of year	1,154,071,108	18,961,929	15,748,200	9,376,629	1,198,157,866
Accumulated depletion and depreciation:					
Beginning of year	899,304,415	14,847,074	8,856,612	8,113,873	931,121,974
Depletion (Note 7)	43,240,423	—	—	—	43,240,423
Disposal	—	—	(7,081,000)	—	(7,081,000)
Depreciation (Note 18)	—	547,109	2,110,813	410,666	3,068,588
End of year	942,544,838	15,394,183	3,886,425	8,524,539	970,349,985
Net book values	₱211,526,270	₱3,567,746	₱11,861,775	₱852,090	₱227,807,881

December 31, 2023	Wells, Platforms, and other Facilities (see Note 7)	Office Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Beginning of year	₱1,184,627,619	₱18,961,929	₱8,986,000	₱8,309,991	₱1,220,885,539
Additions	3,300,308	—	6,000,000	401,241	9,701,549
Disposals	(4,154,027)	—	(66,800)	—	(4,220,827)
Write-off	(33,319,617)	—	—	—	(33,319,617)
End of year	1,150,454,283	18,961,929	14,919,200	8,711,232	1,193,046,644
Accumulated depletion and depreciation:					
Beginning of year	850,782,704	14,299,964	8,907,432	7,911,534	881,901,634
Depletion (Note 7)	52,675,739	—	—	—	52,675,739
Disposal	(4,154,027)	—	(66,800)	—	(4,220,827)
Depreciation (Note 18)	—	547,110	15,980	202,339	765,429
End of year	899,304,416	14,847,074	8,856,612	8,113,873	931,121,975

Allowance for unrecoverable costs:					
Beginning of year	33,319,617	—	—	—	33,319,617
Write-off	(33,319,617)	—	—	—	(33,319,617)
End of year Write-off for unrecoverable accounts	—	—	—	—	—
Net book values	₱251,149,867	₱4,114,855	₱6,062,588	₱597,359	₱261,924,669

As at December 31, 2024 and 2023, the carrying values of P&A asset included in Wells, Platforms, and other Facilities amounted to ₱3.8 million and ₱8.3 million, respectively.

As at December 31, 2024 and 2023, the Group continues to utilize fully depreciated and depleted property and equipment with an aggregate acquisition cost of ₱19.4million and ₱23.6 million, respectively.

9. Investments in Associates

	2024	2023
ACMDC	₱477,566,116	₱472,555,692
Penta Capital Investment Corporation (PCIC)	342,240,032	355,984,418
Penta Capital Holdings, Inc. (PCHI)	73,663,291	79,225,163
	893,469,439	907,765,273
Impairment loss	(4,173,138)	(4,173,138)
	₱889,296,301	₱903,592,135



On December 18, 2015, the Group entered into a Joint Voting Agreement with Alakor Corporation (Alakor), National Book Store, Inc. (NBS) and Anglo Philippine Holdings Corporation (APHC), collectively known as the “Ramos Group”, to jointly vote their shares in ACMDC on all matters affecting their rights as stockholders effective January 1, 2015. The combined interest of the parties to the agreement represents 31.8538% interest in ACMDC as of December 31, 2024. By virtue of this agreement, significant influence in the associate is established.

The details of investments in associates carried under the equity method follow:

	2024	2023
Acquisition costs	₱633,485,090	₱633,485,090
Accumulated equity in net earnings:		
Beginning of year	214,181,737	210,352,949
Share in net income (loss)	(7,826,215)	13,323,123
Dividends received	(3,860,599)	(5,321,197)
Impairment	—	(4,173,138)
End of year	202,494,923	214,181,737
Accumulated share in OCI:		
Beginning of year	55,925,308	55,497,116
Share in OCI of associates	(2,609,020)	428,192
End of year	53,316,288	55,925,308
Carrying value	₱889,296,301	₱903,592,135

Summarized financial statement information of ACMDC, PCIC and PCHI, based on their PFRS Accounting Standards financial statements, and a reconciliation with the carrying amount of the investment in the Group’s consolidated financial statements as at and for the years ended December 31, 2024, 2023, and 2022 (in thousands) are set out below:

	2024			2023			2022		
	ACMDC	PCIC	PCHI	ACMDC	PCIC	PCHI	ACMDC	PCIC	PCHI
Revenue from contract with customers	₱18,634,220	₱92,443	₱10,822	₱18,865,013	₱109,765	₱57,703	₱16,822,495	₱112,627	₱71,541
Costs and expenses	(18,508,243)	(99,942)	(105,138)	(16,620,105)	(85,892)	(21,015)	(16,511,122)	(73,426)	(21,085)
Other income (charges)	(313,047)	—	—	(541,801)	—	(36,807)	3,137,275	—	(21,807)
Provision for (benefit from) income tax	(44,003)	(5,105)	(1,159)	(585,551)	(5,439)	—	(230,562)	(8,115)	(1,767)
Net income (loss)	(231,073)	(12,604)	(95,475)	1,117,556	18,434	(119)	3,218,086	31,086	26,882
Group’s share in net income (loss)	(₱1,233)	(₱5,042)	(₱12,614)	₱5,965	₱2,435	(₱16)	₱17,177	₱12,434	₱3,551
Other comprehensive income (loss)	₱1,169,723	(₱22,241)	₱—	₱414,142	(₱4,457)	₱—	₱5,082,233	₱28,387	₱—
Group’s share in OCI	₱6,244	(₱8,896)	₱—	₱2,211	(₱1,783)	₱—	₱27,128	₱11,354	₱—

	2024			2023		
	ACMDC	PCIC	PCHI	ACMDC	PCIC	PCHI
Total current assets	₱5,927,632	₱974,681	₱279,784	₱3,883,345	₱1,144,966	₱422,147
Total noncurrent assets	63,931,654	378,703	150,346	64,345,413	260,880	165,187
Total current liabilities	5,112,311	441,574	416	6,332,992	455,325	23,384
Total noncurrent liabilities	(18,464,135)	(465,586)	—	(16,553,076)	(25,090)	—
Total equity	46,282,840	446,224	429,714	45,342,690	925,231	563,950
Proportion of net assets	247,048	178,490	56,774	242,099	370,092	74,509
Carrying amount of the investment	473,393	342,240	73,663	470,086	355,984	79,225

The difference between the Group’s proportion of net assets and the carrying amount of the investment represents goodwill.

The financial statements of the associates are prepared under the same reporting period as the Group.



The associates had no contingent liabilities and capital commitments as at December 31, 2024 and 2023.

10. Financial Assets at FVOCI

	2024	2023
Quoted shares of stock	₱110,646,650	₱110,646,650
Net unrealized loss	(63,177,018)	(54,017,010)
	₱47,469,632	₱56,629,640

The Parent Company received cash dividends from Oriental Petroleum & Minerals Corporation (OPMC) and Shang Properties totaling to ₱1.3 million in 2024 and 2023.

The following table illustrates the movement of the “Net unrealized loss on decline in value of financial assets at FVOCI” account in the equity section of the consolidated statements of financial position:

	2024	2023
Beginning of year	₱54,017,010	₱41,014,602
Fair value changes during the year	9,160,008	13,002,408
End of year	₱63,177,018	₱54,017,010

11. Deferred Oil and Gas Exploration Costs

	2024	2023
Cost:		
Beginning	₱898,060,792	₱1,127,430,186
Additions	13,229,237	16,156,965
Write-off	—	(245,526,359)
Ending	911,290,029	898,060,792
Accumulated impairment losses:		
Beginning	(334,922,779)	(523,146,851)
Impairment	—	(57,302,287)
Write-off	—	245,526,359
Ending	(334,922,779)	(334,922,779)
Net book value	₱576,367,250	₱563,138,013

The full recovery of deferred oil and gas exploration costs incurred in connection with the Group’s participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil in commercial quantities from the respective petroleum concessions and the success of future development thereof.

Under the SCs entered into with the DOE covering certain petroleum contract areas in various locations in the Philippines, the participating oil companies (collectively known as Contractors) are obliged to provide, at their sole risk, the services, technology and financing necessary in the performance of their obligations under these contracts. The Contractors are also obliged to spend specified amounts indicated in the contract in direct proportion to their work obligations. However, if the Contractors fail to comply with their work obligations, they shall pay the government the amount they should have spent in direct proportion to their work obligations.



The Contractors have Operating Agreements among themselves which govern their rights and obligations under these contracts.

The Contractors entered into several SCs with the Philippine Government, through the DOE, for the exploration, development and exploitation of the contract areas situated mostly in offshore Palawan where oil discoveries were made. The Group's present petroleum revenues and production costs and related expenses are from SC14C1 Galoc.

The aforementioned SC provide for certain minimum work expenditure obligations and the drilling of a specified number of wells and are covered by operating agreements which set forth the participating interests, rights and obligations of the Contractor. The Group's share in the jointly controlled assets of the aforementioned SC is included principally under the "Receivables", "Crude oil inventory", "Property and equipment", "Deferred oil and gas exploration costs" and "Payables" accounts in the consolidated statements of financial position (see Note 7).

PDAs BP-2 and BP-3, Sulu Sea (Under the DOE/BARMM Bid Round)

Philodrill entered into a Joint Application and Participation Agreement with Sunda Energy, Triangle Energy, and PXP to submit bid applications for the Pre-Determined Areas (PDAs) BP-2 and BP-3 under the 1st BARMM Energy Bid Round. Sunda and Triangle will each hold a 37.5% Participating Interest (PI), totaling 75%, while Philodrill and PXP will share the remaining 25% equally at 12.5% each.

Triangle, designated as the application manager, submitted the sealed bid documents for both areas on August 27, 2024. These submissions were the only bids received for the two areas. On the same day, the bid documents were opened and both DOE and BARMM announced that the consortium met the requirements of the DOE/BARMM bid process.

In 2024, the DOE informed Triangle that the consortium is qualified to enter petroleum service contracts for the PDAs BP-2 and BP-3. The consortium pre-signed the petroleum service contracts and the DOE transmitted the same to the Office of the President for approval and signature.

PCECP Area 7 Sulu Sea

In 2012, the Parent Company and PXP Energy Corporation (PXP) submitted a joint bid for Area 15 that DOE offered for bidding under the 4th Philippine Energy Contracting Round (PECR4). Area 15 covers the old SC41 block previously operated by Tap Oil Limited. Back then, the bid of the Parent Company/Philex was reportedly chosen based on the proposed work program, but for some reason, the result of the bidding for Area 15 was not released by the DOE.

A new bidding round, PECR5, was launched by the DOE in May 2014. Unfortunately, the Sulu Sea area was not included among the blocks on offer as the area is within the contemplated regions proposed to be covered by the Bangsamoro Organic Law. The Parent Company, PXP and APHC would have likely participated in the PECR5 bidding if Area 15 was offered.

In November 2018, the DOE launched the PCECP for petroleum and coal. Under the PCECP, awarding of new service contracts is conducted either through a competitive bidding process or via nomination whereby the PCECP would allow participants to nominate prospective areas other than the 14 pre-determined areas offered by DOE. The Parent Company, together with bid partner PXP, submitted on August 15, 2019, a joint bid over PCECP Area 7 in Sulu Sea, one of the 14 pre-determined areas on offer under PCECP. The joint application was found to be in order and satisfied the criteria set forth by the DOE.



On September 23, 2023, the DOE issued a Termination of the processing of the application for Petroleum service contract. Therefore, in 2023, the Parent Company wrote off the recognized provision in 2022 for unrecoverable deferred oil and gas exploration costs amounting to ₱146.1 million.

12. Accounts Payable and Accrued Liabilities

	2024	2023
Accounts with partners (see Note 7)	₱19,504,994	₱7,197,568
Accrued liabilities	855,902	919,560
Withholding taxes	702,556	459,162
Others	101,336	183,038
	₱21,164,788	₱8,759,328

Accounts with partners represent payables arising from transactions of the consortium and varies in timing with regards to settlement. The Group sends out its billing within 30 days.

Accrued liabilities include accrual for professional fees, bonus, salaries and other employee benefits and are usually settled within 30 days.

Withholding taxes are payable within 14 days after the close of the month.

Others include payroll-related liabilities which are expected to be settled within 30 days.

13. Provisions for Plug and Abandonment Costs

	2024	2023
Beginning of year	₱30,748,952	₱34,366,961
Accretion of interest	1,919,723	2,000,342
Effect of translation adjustment	1,117,747	(5,618,351)
End of year	₱33,786,422	₱30,748,952

Beginning October 1, 2016, the Group makes full provision for the future cost of P&A oil field on a discounted basis. The provision represents the present value of P&A costs, which are expected to be incurred up to 2028. This provision has been created based on the estimates and assumptions stated in the Revised Decommissioning Plan and Budget of the Galoc Oil field approved by the DOE last October 3, 2016. Assumptions, based on the current economic environment, have been made which management believes, are reasonable basis upon which to estimate the future liability.

The final P&A costs are uncertain and cost estimates can vary in response to many factors, including estimates of the extent and costs of decommissioning activities, technological changes, regulatory changes and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, material estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be material adjustments to the provision established, which could affect future financial results. In 2024 and 2023, the Parent Company used 5.94%.

On December 31, 2023, the decommissioning fund amounting to ₱10.1 million is derecognized as the fund is owned by NPG.



14. Equity

Capital Stock

	Number of Shares	Amount
Capital stock - ₱0.01 par value		
Authorized - 200,000,000,000 shares		
Issued and subscribed	191,868,805,358	₱1,918,688,053
Subscription receivable	(17,520,811,006)	(175,208,110)
	174,347,994,352	₱1,743,479,943

On December 17, 2024, the BOD approved that the 50% balance on subscriptions to the Parent Company's 2009 stock rights offering shall be called for payment by the BOD no later than December 31, 2025 instead of December 31, 2024.

On August 6, 1969, the Parent Company's common shares were listed and traded on the PSE at an initial offer price of ₱0.01 per share. Subsequent listing of shares were made by the Parent Company as follows:

Type of Shares	Number of shares registered	Number of shares licensed	Issue Price/ Par value	Date of Approval
	2,500,000,000	2,000,000,000	₱0.01	August 6, 1969
	7,500,000,000	5,295,151,100	0.01	February 2, 1971
Class A shares	7,032,105,679	7,032,105,679	0.01	December 8, 1987
Class B shares	2,967,894,321	2,967,894,321	0.01	December 8, 1987
Class A shares	21,096,317,037	20,012,278,687	0.01	August 15, 1988
Class B shares	8,903,682,963	—	0.01	August 15, 1988
Class A shares	28,000,000,000	21,000,000,000	0.01	May 30, 1989
Class B shares	12,000,000,000	9,000,000,000	0.01	May 30, 1989
Class A shares	7,000,000,000	7,000,000,000	0.01	June 26, 1991
Class B shares	3,000,000,000	3,000,000,000	0.01	June 26, 1991
Class A shares	33,000,000,000	14,690,079,374	0.01	March 9, 1994
Class B shares	22,000,000,000	22,692,570,213	0.01	March 9, 1994
	—	42,367,016,498	0.01	December 9, 1994
	45,000,000,000	38,373,761,071	0.01	September 18, 2008

As at December 31, 2024, the Group has 8,513 shareholders.

Retained Earnings

As at December 31, 2024, 2023, and 2022, undistributed earnings of associates amounting to ₱206,668,050, ₱218,354,874, and ₱210,352,949, respectively, are not available for dividend declaration until the actual declaration of the subsidiaries, associates, and joint operations.

As at December 31, 2024 and 2023, the Group has unpaid dividends amounting to ₱33.1 million.



15. Earnings (Loss) Per Share

	2024	2023	2022
Net income (loss)	₱8,185,921	(₱33,878,324)	(₱339,333,554)
Weighted average number of common shares issued and outstanding during the year (see Note 14)	191,868,805,358	191,868,805,358	191,868,805,358
Basic/Diluted income (loss) per share	₱0.00004	(₱0.00018)	(₱0.00177)

There were no dilutive shares as at December 31, 2024 and 2023.

There have been no other transactions involving common shares between the end of the financial reporting period and the date of authorization of the consolidated financial statements.

16. Related Party Transactions

Related party relationship exists 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.

- a. As at December 31, 2024 and 2023, the Group's advances to related parties and the corresponding interest income from these advances are as follows:

Related Party		Volumes	Advances to related parties	Accrued interest receivable	Terms	Condition
<i>Stockholder</i>						
Alakor Corporation	2024	₱—	₱169,000,000	₱7,647,922	To be settled in cash;	Unsecured, no
	2023	₱—	₱169,000,000	₱7,589,183	collectible on demand; 4.75% interest per annum	impairment; not guaranteed
<i>Under common stockholders</i>						
Fil-Energy Corporation	2024	—	—	—	To be settled in cash;	Unsecured, fully
	2023	—	4,753,762	16,166,436	collectible on demand; non-interest bearing	impaired; not guaranteed
United Paragon Mining Corporation	2024	—	1,376,802	—	To be settled in cash;	Unsecured, no
	2023	—	1,376,802	—	collectible on demand; non-interest bearing	impairment; not guaranteed
National Bookstore, Inc. (NBS)	2024	—	57,845,000	879,181	To be settled in cash;	Unsecured, no
	2023	—	55,370,000	990,508	collectible on June 30, 2025; 3.5% interest per annum	impairment; not guaranteed
<i>(forward)</i>						
Abacus Book and Card Corporation (Abacus)	2024	60,000,000	60,000,000	750,833	To be settled in cash;	Unsecured, no
	2023	—	—	—	collectible on June 30, 2025; 8% interest per annum	impairment; not guaranteed
Total (Note 5)	2024	₱60,000,000	₱288,221,802	₱9,277,936		
	2023	₱—	₱230,500,564	₱24,746,127		



As at December 31, 2024 and 2023, intercompany receivables and payables eliminated during consolidation amounted to ₱8.3 million and ₱8.4 million, respectively. This pertains to non-interest bearing advances made by PPC, its wholly owned subsidiary, to the Parent Company.

- b. The interest income earned by the Group from its advances to related parties follow:

	2024	2023	2022
Alakor	₱8,161,292	₱8,138,993	₱8,138,993
NBS	2,042,176	1,971,562	1,933,549
Abacus	5,143,333	—	—
	₱15,346,801	₱10,110,555	₱10,072,542

- c. The compensation of key management personnel are as follows:

	2024	2023	2022
Short-term employee benefits	₱16,856,703	₱13,806,552	₱19,130,520
Post-employment benefits	3,779,726	1,159,670	6,413,302
	₱20,636,429	₱14,966,222	₱25,543,822

Key management personnel are those individuals having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group.

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

All individual material related party transactions shall be endorsed by the Related Party Transactions Committee for approval by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital.

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

17. Share in Costs and Operating Expenses

	2024	2023	2022
Petroleum operations (Note 6)	₱154,848,708	₱137,890,255	₱103,942,774
Personnel costs	833,902	788,176	1,461,173
	₱155,682,610	₱138,678,431	₱105,403,947

Share in petroleum operations consist of the Group's share in the production costs, lifting and marketing fees, and other operating expenses of the SC-14 C1 Galoc oil fields for 2024, 2023 and 2022, respectively.

Personnel costs are time charges of the exploration group for work done of the fields mentioned above.



18. General and Administrative Expenses

	2024	2023	2022
Personnel costs	₱29,216,771	₱32,460,310	
Entertainment, amusement and recreation	5,677,091	5,725,606	8,227,696
Transportation and travel	4,299,793	4,332,887	6,397,280
Outside services	4,120,411	2,769,151	2,405,679
Depreciation (see Note 8)	3,068,588	765,430	954,876
Supplies	2,606,891	2,651,764	3,898,159
Utilities	1,544,237	1,516,509	1,470,544
Dues and subscriptions	1,529,747	1,701,065	1,392,346
Insurance	1,479,272	1,373,320	1,438,734
Taxes and licenses	243,667	255,640	228,226
Others	1,339,671	2,648,506	2,106,801
	₱55,126,139	₱56,200,188	₱64,922,351

Personnel costs include the following:

	2024	2023	2022
Salaries, allowances and bonuses	₱21,913,719	₱20,731,104	₱25,995,486
Employee facilities and benefit	4,337,158	4,103,206	7,324,288
Pension expenses (Note 19)	2,016,056	6,783,334	2,308,413
SSS, Med. and HDMF Premium	949,838	842,666	773,823
	₱29,216,771	₱32,460,310	₱36,402,010

19. Retirement Benefit Liability

The Group has a funded, non-contributory defined benefit retirement plan covering its regular permanent employees. Retirement benefit expenses are based on each employee's number of years of service and final covered compensation.

Republic Act (RA) No. 7641 ("Retirement Pay Law") an Act amending Article 287 of Presidential Decree No. 442 ("Labor Code of the Philippines"), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.



Changes in the net defined benefit liability in 2024 and 2023 follow:

2024										
	Net Benefit Cost in Profit or Loss				Benefits Paid	Remeasurements in Other Comprehensive Income				December 31, 2024
	January 1, 2024	Current Service Cost	Net interest Cost (Income)	Subtotal		Actuarial Loss on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal	Contributions	
Present value of defined benefit obligation	₱34,098,781	₱2,016,056	₱2,010,922	₱4,026,978	₱–	₱4,125,110	₱–	₱4,125,110	₱–	₱42,250,869
Fair value of plan asset	(32,910,413)	–	(2,008,077)	(2,008,077)	–	–	738,718	738,718	–	(34,179,772)
Net plan assets	₱1,188,368	₱2,016,056	₱2,845	₱2,018,901	₱–	₱4,125,110	₱738,718	₱4,863,828	₱–	₱8,071,097

2023										
	Net Benefit Cost in Profit or Loss				Benefits Paid	Remeasurements in Other Comprehensive Income				December 31, 2023
	January 1, 2023	Current Service Cost	Net interest Cost (Income)	Subtotal		Actuarial Loss on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal	Contributions	
Present value of defined benefit obligation	₱39,454,859	₱6,783,334	₱1,809,156	₱8,592,490	(₱14,476,965)	₱528,397	₱–	₱528,397	₱–	₱34,098,781
Fair value of plan asset	(37,632,720)	–	(1,756,330)	(1,756,330)	14,476,965	–	1,672	1,672	(8,000,000)	(32,910,413)
Net plan assets	₱1,822,139	₱6,783,334	₱52,826	₱6,836,160	₱–	₱528,397	₱1,672	₱530,069	(₱8,000,000)	₱1,188,368

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Group is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Group's discretion.

The Group's plan is a noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Committee is responsible for the investment strategy of the plan.



The fair value of plan assets by each class as at the end of the reporting period are as follow:

	2024	2023
Cash	₱2,332	₱2,071
Fixed income securities:		
Government securities	29,957,553	29,611,341
Corporate bonds	1,914,663	1,943,397
Mutual funds	1,797,897	863,775
Equity securities	70,000	70,000
Accrued income receivables	478,257	459,731
Liabilities	(40,930)	(39,903)
	₱34,179,772	₱32,910,412

The plan assets have diverse investments in equity and debt securities, and do not have any concentration risk.

The principal assumptions used in determining retirement benefits costs and retirement benefit liability for defined benefit plan shown below.

	2024	2023
Discount rate	6.10%	6.06%
Salary increase rate	3.00%	2.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined retirement benefits liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2024	2023	2022
Discount rates	+1%	₱40,303,805	₱32,377,705	₱37,972,780
	-1%	44,427,120	36,018,067	41,110,744
Salary increase rate	+1%	44,618,543	36,199,525	41,283,166
	-1%	40,099,899	32,188,355	37,797,683

The Group did not contribute to the defined benefit pension plan in 2024 and is expected to contribute ₱4.0 million in 2025.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2024:

Within the next 12 months	₱7,360,419
Between 1 and 5 years	35,809,530
Between 5 and 10 years	7,310,117
Between 10 and 15 years	18,817,798
Between 15 and 20 years	17,845,417
More than 20 years	33,961,231
Total expected payments	₱121,104,512

The average duration of the defined retirement benefits liability as at December 31, 2024 and 2023 are 8.08 years and 7.77 years, respectively.



Remeasurement Loss

Remeasurement loss on retirement benefit liability are recognized immediately in the consolidated statements of financial position as part of equity. Details of the remeasurement are as follow:

	2024	2023	2022
Balance at beginning of year	(P42,912,363)	(P42,514,811)	(P38,373,698)
Remeasurement gains (losses)	(4,863,828)	(530,069)	(5,521,484)
Income tax effects	1,215,957	132,517	1,380,371
Balance at end of year	(P46,560,234)	(P42,912,363)	(P42,514,811)

20. Income Taxes

Current income tax

The details of provision for current income tax are as follows:

	2024	2023	2022
MCIT	P173,769	P130,006	P495,121
Final taxes	632,739	1,849,818	432,100
	P806,508	P1,979,824	P927,221

The reconciliation of (provision for) benefit from income tax computed using the statutory income tax rate with (provision for) benefit from income tax in the consolidated statements of income is as follows:

	2024	2023	2022
(Provision for) benefit from income tax computed at the statutory income tax rate	(P483,971)	P16,478,717	(P80,027,237)
Add (deduct) tax effect of:			
Nontaxable income	(12,450,670)	19,807,485	(25,220,993)
Nondeductible expenses	3,397,677	(4,790,346)	2,778,240
Income subjected to final tax	(1,324,388)	2,601,629	(1,507,727)
Final taxes	632,739	(1,849,818)	432,100
Expired portion of excess MCIT over RCIT	106,807	(211,123)	737,289
Expired Net operating loss carry-over (NOLCO)	—	—	58,757,490
Movement in unrecognized deferred tax assets	—	(64,073,087)	24,826,230
(Provision for) benefit from income tax	(P10,121,806)	P32,036,543	(P19,224,608)



Deferred income tax

Net deferred income tax assets represent the following:

	2024	2023
Deferred income tax assets on:		
NOLCO	₱142,069,665	₱122,372,638
Provision for impairment on deferred oil and gas exploration cost	83,730,695	83,730,695
Provision for P&A costs	8,446,605	7,687,237
Unamortized past service cost	6,214,846	7,213,577
Retirement benefits	2,017,774	297,092
Excess of MCIT over RCIT	798,896	731,934
Provision for impairment of receivables	—	5,230,049
Unrealized foreign exchange loss	—	3,262,584
	243,278,481	230,525,806
Deferred income tax liabilities on:		
Unrealized forex gain	(1,734,353)	(32,133)
Decommissioning asset	(974,492)	(2,068,308)
	(2,708,845)	(2,100,441)
	₱240,569,636	₱228,425,365

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover as One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Group’s NOLCO and excess MCIT that can be claimed as deduction from future taxable income and future income tax due are as follows:

NOLCO			MCIT	
Year incurred	Year of Expiry	Amount	Year of Expiry	Amount
2020	2025	₱195,497,024	2023	₱—
2021	2026	90,194,455	2024	106,807
2022	2025	14,541,223	2025	495,121
2023	2026	189,257,849	2026	130,006
2024	2027	78,788,110	2027	173,769
		₱568,278,661		₱905,703
Expired during the year		—		(106,807)
		₱568,278,661		₱798,896

In 2024 and 2023, the Group did not recognize deferred tax assets on NOLCO amounting to ₱0.08 million and ₱0.07 million, respectively.

21. Fair Value Measurement

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s-length transaction, other than in forced or liquidation sale.



The carrying amounts of financial assets (except financial assets at FVOCI and advances to a related party) and financial liabilities approximate their fair values because of their short-term nature. Financial assets at FVOCI are carried at fair value based on the quoted values of the securities. Advances to a related party are long-term and interest-bearing, thus, fair value is equal to the carrying value.

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as follows:

2024	Level 1	Level 2	Level 3	Total
<i>Asset measured at fair value:</i>				
Financial assets at FVOCI	₱43,219,632	₱4,250,000	₱—	₱47,469,632
2023	Level 1	Level 2	Level 3	Total
<i>Asset measured at fair value:</i>				
Financial assets at FVOCI	₱52,379,640	₱4,250,000	₱—	₱56,629,640

As at December 31, 2024 and 2023, there were no transfers between Level 1, Level 2, and Level 3 fair value measurement.

22. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are comprised mainly of cash and cash equivalents, receivables, financial assets at FVOCI, other noncurrent assets, accounts payable and accrued liabilities (except withholding taxes) and dividends payable. The main purpose of these financial instruments is to provide financing for the Group's operations and capital-intensive projects. The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

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

Foreign Currency Risk

Foreign currency risk is the risk that the value of the Group's financial instruments will fluctuate because of changes in foreign exchange rates. The Group's transactional currency exposures arise from cash and cash equivalents, receivables and accounts with partners. The Group's foreign currency-denominated monetary assets and liabilities as at December 31, 2024 and 2023 are as follows:

	2024		2023	
	US\$	Peso Equivalent	US\$	Peso Equivalent
Cash and cash equivalents (Note 4)	\$590,402	₱34,151,778	\$6,801,212	₱376,583,108
Receivables (Note 5)	1,000,000	57,845,000	1,017,889	56,360,514
Accounts with partners (Note 12)	(213,112)	(12,726,476)	(101,795)	(5,636,405)
Net monetary assets	\$1,377,290	₱79,270,302	\$7,717,306	₱427,307,217



In translating the foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rates used are US \$1.0 to ₱57.845 and US \$1.0 to ₱55.37 as at December 31, 2024 and 2023, respectively.

The Group recognized net foreign exchange gain amounting to ₱19.46 million and ₱33.56 million in 2024 and 2022, respectively, and net foreign exchange loss amounting to ₱4.86 million in 2023 arising from the translation of these foreign currency-denominated financial instruments.

The following table demonstrates the sensitivity of the Group's income before income tax (solely from foreign currency revaluation) to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's income before income tax due to changes in the carrying value of financial assets and liabilities. The sensitivity range is based on the historical volatility of the foreign exchange rate for the past year. The analysis is based on the assumption that last year's foreign currency rate volatility will be the same in the following year.

	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Income Tax
2024	4%	₱82,830
	(4%)	(82,830)
2023	1%	₱53,993
	(1%)	(53,993)

Foreign currency risk has no other impact on the Group's equity other than through profit or loss.

Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. With respect to credit risk arising from the other financial assets of the Group, which comprise of cash in banks, short-term investments, receivables, financial assets at FVOCI and advances to related parties, the Group's exposure to credit risk could arise from default of the counterparty.

The Group trades only with recognized, creditworthy third parties. However, the Group's credit risk exposure is concentrated on a few counterparties as inherent in the oil exploration and production business. Of the total trade receivables of the Group, 100.0% are concentrated with the Galoc Production Company as at December 31, 2024 and 2023.

The table below summarizes the Group's gross maximum credit risk exposure from its financial instruments. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	2024	2023
Amortized costs:		
Cash in banks and cash equivalents	₱395,621,748	₱395,520,788
Receivables	301,007,109	237,494,304
Financial assets at FVOCI	47,469,632	56,629,640
	₱744,098,489	₱689,644,732



In determining the credit risk exposure, 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 the 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.

While these financial assets are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

The aging analysis of financial assets follows:

2024						
	Days Past Due				ECL	Total
	Current	60 Days	180 Days	More than 180 Days		
Cash and cash equivalents*	₱395,621,748	₱-	₱-	₱-	₱-	₱395,621,748
Receivables:						
Advances to related parties	286,845,000	-	-	1,376,802	-	288,221,802
Accrued interest	4,444,406	681,627	1,340,955	5,625,339	-	12,092,327
Others	327,904	-	-	365,076	-	692,980
Financial assets at FVOCI	47,469,632	-	-	-	-	47,469,632
	₱734,708,690	₱681,627	₱1,340,955	₱7,367,217	₱-	₱744,098,489

*Excluding cash on hand of ₱22,313.

2023						
	Days Past Due				ECL	Total
	Current	60 Days	180 Days	More than 180 Days		
Cash and cash equivalents*	₱395,520,788	₱-	₱-	₱-	₱-	₱395,520,788
Receivables:						
Advances to related parties	224,370,000	-	-	1,376,801	4,753,762	230,500,563
Accrued interest	3,508,411	681,627	1,340,955	5,566,600	16,166,436	27,264,029
Others	284,835	-	-	365,075	-	649,910
Financial assets at FVOCI	56,629,640	-	-	-	-	56,629,640
	₱680,313,674	₱681,627	₱1,340,955	₱7,308,476	₱20,920,198	₱710,564,930

*Excluding cash on hand of ₱24,430

The table below shows the credit quality of the Group's financial assets based on their historical experience with the corresponding debtors.

Credit risk under general approach

2024				
	General Approach			Total
	Stage 1	Stage 2	Stage 3	
Cash and cash equivalents*	₱395,621,748	₱-	₱-	₱395,621,748
Receivables:				
Advances to related parties	288,221,802	-	-	288,221,802
Accrued interest	12,092,327	-	-	12,092,327
Others	692,980	-	-	692,980
Financial assets at FVOCI	47,469,632	-	-	47,469,632
	₱744,098,489	₱-	₱-	₱744,098,489

*Excluding cash on hand of ₱22,313

2023				
	General Approach			Total
	Stage 1	Stage 2	Stage 3	
Cash and cash equivalents*	₱395,520,788	₱-	₱-	₱395,520,788
Receivables:				
Advances to related parties	225,746,802	-	4,753,762	230,500,564
Accrued interest	11,097,593	-	16,166,436	27,264,029
Others	649,909	-	-	649,909
Financial assets at FVOCI	56,629,640	-	-	56,629,640
	₱689,644,732	₱-	₱20,920,198	₱653,935,290

*Excluding cash on hand of ₱24,430



Liquidity Risk

Liquidity risk is the risk that the Group will be 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 through the use of bank loans and operating cash flows. The Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

2024	Less than three months	Three to twelve months	More than twelve months	Total
<i>Financial liabilities</i>				
Accounts payable and accrued liabilities*	(P20,462,232)	P–	P–	(P20,462,232)
Dividends payable	(33,121,850)	–	–	(33,121,850)
	(P53,584,082)	P–	P–	(P53,584,082)

*Excluding government payables

2023	Less than three months	Three to twelve months	More than twelve months	Total
<i>Financial liabilities</i>				
Accounts payable and accrued liabilities*	(P8,300,166)	P–	P–	(P8,300,166)
Dividends payable	(33,126,610)	–	–	(33,126,610)
	(P41,426,776)	P–	P–	(P41,426,776)

*Excluding government payables

Changes in liabilities arising from financing activities

2024				
	January 1	Cash flows	Others	December 31
Dividends	P33,126,610	(P4,760)	P–	P33,121,850
2023				
	January 1	Cash flows	Others	December 31
Dividends	P33,126,610	P–	P–	P33,126,610
2022				
	January 1	Cash flows	Others	December 31
Dividends	P33,129,215	(P2,605)	P–	P33,126,610

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates and equity price.

Equity Price Risk

Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the prices of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated statements of financial position as financial assets at FVOCI.

The following table shows the sensitivity of the Group's equity (through OCI) from changes in the carrying value of the Group's financial assets at FVOCI due to reasonably possible changes in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Group's equity



(through OCI) due to changes in the carrying value of the Group's financial assets at FVOCI. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through the adjusted betas of each individual stock. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be the same in the following year.

	Percentage Change in PSEi	Effect on Equity
2024	+15.30%	₱10,151,996
	-15.30%	(10,151,996)
2023	+14.03%	₱2,784,123
	-14.03%	(2,784,123)

The impact of equity price risk on the Group's equity excludes the impact on transactions affecting profit or loss.

23. 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 the earnings potential of the Group's resources, ensuring that the Group complies with externally imposed, legal or contractual, 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 years. In addition, there were no restrictions as to the capital of the Group.

The following table summarizes the total capital considered by the Group:

	2024	2023
Capital stock	₱1,743,479,943	₱1,743,479,943
Additional paid-in capital from sale of treasury shares	1,624,012	1,624,012
Net unrealized loss on decline in value of available-for-sale financial assets	(63,177,018)	(54,017,010)
Share in other comprehensive income of associate	53,316,288	55,925,308
Remeasurement of retirement in OCI	(46,560,234)	(42,912,363)
Retained earnings	944,101,580	935,915,659
	₱2,632,784,571	₱2,640,015,549

The Company monitors capital on the basis of the debt-to-equity ratio and makes adjustments to it in light of changes in economic conditions and its financial position. This ratio is calculated as total debt divided by total equity. Debt pertains to accounts payable and other current liabilities. Equity comprises all components of equity.



The Group's debt-to-equity ratios are as follows:

	2024	2023
Total liabilities	₱96,144,157	₱73,823,258
Equity	2,632,784,571	2,640,015,549
Debt-to-Equity Ratio	₱0.04:1	₱0.03:1

24. Segment Information

Currently, the Group has 2 business segments. The Parent Company is primarily involved in oil exploration and production while PPC, pre-operating segment, is primarily engaged in production, supply, trading and generation of electric power using various energy sources. Revenue generated consists solely of revenue from petroleum operations. Other income is derived from equity in net earnings of associates. PPC has not yet started commercial operation since its incorporation therefore, expenses were only incurred during the year.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President and Chairman of the Parent Company who makes strategic decisions.

	2024			
	Oil and Gas	Power	Elimination	Total
Consolidated revenue				
External customers	₱211,756,468	₱—	₱—	₱211,756,468
Share in costs and operating expenses	(155,682,610)	—	—	(155,682,610)
General and administrative expenses	(55,056,256)	(69,883)	—	(55,126,139)
	(210,738,866)	(69,883)	—	(210,808,749)
Provision for impairment losses on:				
Deferred oil and gas exploration costs	—	—	—	—
Investment in associate	—	—	—	—
Share in net income of associates	(7,826,215)	—	—	(7,826,215)
Dividend income	1,288,913	—	—	1,288,913
Foreign exchange gains - net	18,341,009	—	—	18,341,009
Other charges – net	(876,899)	(11,430)	—	(888,329)
Loss before interest, taxes, depreciation and depletion	11,944,410	(81,313)	—	11,863,097
Interest income	31,364,009	—	—	31,364,009
Interest expense	(1,922,568)	—	—	(1,922,568)
Depreciation and depletion	(43,240,423)	—	—	(43,240,423)
Income (loss) before income tax	(1,854,572)	(81,313)	—	(1,935,885)
Benefit from income tax	10,121,806	—	—	10,121,806
Net income (loss)	₱8,267,234	(₱81,313)	₱—	₱8,185,921
Segment assets	₱2,737,863,802	₱8,268,249	(₱17,203,323)	₱2,728,928,728
Segment liabilities	(₱104,388,886)	(₱23,520)	₱8,268,249	(₱96,144,157)
Depreciation and depletion	₱43,240,423	₱—	₱—	₱43,240,423
Other disclosures:				
Investments in associates	₱889,296,301	₱—	₱—	₱889,296,301
Capital expenditure	25,421,460	—	—	25,421,460



	2023			
	Oil and Gas	Power	Elimination	Total
Consolidated revenue				
External customers	₱203,591,907	₱—	₱—	₱203,591,907
Share in costs and operating expenses	(138,678,431)	—	—	(138,678,431)
General and administrative expenses	(56,133,530)	(66,658)	—	(56,200,188)
	(194,811,961)	(66,658)	—	(194,878,619)
Provision for impairment loss on:				
Deferred oil and gas exploration costs	(57,302,287)	—	—	(57,302,287)
Investment in Associate	(4,173,138)	—	—	(4,173,138)
Share in net income of associates	13,323,123	—	—	13,323,123
Dividend income	1,288,859	—	—	1,288,859
Foreign exchange gains – net	757,610	—	—	757,610
Other charges – net	(720,483)	(633)	—	(721,116)
Loss before interest, taxes, depreciation, and depletion	(38,046,370)	(67,291)	—	(38,113,661)
Interest income	26,927,701	—	—	26,927,701
Interest expense	(2,053,168)	—	—	(2,053,168)
Depreciation and depletion	(52,675,739)	—	—	(52,675,739)
Income (Loss) before income tax	(65,847,576)	(67,291)	—	(65,914,867)
Provision for income tax	32,036,543	—	—	32,036,543
Net income (loss)	(₱33,811,033)	(₱67,291)	₱—	(₱33,878,324)
Segment assets	₱2,722,773,882	₱8,373,081	(₱17,308,156)	₱2,713,838,807
Segment liabilities	(₱82,149,299)	(₱47,040)	₱8,373,081	(₱73,823,258)
Depreciation, depletion, and amortization	₱52,675,739	₱—	₱—	₱52,675,739
Other disclosures:				
Investment in associates	₱903,592,135	₱—	₱—	₱903,592,135
Capital expenditure	25,858,514	—	—	25,858,514

25. Events after the Reporting Period

Application for a new Service Contract

DPPSC SC14C1 - Galoc

In an Operating Committee held on March 6, 2025, the JV partners reconfirmed the resolution made on April 30, 2024 for applying for a Petroleum Service Contracts for Development and Production (DPPSC) with the DOE. Moreover, the partners approved the commercial items, i.e. financial obligations, that will be included in the application.

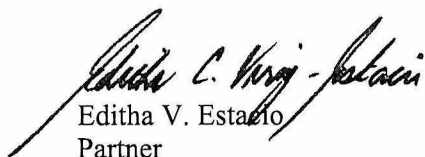


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Philodrill Corporation and Subsidiary (The Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 and have issued our report thereon dated March 25, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to 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 consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the 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 consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio
Partner

CPA Certificate No. 91269

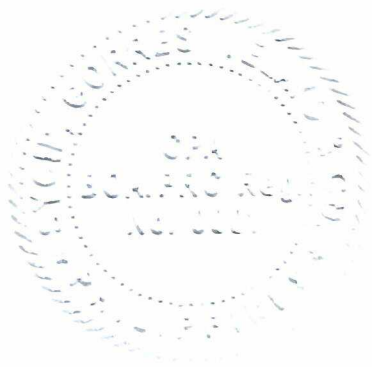
Tax Identification No. 178-486-845

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

BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026

PTR No. 10465302, January 2, 2025, Makati City

March 25, 2025

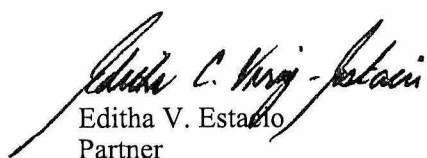


**INDEPENDENT AUDITOR'S REPORT
ON COMPONENTS OF FINANCIAL
SOUNDNESS INDICATORS**

The Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Philodrill Corporation and Subsidiary (The Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 and have issued our report thereon dated March 25, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of 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 consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio
Partner

CPA Certificate No. 91269

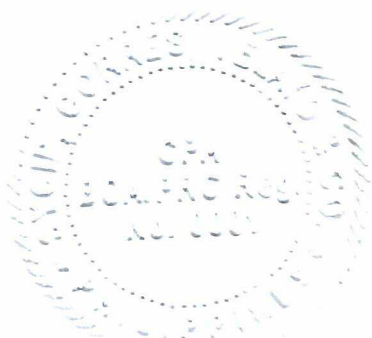
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March 25, 2025



THE PHILODRILL CORPORATION AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

Report of Independent Auditor's on Supplementary Schedules

Annex I Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II Schedule Showing Financial Soundness

Annex III Map of the relationships of the companies within the group

Annex IV Supplementary schedules required by Annex 68-J, Part II under Revised SRC Rule 68

- A. Financial Assets
- B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Share in Other Comprehensive Income Financial Statements
- D. Long-Term Debt
- E. Indebtedness to Related Parties
- F. Guarantees of Securities of Other Issuers
- G. Capital Stock

ANNEX I

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

As of December 31, 2024

THE PHILODRILL CORPORATION

8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City

Unappropriated Retained Earnings, beginning of the year	₱497,019,605
Add: Category A: Items that are directly credited to unappropriated retained earnings	
Reversal of Retained Earnings Appropriation	—
Effect of restatements or prior-period adjustments	—
Less: Category B: Items that are directly debited to unappropriated retained earnings	—
Dividend declaration during the year	—
Retained Earnings appropriated during the year	—
Effect of restatements or prior-period adjustments	—
Unappropriated Retained Earnings, as adjusted	497,019,605
Add: Net income for the year	19,954,048
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(3,519,887)
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 the PFRS	—
Sub-total	(3,519,887)
Add: 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)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	128,532
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	—
Sub-total	128,531
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	—
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 realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Sub-total	—
Adjusted Net Income	16,562,692
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	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(9,075,130)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(1,853,184)
Adjustment due to deviation from PFRS/GAAP – gain (loss)	—
Sub-total	(10,928,314)
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND DECLARATION	₱502,653,983

ANNEX II

THE PHILODRILL CORPORATION AND SUBSIDIARY COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED DECEMBER 31, 2024

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2024 and 2023:

<u>Profitability Ratios:</u>	<u>Formula</u>	2024	2023	2022
Return on assets	$\frac{\text{Net income/(loss)}}{\text{Total assets}}$ $\frac{8,185,921}{2,728,928,728}$	0.30%	(1.25%)	(12.26%)
Return on equity	$\frac{\text{Net income/(loss)}}{\text{Total equity}}$ $\frac{8,185,921}{2,632,784,571}$	0.31%	(1.28%)	(12.63%)
Gross profit margin	$\frac{\text{Gross Profit: (Share in petroleum revenue – share in costs and operating expenses – depletion expense)}}{\text{Share in petroleum revenue}}$ $\frac{12,833,435}{211,756,468}$	6.06%	6.01%	35.30%
Net profit margin	$\frac{\text{Income (loss) before income tax}}{\text{Share in petroleum revenue}}$ $\frac{(1,935,885)}{211,756,468}$	(0.91%)	(32.38%)	(134.75%)

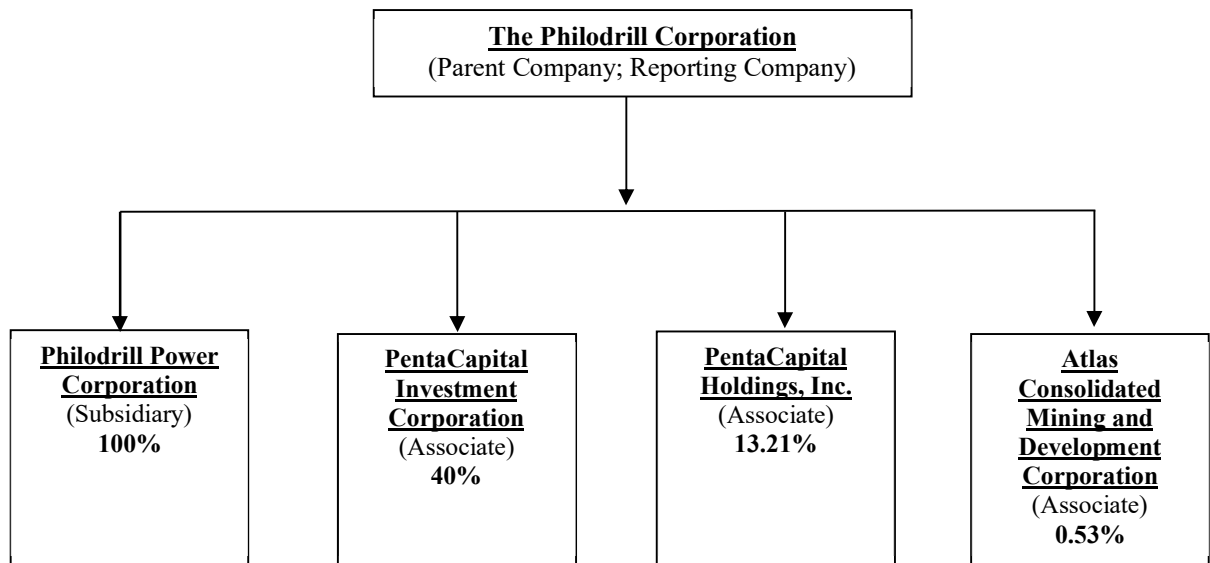
<u>Liquidity Ratios:</u>				
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$ $\frac{747,418,028}{54,286,638}$	13.77:1.00	16.72:1.00	14.95:1.00
Quick ratio	$\frac{\text{Cash and cash equivalents + receivables}}{\text{Current liabilities}}$ $\frac{696,651,170}{54,286,638}$	12.83:1.00	15.11:1.00	13.59:1.00

Financial Leverage Ratios:				
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$ $\frac{2,728,928,728}{2,632,784,571}$	1.04:1.00	1.03:1.00	1.03:1.00
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$ $\frac{96,144,157}{2,632,784,571}$	0.04:1.00	0.03:1.00	0.03:1.00

ANNEX III

THE PHILODRILL CORPORATION AND SUBSIDIARY MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP PURSUANT TO SRC RULE 68, AS AMENDED DECEMBER 31, 2024

A map showing the relationships between and among the companies and its ultimate parent, middle parent subsidiaries or co-subsidiaries and associates:



ANNEX IV - A

**THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2024**

SCHEDULE A. FINANCIAL ASSETS

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount shown in the Statements of financial position	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Cash				
Cash in banks and cash equivalents	N/A	₱395,621,748	₱395,520,788	₱16,017,208
Receivables				
Advances to related parties	N/A	288,221,802	288,221,802	14,648,556
Accrued interest	N/A	12,092,327	12,092,327	698,245
Others	N/A	692,980	692,980	—
Financial assets at FVOCI				
East Coast Vulcan Corporation	3,100,000	961,000	1,860,000	—
United Paragon Mining Corporation	6,839,068,254	23,252,832	30,091,900	—
Camp John Hay Golf Club	17	4,250,000	4,250,000	—
Oriental Petroleum and Minerals Corporation	2,460,800,000	18,209,920	19,686,400	1,230,400
Shang Properties, Inc.	202,000	795,880	741,340	58,513
Total	9,303,170,271	₱744,098,489	₱744,098,489	₱32,652,922

ANNEX IV - B

**THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2024**

**SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND
PRINCIPAL STOCKHOLDERS**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts written off	Translation Adjustment	Balance at End of Period		
						Current	Noncurrent	Total
Advances to related parties								
Alakor Corporation	₱169,000,000	₱—	₱—	₱—	₱—	₱169,000,000	₱—	₱169,000,000
Fil-Energy Corporation (San Jose Oil)	4,753,762	—	—	(4,753,762)	—	—	—	—
United Paragon Minerals Corporation	1,376,802	—	—	—	—	1,376,802	—	1,376,802
National Bookstore Abacus Book and Card Corporation	55,370,000	—	—	—	2,475,000	57,845,000	—	57,845,000
	—	60,000,000	—	—	—	60,000,000	—	60,000,000
Total	₱230,500,564	₱60,000,000	₱—	(₱4,753,762)	₱2,745,000	₱288,221,802	₱—	₱288,221,802

ANNEX IV - C

**THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2024**

**SCHEDULE C. AMOUNTS RECEIVABLES FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected/ Settlements	Amounts Written off	Current	Noncurrent	Balance at end period
Philodrill Power Corp. (Wholly-owned subsidiary)	₱8,373,081	₱—	(₱104,832)	₱—	₱—	₱8,268,249	₱8,268,249

ANNEX IV - D

**THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2024**

SCHEDULE D. LONG-TERM DEBT

Title of Issue and type of obligation	Amount authorized by: Indenture	Amount shown under the caption "Current Portion of long-term borrowings" in related balance sheet	Amount shown under the caption "Long-term borrowings- net of current portion" in related balance sheet
- NONE TO REPORT-			

ANNEX IV - E

**THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2024**

**SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)**

Name of Related Party	Balance at beginning of period	Balance at end of period
<i>- NONE TO REPORT -</i>		

ANNEX IV - F

**THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2024**

SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
<i>- NONE TO REPORT -</i>				

ANNEX IV - G

**THE PHILODRILL CORPORATION AND SUBSIDIARY
SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2024**

SCHEDULE G. CAPITAL STOCK

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	No of shares held by		
				Affiliates	Directors and Officers	Others
Common shares	200,000,000,000	191,868,805,358	—	100,859,094,943	472,002,111	90,537,708,304

The Philodrill Corporation and Subsidiary
Supplementary Schedule of External Auditor Fee-Related Information
As of December 31, 2024

	2024	2023
Total Audit Fees	₱1,210,650	₱1,155,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-audit Fees	—	—
Total Fees	₱1,210,650	₱1,155,000



Jennifer Tombaga <tombagajp@philodrill.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: JPTOMBAGA@philodrill.com
Cc: JPTOMBAGA@philodrill.com

Wed, Apr 30, 2025 at 10:13 AM

Hi THE PHILODRILL CORPORATION,

Valid files

- EAFS000315612OTHTY122024.pdf
- EAFS000315612ITRTY122024.pdf
- EAFS000315612AFSTY122024.pdf
- EAFS000315612RPPTY122024.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-3VXQM3SP03XYSV2R4Q2V1RYPM0AFD58CDK**
Submission Date/Time: **Apr 30, 2025 10:13 AM**
Company TIN: **000-315-612**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- 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.

This is a system-generated e-mail. Please do not reply.



THE PHILODRILL CORPORATION

8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City, Philippines 1550
Tel. nos.: (632) 8631-1801 to 02, 8631-8151 to 52; Fax: Local 127 info@philodrill.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of The Philodrill Corporation is responsible for the preparation and fair presentation of the parent company financial statements including the schedules attached therein, for the years ended December 31, 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 for the periods December 31, 2024 and 2023, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



GERARD ANTON S. RAMOS
Chairman of the Board



ADRIAN PAULINO S. RAMOS
Chief Executive Officer/President




J.E. THOMAS P. SALUSTIANO
Chief Financial Officer

Signed this 25th day of March 2025

SUBSCRIBED AND SWORN to before me this 07 APR 2025 day of 2025 affiants exhibiting to me their Passport/Driver's license, as follows:

NAMES	PASSPORT / DL NO.	EXPIRATION DATE	PLACE OF ISSUE
Gerard Anton S. Ramos	P7752563A	June 29, 2028	DFA NCR South
Adrian Paulino S. Ramos	P6368801B	February 22, 2031	DFA NCR East
J.E. Thomas P. Salustiano	N04-05-518674	October 31, 2026	

Doc. No. 20
Page No. 5
Book No. II
Series of 2025.


ATTY. JOSEPHINE C. LAFIGUERA - ILAS
NOTARY PUBLIC - CITY OF MANDALUYONG
APPT. NO. 0644-25 UNTIL 12-31-2026
QUAD ALPHA CENTRUM, 125 PIONEER STREET
MANDALUYONG CITY 1550
PTR NO. 5729263/ MANDALUYONG CITY / 01-14-2025
IBP NO. 478905/11-25-2024/RSM CHAPTER
MCLE COMPLIANCE NO. VIII-0016124/11-20-2024
ROLL NO. 44784

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3	8	6	8	3					
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COMPANY NAME

T	H	E		P	H	I	L	O	D	R	I	L	L		C	O	R	P	O	R	A	T	I	O	N				

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

8	t	h		F	l	o	o	r	,		Q	u	a	d		A	l	p	h	a		C	e	n	t	r	u	m	,
1	2	5		P	i	o	n	e	e	r		S	t	.	,		M	a	n	d	a	l	u	y	o	n	g		
C	i	t	y																										

Form Type

A	A	P	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

info@philodrill.com

Company's Telephone Number

(632) 8631-8151

Mobile Number

N / A

No. of Stockholders

8,513

Annual Meeting (Month / Day)

06/19

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. J.E. Thomas P. Salustiano

Email Address

jpsalustiano@philodrill.com

Telephone Number/s

(632) 8631-8151

Mobile Number

N / A

CONTACT PERSON'S ADDRESS

8th Floor, Quad Alpha Centrum, 125 Pioneer St., 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 Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

Opinion

We have audited the parent company financial statements of The Philodrill Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of income, 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, 2024 and 2023, 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) together with the ethical requirements that are relevant to our audit of the parent company financial statements 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 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. 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.



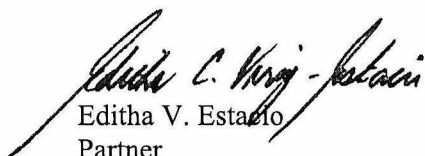
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 25 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 The Philodrill Corporation. The information has been subjected to the auditing procedures applied in our audit of the parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the parent company financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Editha V. Estacio.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio

Partner

CPA Certificate No. 91269

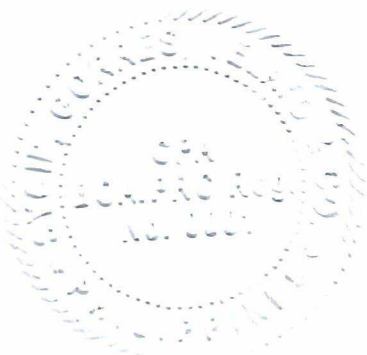
Tax Identification No. 178-486-845

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

BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026

PTR No. 10465302, January 2, 2025, Makati City

March 25, 2025



THE PHILODRILL CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱395,644,061	₱395,545,218
Receivables (Note 5)	300,748,196	237,235,391
Crude oil inventory (Notes 6 and 7)	41,683,874	59,864,176
Other current assets	9,082,984	7,225,287
Total Current Assets	747,159,115	699,870,072
Noncurrent Assets		
Investments in associates and subsidiary (Note 9)	631,605,502	631,605,502
Deferred oil exploration costs (Note 11)	576,367,250	563,138,013
Property and equipment (Note 8)	227,807,881	261,924,669
Deferred income tax assets - net (Note 20)	240,569,636	228,425,365
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	47,469,632	56,629,640
Total Noncurrent Assets	1,723,819,901	1,741,723,189
TOTAL ASSETS	₱2,470,979,016	₱2,441,593,261
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 12)	₱29,409,516	₱17,085,369
Dividends payable (Note 22)	33,121,850	33,126,610
Total Current Liabilities	62,531,366	50,211,979
Noncurrent Liabilities		
Provisions for plug and abandonment costs (Notes 7 and 13)	33,786,422	30,748,952
Retirement benefit liability (Note 19)	8,071,097	1,188,368
Total Noncurrent Liabilities	41,857,519	31,937,320
Total Liabilities	104,388,885	82,149,299
Equity		
Capital stock (Notes 14 and 23)	1,743,479,943	1,743,479,943
Paid-in capital from sale of treasury shares (Note 23)	1,624,012	1,624,012
Net unrealized loss on decline in value of financial assets at FVOCI (Note 10)	(63,177,018)	(54,017,010)
Remeasurement loss on retirement benefit liability (Note 19)	(46,560,234)	(42,912,363)
Retained earnings	731,223,428	711,269,380
Total Equity	2,366,590,131	2,359,443,962
TOTAL LIABILITIES AND EQUITY	₱2,470,979,016	₱2,441,593,261

See accompanying Notes to Parent Company Financial Statements.



THE PHILODRILL CORPORATION
PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31	
	2024	2023
SHARE IN PETROLEUM REVENUE (Note 7)	₱211,756,468	₱203,591,907
COSTS AND EXPENSES		
Share in costs and operating expenses (Notes 7 and 17)	155,682,610	138,678,431
General and administrative expenses (Note 18)	55,056,256	56,133,530
Depletion expense (Notes 7 and 8)	43,240,423	52,675,739
	253,979,289	247,487,700
OTHER INCOME (CHARGES)		
Interest income - net (Notes 4 and 16)	31,364,009	26,927,701
Foreign exchange gains - net (Notes 13 and 22)	18,341,009	757,610
Dividend income (Notes 9 and 10)	5,149,512	6,610,057
Interest expense (Notes 13 and 19)	(1,922,568)	(2,053,168)
Provision for unrecoverable deferred oil and gas exploration costs (Note 11)	–	(57,302,287)
Others – net	(876,899)	(720,488)
	52,055,063	(25,780,575)
INCOME (LOSS) BEFORE INCOME TAX	9,832,242	(69,676,368)
(PROVISION FOR) BENEFIT FROM INCOME TAX (Note 20)		
Current	(806,508)	(1,979,824)
Deferred	10,928,314	34,016,367
	10,121,806	32,036,543
NET INCOME (LOSS)	₱19,954,048	(₱37,639,825)
EARNINGS (LOSS) PER SHARE (Note 15)		
Basic/Diluted	₱0.00010	(₱0.00020)

See accompanying Notes to Parent Company Financial Statements.



THE PHILODRILL CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2024	2023
NET INCOME (LOSS)	₱19,954,048	(₱37,639,825)
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>		
Unrealized losses on financial assets at FVOCI (Note 10)	(9,160,008)	(13,002,408)
Remeasurement loss on retirement benefit liability (Note 19)	(4,863,828)	(530,069)
Income tax effects	1,215,957	132,517
	(3,647,871)	(397,552)
TOTAL OTHER COMPREHENSIVE LOSS	(12,807,879)	(13,399,960)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱7,146,169	(₱51,039,785)

See accompanying Notes to Parent Company Financial Statements.



THE PHILODRILL CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Capital Stock (Note 14)	Paid-in Capital from Sale of Treasury Shares	Net Unrealized Loss on Decline in Value of Financial Assets at FVOCI (Note 10)	Reserve Remeasurement Loss on Retirement Benefit Liability (Note 19)	Retained Earnings	Total
Balances at January 1, 2023	₱1,743,479,943	₱1,624,012	(₱41,014,602)	(₱42,514,811)	₱748,909,205	₱2,410,483,747
Net loss	—	—	—	—	(37,639,825)	(37,639,825)
Other comprehensive loss	—	—	(13,002,408)	(397,552)	—	(13,399,960)
Total comprehensive loss	—	—	(13,002,408)	(397,552)	(37,639,825)	(51,039,785)
Balances at December 31, 2023	₱1,743,479,943	₱1,624,012	(₱54,017,010)	(₱42,912,363)	₱711,269,380	₱2,359,443,962
Net income	—	—	—	—	19,954,048	19,954,048
Other comprehensive loss	—	—	(9,160,008)	(3,647,871)	—	(12,807,879)
Total comprehensive income (loss)	—	—	(9,160,008)	(3,647,871)	19,954,048	7,146,169
Balances at December 31, 2024	₱1,743,479,943	₱1,624,012	(₱63,177,018)	(₱46,560,234)	₱731,223,428	₱2,366,590,131

See accompanying Notes to Financial Statements.



THE PHILODRILL CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱9,832,242	(₱69,676,368)
Adjustments for:		
Depletion and depreciation expense (Notes 7 and 8)	46,309,011	53,441,169
Interest income (Notes 4 and 16)	(31,364,009)	(26,874,875)
Retirement benefit expense (Note 19)	2,018,901	(1,163,841)
Accretion expense (Note 13)	1,919,723	2,000,342
Dividend income (Notes 9 and 10)	(5,149,512)	(6,610,057)
Unrealized foreign exchange gains - net	(5,819,665)	(757,610)
Provision of unrecoverable deferred oil and gas exploration costs (Note 11)	—	57,302,287
Working capital changes:		
Decrease (increase) in:		
Receivables	3,907,870	4,148,829
Crude oil inventory	18,180,302	(2,634,708)
Other current and non-current assets	(1,857,697)	7,885,034
Increase (decrease) in accounts payable and accrued liabilities	12,324,147	(4,040,232)
Cash from operations	50,301,313	13,019,970
Interest received	30,369,276	26,874,875
Dividends received	5,149,512	6,610,057
Income taxes paid including creditable taxes applied	(806,508)	(1,979,824)
Net cash flows from operating activities	85,013,593	44,525,078
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to:		
Deferred oil and gas exploration costs (Note 11)	(13,229,237)	(16,156,965)
Property and equipment (Note 8)	(12,192,223)	(9,701,549)
Advances to related party (Note 16)	(60,000,000)	—
Net cash flows used in investing activities	(85,421,460)	(25,858,514)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payments of dividends (Note 22)	(4,760)	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(412,627)	18,666,564
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	511,470	(4,860,743)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	395,545,218	381,739,397
CASH AND CASH EQUIVALENTS AT END OF YEAR ENDED (Note 4)	₱395,644,061	₱395,545,218

See accompanying Notes to Parent Company Financial Statements.



THE PHILODRILL CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Financial Statements

Corporate Information

The Philodrill Corporation (the “Parent Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on June 26, 1969.

The Parent Company and Philodrill Power Corp. (PPC, a wholly owned subsidiary, incorporated in the Philippines and has not yet started commercial operations), are primarily engaged in oil exploration and production and the development, exploitation, and processing of energy resources. The Parent Company is also an investment holding company with investments in financial services and mining.

The registered business address of the Parent Company is 8th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City.

The Parent Company’s shares are listed and are currently traded at the Philippine Stock Exchange (PSE).

The Parent Company, which is operating in two business segments, has two associates engaged in financial services and one associate which has significant holdings in mineral resources in the Philippines. The Parent Company and its associates have no geographical segments as they were incorporated and are operating within the Philippines. Financial information regarding these associates as at and for the years ended December 31, 2024 and 2023 is presented in Note 9.

Authorization for Issuance of Financial Statements

The accompanying financial statements of the Parent Company as at and for the years ended December 31, 2024 and 2023 were authorized for issue by the Board of Directors (BOD) on March 25, 2025.

2. Basis of Preparation and Material Accounting Policy Information

Basis of Preparation

The Parent Company financial statements have been prepared in compliance with Philippines Financial Reporting Standard (PFRS) Accounting Standards.

The Parent Company financial statements have been prepared on a historical cost basis, except for crude oil inventory which is valued at net realizable value (NRV) and financial assets at FVOCI which are measured at fair value. The parent company financial statements are presented in Philippine Peso, which is the Parent Company’s functional and presentation currency, rounded off to the nearest peso, except when otherwise indicated.

The Company has prepared the parent company financial statements on the basis that it will continue to operate as a going concern.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the parent company financial statements.



- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify:
 - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards 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. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the Parent Company's financial statements.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- 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 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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*

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.



a. Financial Assets

Initial Recognition and Measurement

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.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as determined under PFRS 15, *Revenue from Contracts with Customers*.

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 fair value through profit or loss, irrespective of the business model.

The 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 while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The Parent Company's financial assets include financial assets at amortized cost and other financial assets under "Other current assets".

- Financial assets at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest (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 Company's financial assets at amortized cost include cash and cash equivalents, receivables and other financial assets at FVOCI.



- Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Parent Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of income when the right to payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Parent Company elected to classify irrevocably its quoted equity investments under this category.

Impairment

The parent company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. 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.

The parent company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 refundable deposits, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. The Company recognizes an allowance based on 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

For other financial instruments such as financial assets at FVOCI, the Company applies the general approach where the Company track changes in credit risk at every reporting date.



An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment

PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been an SICR of a financial asset. Three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.
- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.
- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

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 Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- 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 the risks and rewards of the asset, but has transferred control of the asset.

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.



b. Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as 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 Company's financial liabilities at amortized cost include trade and other payables, advances from a related party and dividends payable.

Subsequent Measurement

After initial recognition, financial liabilities at amortized cost which include interest-bearing loans and borrowings, are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss 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 statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Crude Oil Inventory

Crude oil inventory is carried at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market value of crude oil inventory based on Platt's Dubai monthly average of the mid-day crude oil prices for the reporting month plus the arithmetic average of Upper Zakkum and Arab Extra Light and is adjusted taking into account fluctuations of price directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

Estimated cost to sell is the cost incurred necessary to complete the sale (e.g., freight charges, transportation costs, etc.).

Property and Equipment

Property and equipment are stated at cost less accumulated depletion and depreciation, and any impairment in value.

Wells, platforms, and other facilities including P&A costs are depleted on a field basis under the unit-of-production (UOP) method based upon estimates of proved developed reserves except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The depletion base includes the exploration and development cost of producing oil fields.



Wells, platforms, and other facilities include the capitalize p&a cost for which the Parent Company is constructively liable.

Depreciation of property and equipment, other than wells, platforms, and other facilities, is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Category</u>	<u>Number of Years</u>
Office condominium units and improvements	20
Transportation equipment	5
Furniture and fixtures	5
Office equipment	3

Investments in Associates

Associates are entities which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Generally, investments holding at least 20% to 49% of the voting power of an investee is presumed to have significant influence. The considerations made in determining control over subsidiaries.

The investment in associates are accounted at cost, less any impairment in value.

The Parent Company recognizes dividends in an associate in the parent company's financial statements when its right to receive the dividend is established. An assessment of the carrying value of the Parent Company's investment is performed when there is an indication that the investment has been impaired.

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 Company's deferred oil and gas exploration costs are specifically identified of each Service Contract (SC) area. All oil and gas exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil 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. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of income when incurred.

If no potentially commercial hydrocarbons are discovered, the deferred oil and gas exploration asset is written off through the consolidated statement 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.

All such capitalized costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of income and other comprehensive income.



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 first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to “Wells, platforms, and other facilities” account shown under the “Property and equipment” account in the Company’s 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 consolidated statement 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. When reserves of oil and gas are identified and development is sanctioned by management, the relevant capitalized expenditure is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to oil and gas properties. Other than license costs, no amortization is charged during the exploration and evaluation phase. For exchanges/swaps or parts of exchanges/swaps that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognized.

The recoverability of deferred oil and gas exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the 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 Company’s assessment of the future prospects of the exploration project.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from sale of petroleum 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 (i.e. lifting), which is typically upon delivery of the petroleum products to the customers. Revenue is measured at amount that reflects the consideration to which the Company is entitled in exchange of those goods, which is the fair value of the consideration received, excluding discounts and other sales taxes or duty. The Company has generally concluded that it is the principal in its revenue arrangements.

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

Share in Costs and Operating Expenses

Share in costs and operating expenses include production costs of SC-14 and transportation costs per lifting and ending inventory which is recognized upon the allocation of the amounts mentioned by the SC. Allocation is done by the use of the Company’s participating interest in the SC.

Provision for Plug & Abandonment (P&A) costs

The Company recognized a P&A liability where it has a present legal or constructive obligation as a result of past events, and it is possible that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these



restoration activities includes dismantling and removing structures, rehabilitating wells and platforms, and dismantling operating facilities. The obligation generally arises when the asset is installed or the environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related oil assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income under "Accretion expense". Additional disturbances or changes in P&A costs will be recognized as additions or charges to the corresponding assets and P&A liability when they occur.

Where P&A is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous decommissioning work at each end of the reporting period and the cost is charged to the consolidated statement of income. For closed oil fields, changes to estimated costs are recognized immediately in the consolidated statement of income.

The ultimate cost of P&A is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in oil reserves or production rates. As a result, there could be material adjustments to the provision for P&A, which would affect future financial results.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred income tax is provided using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced 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 income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.



Deferred income 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 the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Material Judgments, Accounting Estimates and Assumptions

The preparation of the Parent Company financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of income and expenses during the year. The judgments, estimates and assumptions used in the preparation of the Parent Company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Parent Company financial statements. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects will be reflected in the Parent Company financial statements as they become reasonably determined.

Judgments

In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the Parent Company financial statements.

Determining Future Economic Benefits from Deferred Exploration Costs

The application of the Parent Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is, in itself, an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Parent Company defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the statement of income and statement other comprehensive income in the period when the new information becomes available.

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 arrangements 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 their 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:
 - The legal form of the separate vehicle
 - The terms of the contractual arrangement
 - Other facts and circumstances (when relevant)

This assessment often requires material 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.

The Parent Company is a member in various joint arrangement operations in oil and gas drilling. These arrangements are entered into with the Philippine Government through SCs. As at December 31, 2024 and 2023, the Parent Company's joint arrangements are in the form of joint operations (see Note 7).

Determining Whether Significant Influence Exists

The Parent Company has investments in associates. These are shares purchased not for the purpose of trading. The Parent Company considers that it has a significant influence in the associates as the Parent Company is represented in the governance of the associates. In assessing whether significant influence still exists, the Parent Company considered not only its percentage ownership but other factors such as the Board seat representations it has in the associate's governing body. Significant influence in the associate is also established by virtue of the agreement entered.

As at December 31, 2024 and 2023, the Parent Company has significant influence over ACMDC (see Note 9).

Estimates and Assumptions

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

Assessing Recoverability of Deferred Oil and Gas Exploration Costs

The Company assesses impairment on deferred oil and gas exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Deferred oil and gas exploration costs are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed in full from successful development or by sale.



Key inputs and assumptions used in the assessment are as follows:

- Estimated reserves - which are based on oil resources reports based on the information gathered from seismic and geological data, analyses and evaluation activities;
- Pre-tax discount rate of 19.5% in 2024 and 14.9% in 2023 - 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 Company's weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU and to determine pre-tax rate. The WACC takes into account both debt and equity. Adjustments to 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; and
- Oil prices of \$76/bbl in 2024 and \$75/bbl in 2023 which are estimated with reference to external market forecasts of Brent crude prices.

The Parent Company used a weighted average scenario probability in its calculation of value in use.

Information on the carrying values of deferred oil and gas exploration costs and allowance for unrecoverable deferred oil and gas exploration costs is provided in Note 11.

Assessing Recoverability of Deferred Income Tax Assets

The Parent Company reviews the carrying amount of deferred income tax assets at each end of the reporting period and is adjusted accordingly to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies.

Estimating Provision for Expected Credit Losses on Related Party Receivables

The Parent Company maintains provision for impairment of related party receivables at a level considered adequate to provide for uncollectible receivables. ECL on receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Parent Company evaluates specific account of related parties who are unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, including but not limited to, the related party's payment history and the result of Parent Company's follow-up action to recover overdue receivables.

Information on the Parent Company's related party receivables and ECL is provided in Note 5.

Estimating Depletion Based on UOP

Wells, platforms, and other facilities are depleted using the UOP method over the total proved and probable developed reserves. This results in amortization charge proportional to the depletion of the anticipated remaining production from the field.

Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves



and estimates of future capital expenditure. The calculation of the UOP rate of depletion could be impacted to the extent that actual production in the future is different from current forecasted production based on total proved and probable reserves, or future capital expenditure estimate changes. Changes to prove and probable reserves could arise due to changes in the assumptions used in estimating the reserves. Changes are accounted for prospectively.

The depletion rates used in 2024 and 2023 are ₱852.64 per barrel and ₱857.2 per barrel, respectively.

Estimating Provision for P&A Costs

Significant estimates and assumptions are made in determining the provision for P&A. Factors affecting the ultimate amount of liability include estimates of the extent and costs of P&A activities, technological changes, regulatory changes, cost increases, and changes in discount and foreign exchange rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

The provision at the end of each reporting period represents management best estimate of the present value of the future decommissioning cost required. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual P&A costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the oil field ceases to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

Information on the Parent Company's recognized provision for P&A costs is provided in Note 7 and 13.

4. Cash and Cash Equivalents

	2024	2023
Cash on hand and in banks	₱19,446,778	₱80,018,610
Short-term investments	376,197,283	315,526,608
	₱395,644,061	₱395,545,218

Cash in banks earn interest at prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Parent Company and earn interest at the respective short-term investment rates.

Interest earned from cash in banks and short-term investments in 2024 and 2023 amounted to ₱16.1 million and ₱16.8 million, respectively.

5. Receivables

	2024	2023
Advances to related parties (Note 16)	₱288,221,802	₱230,500,564
Accrued interest	12,092,327	27,264,029
Accounts with partners (Note 7)	262,573	243,446
Others	171,494	147,550
	300,748,196	258,155,589
Less allowance for ECL	—	20,920,198
	₱300,748,196	₱237,235,391



Receivables are generally payable on demand. These are also non-interest bearing except for advances to related parties (see Note 16).

Accrued interest is earned from advances to related parties, bank placements and short-term investments. The Parent Company makes advances for the operating expenses of the consortiums wherein it is the operator. The Parent Company records this under the “accounts with partners” account which represent receivables from these consortiums’ members.

In 2024, the Company wrote off advances to related parties and accrued interest amounting to ₱4.8 million and ₱16.2 million, respectively in which related allowance for ECL was recognized in 2018.

6. Crude oil inventory

The crude oil inventories carried at NRV amounted to ₱41.7 million and ₱59.9 million as at December 31, 2024 and 2023, respectively (see Note 7). The cost of petroleum inventories recognized as expense and included in “share in costs and operating expenses” amounted to ₱154.8 million and ₱137.9 million in 2024 and 2023, respectively (Note 17).

7. Interest in Joint Operations

The Parent Company’s participating interests (in percentage) in the different SCs as at December 31, 2024 and 2023 are as follows:

Area	Participating Interest (in percentage)	
	2024	2023
SC-14 (Northwest Palawan):		
Block C-1 (Galoc)	10.17782	10.17782
Block C-2 (West Linapacan)	28.07000	28.07000
Nominated Area 10 Malajon (formerly SC-6A)*	**72.16620	**72.16620
SC-6B (Bonita-Cadlao)***	17.45460	17.45460
SC-53 (Onshore Mindoro)	81.48000	81.48000
PDA-BP-2 (Sulu Sea)	**15.00000	—
PDA-BP-3 (Sulu Sea)	**25.00000	—

*Relinquished and awaiting DOE’s approval of service contract application

** Philodrill’s participating interest in the new SC application

*** DOA and Transfer of Operatorship to Nido Petroleum were approved by the DOE on 19 December 2022

SC-14 C1 Galoc Block

Change in management and block operatorship

In July 2018, Tamarind Galoc Pte Ltd (Tamarind), a subsidiary of Singapore-based Tamarind Resources, acquired the subsidiaries of Nido Petroleum Ltd. (Nido) – Galoc Production Company (GPC) and Nido Production (Galoc) Pte Ltd (NPG). This acquisition granted Tamarind majority equity and operatorship of the Galoc Field.

In December 2020, NPG Pty. Ltd, now fully owned by Tamarinds, succeeded GPC as the operator of SC 14C1. Subsequently, in March 2022, Matahio Energy—an independent energy company—acquired NPG from Tamarind. NPG continues to operate the Galoc Field under Matahio’s ownership.



Operations update

As of December 31, 2024, the Galoc Field had produced a cumulative total of 24,934,164 barrels of oil. During the year, three (3) oil liftings (Cargoes #77, #78, and #79) were completed with a combined volume of 498,168 barrels. The field continues to produce oil from two (2) remaining production wells, G4 and G5. NPG continues to manage production operations under the End of Field Life (EOFL) management strategy.

As of December 31, 2024, the remaining reserves/resources of the Galoc Main Field, based on the Competent Person's Report prepared by Three60 Energy and issued by NPG on February 7, 2025, are as follows:

SUMMARY OF RESOURCES			
Developed Producing Oil Reserves (MMstb)	Proved (1P)	Proved plus Probable (2P)	Proved plus Probable plus Possible (3P)
	0.384	0.399	0.415
Contingent Oil Resources (MMstb)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
	0.114	0.592	0.877
	80% Chance of Commerciality		
Proved + Contingent (MMstb)	1P + 1C	2P + 2C	3P + 3C
	0.498	0.991	1.291
Field Economic Limit	April 2026	September 2027	April 2028

The Developed Producing Oil Reserves are estimated based on the earlier occurrence of either the Economic Limit or the Service Contract expiry date of December 17, 2025. In contrast, Contingent Oil Resources are assessed on the assumption that a new Development and Production Petroleum Service Contract (D&P PSC) will be awarded for the Galoc Field—under the existing terms and conditions—allowing continued operations until the field reaches its economic limit.

With SC 14C1 expiring on December 17, 2025, an application for a Development and Production Petroleum Service Contract (DPPSC) will be submitted to the Department of Energy (DOE) early in 2025. The DPPSC mechanism, introduced by the DOE, is designed to support the sustained production of existing producing fields and the development and utilization of producible hydrocarbon resources.

For 2025, NPG forecasts the continuation of the current production decline of 10% and a high operational uptime of 99%. Three crude cargo liftings are planned for the year, each targeting approximately 170,000 barrels per offtake.

The total expenditure forecast for 2025 includes a Firm Operations Expenditure/Work Program and Budget of US\$ 20,123,592, long with a Contingent Budget of US\$ 352,000.

SC-14 C-2 West Linapacan Block

With the issuance of the DOE Circular DC-2023-12-0033, outlining the procedures for awarding DPPSC, the JV will conduct a review of well plans and development concepts that will be integrated into the Plan of Development (POD). The POD will serve as the basis/justification for the application of a DPPSC.

Philodrill finalized the reinterpretation of seismic data for the well plan and design study. The results of the seismic reinterpretation were discussed with Nido for its incorporation in the planned reservoir engineering study to be conducted by a third-party subcontractor.



Nido completed the reservoir engineering study for the West Linapacan A Field and distributed copies to the partners through Philodrill. The study builds upon the dynamic modeling that RISC conducted for the joint venture in 2017. However, Nido encountered significant issues with the static model of West Linapacan A created by RISC during the 2017 study. These challenges have adversely affected the dynamic modeling, resulting in low production volumes estimated between 3.61 and 4.82 million barrels of oil from two new deviated wells strategically located on the structure.

During a hybrid meeting of the partners on Thursday, December 12, 2024, the joint venture approved the proposed 2025 Work Program and Budget (WP&B) of \$395,890. This budget includes a \$20,000 balance from the 2024 WP&B, a firm budget of \$275,890, and a contingent budget of \$100,000. The allocated funds will be used for preparing a revised static model to do a rerun of the dynamic modeling for West Linapacan A, developing a Plan of Redevelopment for West Linapacan A that includes a Well Plan and Design/Extended Well Test (EWT) Plan study, reviewing the Plug and Abandon (P&A) of the West Linapacan, and implementing a contingent program to apply for an Environmental Compliance Certificate from the DENR Environmental Management Bureau, along with a Certificate of Non-overlap (CNO) or Certification Precondition (CP) from the National Commission on Indigenous Peoples.

Additionally, the joint venture agreed to apply for a Development and Production Petroleum Service Contract (DPPSC) from the Department of Energy (DOE) before the expiration of the service contract in December 2025. The Plan of Development, including the Well Plan and the Design/EWT Plan study, will be an integral part of the justification submitted to the DOE to support the DPPSC application.

Nominated Area 10 Malajon (formerly SC6A)

The previous Joint Venture (JV) took a proactive decision of relinquishing SC6A in 2021 which surrender of the Service Contract (SC) was approved by the Department of Energy (DOE) on September 5, 2022.

In a letter dated November 7, 2022, the DOE granted the Area Clearance for the nomination of the former SC 6A Block, the Area of Interest (AOI), with an area of 108,000 hectares. However, the AOI was subsequently increased to 160,000 hectares when portions of the adjacent SC74 block became available from their mandatory 25% area relinquishment.

In 2023, the Parent Company as the designated operator, applied for a new SC by nomination under the DOE's Philippine Conventional Energy Contracting Program (PCECP).

A new Joint Application and Participation Agreement was executed by the joint venture partners without Alcorn and PetroEnergy. The new participating interests of the remaining Joint Venture members are as follows:

Joint Venture Members	Participating Interest (%)
Philodrill	72.1662
Anglo	14.1460
Forum	6.8439
PXP Energy Corporation (PXP)	6.8439

Once the new service contract is granted, the Company will continue its exploration activities in the northern portion of the area of interest where several prospects have been identified and are being matured for possible drilling and development. However, in the southern half of the area of interest, the development of Octon Discovery faces uncertainty. With its marginal resource, Octon Discovery has always been considered as a tie-back appraisal/development opportunity to the Galoc operations. With



the Galoc field nearing its end of life, the opportunity to develop the Octon Discovery has significantly diminished, impairing the potential recovery of its share in the deferred oil and gas exploration costs in the old SC6A. The Company, therefore, recognized provision for unrecoverable deferred oil and gas exploration costs amounting to ₱277.6 million in 2022.

On November 7, 2022, the DOE granted the Area Clearance for the nomination of the former SC 6A Block. The application area, the area of interest (AOI), initially covered 108,000 hectares but was subsequently increased to 160,000 hectares when portions of the adjacent SC74 block became available after their mandatory 25% area relinquishment. With the approval of the AOI, Philodrill proceeded with the application of a new SC over the area under the Philippine Conventional Energy Contracting Program.

On June 26, 2023, after the application documents for a new SC were reviewed by the DOE, Philodrill was notified that, together with the rest of the joint venture, they were evaluated to be legally, financially, and technically qualified for the award of a new Service Contract over the nominated area. In November of 2023, the Office of the DOE Secretary endorsed the new SC for approval and signature to the Office of the President.

Once the new service contract is granted, the Company will continue its exploration activities in the northern portion of the area where several prospects have been identified and are being matured for possible drilling and development. However, in the southern half of the area of interest, the development of Octon Discovery faces uncertainty. With its marginal resource, Octon Discovery has always been considered as a tie-back appraisal/development opportunity to the Galoc operations.

As of December 31, 2024, the Company is still waiting for the license to be signed by the President of the Republic of the Philippines.

DPPSC Application/ (formerly SC-6B Bonita)

In February 2022, Nido entered a Farm-in Agreement (FIA) with the rest of the JV to increase its equity in the SC. Under the FIA, Nido acquired an additional 63.637% to bring its participating interest to 72.727%.

Joint Venture Member	Participating Interest	
	Pre-FIA	Post-FIA
Philodrill	58.182%	17.4546%
Nido	9.090%	72.7270%
Oriental	16.364%	4.9092%
Alcorn	8.182%	2.4546%
Forum	8.182%	2.4546%
Total	100.000%	100.000%

The assignment of interests to Nido was in consideration of its commitment to fund 100% of the costs and operate the planned phased redevelopment of the Cadlao Oil Field. Phase 1 of the redevelopment involves the drilling and extended well testing (EWT) of the Cadlao-4 well, while Phase 2 will cover full-field redevelopment through the drilling of additional infill production wells and installation of permanent production facilities.

The Deed of Assignment (DOA) formalizing the transfer of participating interest was approved on December 19, 2022. Following the approval, the operatorship of the SC6B was transferred to Nido. A new Joint Operating Agreement reflecting the post-FIA participating interest structure, was signed in July 2023.



Following the DOE's issuance of the Department Circular DC2023-12-0033 governing the awarding of Petroleum Service Contracts for DPPSC for expiring SCs, Nido submitted all documentary requirement for application to the DOE on January 25, 2024.

The SC 6B contract expired on February 28, 2024. Prior to this, an application for a Development and Production Petroleum Service Contract was submitted to the DOE. Under an Amended Farm in Agreement executed on January 11, 2024, Nido retained operatorship and took the lead in the DPPSC application process. The amended FIA also ensures that the condition/provisions under the original Farm-in Agreement between Nido and the rest of the Joint Venture remain valid and enforceable even after the award of a DPPSC.

On January 26, 2024, Nido submitted to the DOE all the required documentation for the DPPSC application. The DOE completed the evaluation of the application and confirmed that the consortium is legally, technically and financially qualified to enter into a Petroleum Service Contract. As of year-end, the draft of the DPPSC was being finalized.

For the planned drilling and extended well test of Cadlao-4, the drillship Deep Venture was initially considered. Built in Finland, Deep Venture is capable of operating in water depths ranging from 90 to 1,500 meters. It is equipped with a DP-2 Dynamic Positioning System and will be fitted with an 8-point mooring assist system for shallow-water operations upon arrival in the Philippines for refurbishments. However, Nido is now evaluating the use of a jack-up rig as an alternative to the drillship.

The long lead items for the drilling activities have already been acquired and are currently warehoused in Mabini, Batangas.

In parallel, Nido is working on securing the necessary regulatory permits, including the Environmental Compliance Certificate (ECC) from the Department of Natural Resources – Environmental Management Bureau (DENR-EMB), as well as the Certificate of Non-Overlap from the National Commission on Indigenous Peoples (NCIP).

SC-53 Onshore Mindoro

The Certificate of Non-Coverage for the Progreso Drilling Project was issued by the DENR – Environmental Management Bureau (EMB) on April 28, 2023.

The efforts to refine the understanding of the subsurface of the Progreso Prospect were continued under the WP&B for 2024. The remapping of the target reservoir horizon at the Progreso Prospect using the 2023 reprocessed seismic was undertaken. With improved imaging of the subsurface from the reprocessed seismic data, a more robust structural closure of the Progreso prospect at the different reservoir levels was mapped. This resulted in an uplift of the resource estimates of the prospect.

At year end, a report incorporating the seismic reinterpretation and mapping, and the updated resource estimates is being finalized for submission to the Partners and the DOE.

The initial well plan and design, developed in collaboration with Mr. Dave Thomson of CWT, was also completed. A final well plan and drilling program for Progreso-2 will be prepared when a decision to drill has been made. Based on the well objectives that were defined by Philodrill, it was estimated that 21 drilling days would be required to drill the well to the proposed TD of 1600m. The estimated cost of the well is US\$ 6.139 million.



Engagement with the NCIP for the Certification Precondition (CP) application over the Cambayan Project was also continued. Since the Cambayan Project area straddles the boundary of Occidental and Oriental Mindoro, coordination is being conducted with both the Occidental and Oriental Mindoro offices.

For the Occidental Mindoro side, Philodrill, along with the representatives from the DOE, participated in the MOA signing ceremony with the Hanuno-Gubatnon-Ratagnon (HAGURA) Indigenous Peoples (IPs) at Magsaysay Hillside Resort and Restaurant, Magsaysay, Occidental Mindoro, on September 5, 2024.

On the Oriental side, the Pre-FPIC Conference took place on May 23, 2023, via Zoom. Following the MOA signing on the Occidental side, Philodrill actively coordinated with the DOE and the NCIP's Ancestral Domains Office (ADO) in relation to the permitting activities on the Oriental side and is currently in the process of preparing and reviewing the necessary documentation to comply with the permitting requirements.

The Parent Company's interest in the joint arrangements in the various SCs and any assets and liabilities incurred jointly with the other partners, as well as the related revenues and expenses of the joint operation, which are included in the parent company financial statements, are as follows:

	2024	2023
Current assets:		
Receivables (Note 5):	₱262,573	₱243,446
Crude oil inventory (Note 6)	41,683,874	59,864,176
	41,946,447	60,107,622
Noncurrent assets:		
Wells and platforms (Note 8)	211,526,270	251,149,867
Deferred oil and gas exploration costs (Note 11)	576,367,250	563,138,013
	787,893,520	814,287,880
Current liabilities:		
Accounts with partners (Note 12)	(19,504,994)	(7,197,568)
Noncurrent liability:		
Provision for P&A costs (Note 13)	(33,786,422)	(30,748,952)
	(53,291,416)	(37,946,520)
Revenue:		
Share in petroleum revenue	211,756,468	203,591,907
Cost of petroleum operations:		
Share in costs and operating expenses (Note 17)	(155,682,610)	(138,678,431)
Depletion (Note 8)	(43,240,423)	(52,675,739)
Other income:		
Foreign exchange gains – net	3,137,062	5,002,474
	₱15,970,497	₱17,240,211



8. Property and Equipment

December 31, 2024	Wells, Platforms, and other Facilities	Office Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Beginning of year	₱1,150,454,282	₱18,961,929	₱14,919,200	₱8,711,232	₱1,193,046,643
Additions	3,616,826	—	7,910,000	665,397	12,192,223
Disposal	—	—	(7,081,000)	—	(7,081,000)
Write-off	—	—	—	—	—
End of year	1,154,071,108	₱18,961,929	15,748,200	9,376,629	1,198,157,866
Accumulated depletion and depreciation:					
Beginning of year	899,304,415	14,847,074	8,856,612	8,113,873	931,121,974
Depletion (Note 7)	43,240,423	—	—	—	43,240,423
Depreciation (Note 18)	—	547,109	2,110,813	410,666	3,068,588
Disposal	—	—	(7,081,000)	—	(7,081,000)
End of year	942,544,838	15,394,183	3,886,425	8,524,539	970,349,985
Net book values	₱211,526,270	₱3,567,746	₱11,861,775	₱852,090	₱227,807,881

December 31, 2023	Wells, Platforms, and other Facilities	Office Condominium Units and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Beginning of year	₱1,184,627,619	₱18,961,929	₱8,986,000	₱8,309,991	₱1,220,885,539
Additions	3,300,308	—	6,000,000	401,241	9,701,549
Disposal	(4,154,027)	—	(66,800)	—	(4,220,827)
Write-off	(33,319,617)	—	—	—	(33,319,617)
End of year	₱1,150,454,283	₱18,961,929	₱14,919,200	₱8,711,232	₱1,193,046,644
Accumulated depletion and depreciation:					
Beginning of year	850,782,704	14,299,964	8,907,432	7,911,534	881,901,634
Depletion (Note 7)	52,675,739	—	—	—	52,675,739
Depreciation (Note 18)	—	547,110	15,980	202,339	765,429
Disposal	(4,154,027)	—	(66,800)	—	(4,220,827)
End of year	899,304,416	14,847,074	8,856,612	8,113,873	931,121,975
Allowance for unrecoverable costs					
Beginning of year	33,319,617	—	—	—	33,319,617
Write-off (Note 7)	(33,319,617)	—	—	—	(33,319,617)
End of year	—	—	—	—	—
Net book values	₱251,149,867	₱4,114,855	₱6,062,588	₱597,359	₱261,924,669

As at December 31, 2024 and 2023, the carrying values of decommissioning assets included in wells, platforms and other facilities amounted to ₱3.8 million and ₱8.3 million, respectively.

As at December 31, 2024 and 2023, the Parent Company continues to utilize fully depreciated property and equipment with an aggregate acquisition cost of ₱19.4 million and ₱23.6 million, respectively.

9. Investments in Associates and Subsidiary

The cost of investments in associates and subsidiary follow:

	2024	2023
Associates:		
ACMDC	₱419,069,303	₱419,069,303
Penta Capital Investment Corporation (PCIC)	159,787,856	159,787,856
Penta Capital Holdings, Inc. (PCHI)	43,549,216	43,549,216
Subsidiary:		
Philodrill Power Corp. (PPC)	9,199,127	9,199,127
	₱631,605,502	₱631,605,502



Investments in Associates

The Parent Company's associates include PCIC, PCHI, and ACMDC, companies incorporated in the Philippines, where the Parent Company holds 40.00%, 13.21%, and 0.53% ownership interest, respectively. PCIC also has 29.54% ownership interest in PCHI, making the Parent Company's effective ownership in PCHI at 25.03%. These investments are accounted for using the cost accounting method.

Following are the summarized financial information of ACMDC, PCIC and PCHI as at and for the years ended December 31, 2024 and 2023 (in thousands):

	2024			2023		
	ACMDC	PCIC	PCHI	ACMDC	PCIC	PCHI
Revenue from contract with customers	₱18,634,220	₱92,443	₱10,822	₱18,865,013	₱109,765	₱57,703
Costs and expenses	(18,508,243)	(99,942)	(105,138)	(16,620,105)	(85,892)	(21,015)
Other income (charges)	(313,047)	—	—	(541,801)	—	(36,807)
(Provision for) benefit from income tax	(44,003)	(5,105)	(1,159)	(585,551)	(5,439)	—
Net income (loss)	(₱231,073)	(₱12,604)	(₱95,475)	₱1,117,556	₱18,434	(₱ 119)

	2024			2023		
	ACMDC	PCIC	PCHI	ACMDC	PCIC	PCHI
Total current assets	₱5,927,632	₱974,681	₱279,784	₱3,883,345	₱1,144,966	₱422,147
Total noncurrent assets	63,931,654	378,703	150,346	64,345,413	260,680	165,187
Total current liabilities	5,112,311	441,574	416	6,332,992	455,325	23,384
Total noncurrent liabilities	(18,464,135)	(465,586)	—	(16,553,076)	(25,090)	—
Total equity	₱46,282,840	₱446,224	₱429,714	₱45,342,690	₱925,231	₱563,950

The Parent Company received dividends amounting to ₱3.8 million and ₱5.3 million in 2024 and 2023, respectively, from its investments in associates.

Investment in Subsidiary

The Parent Company owns 100% of the shares of PPC, an entity which is primarily engaged in the development, exploitation and processing of energy resources.

As at December 31, 2024 and 2023, the carrying amount of investment in a subsidiary amounted to ₱9.2 million.

As at March 25, 2025, PPC has not yet started commercial operations.

10. Financial Asset at FVOCI

	2024	2023
Quoted shares of stock	₱110,646,650	₱110,646,650
Net unrealized loss	(63,177,018)	(54,017,010)
	₱47,469,632	₱56,629,640

The Parent Company received cash dividends from Oriental Petroleum & Minerals Corporation (OPMC) and Shang Properties totaling to ₱1.3 million in 2024 and 2023.



The following table illustrates the movement of the “Net unrealized loss on decline in value of financial assets at FVOCT” account in the equity section of the parent company statements of financial position:

	2024	2023
Beginning of year	₱54,017,010	₱41,014,602
Changes in fair value during the year, net of tax	9,160,008	13,002,408
End of year	₱63,177,018	₱54,017,010

11. Deferred Oil Exploration Costs

The following table illustrates the movements in the deferred oil exploration costs account:

Cost:	2024	2023
Beginning of year	₱898,060,792	₱1,127,430,186
Additions	13,229,237	16,156,965
Write-off	–	(245,526,359)
End of year	911,290,029	898,060,792
Allowance for impairment loss:		
Beginning	(334,922,779)	(523,146,851)
Impairment	–	(57,302,287)
Write-off	–	245,526,359
Ending	(334,922,779)	(334,922,779)
Net book value	₱576,367,250	₱563,138,013

The full recovery of the deferred oil exploration costs incurred in connection with the Parent Company’s participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil and gas in commercial quantities from the respective petroleum concessions and the success of the future development thereof.

Under the SCs entered into with the DOE covering certain petroleum contract areas in various locations in the Philippines, the participating oil companies (collectively known as Contractors) are obliged to provide, at their sole risk, the services, technology and financing necessary in the performance of their obligations under these contracts. The Contractors are also obliged to spend specified amounts indicated in the contract in direct proportion to their work obligations. However, if the Contractors fail to comply with their work obligations, they shall pay the government the amount they should have spent in direct proportion to their work obligations.

The Contractors have Operating Agreements among themselves which govern their rights and obligations under these contracts.

The Contractors entered into several SCs with the Philippine Government, through the DOE, for the exploration, development and exploitation of the contract areas situated mostly in offshore Palawan where oil discoveries were made. The Parent Company’s present petroleum revenues and production costs and related expenses are from certain areas of SC-14, particularly Nido, Matinloc, North Matinloc and Galoc.

The aforementioned SCs provide for certain minimum work expenditure obligations and the drilling of a specified number of wells and are covered by operating agreements which set forth the participating interests, rights and obligations of the Contractor. The Parent Company’s share in the jointly controlled assets of the aforementioned SCs is included principally under the “Receivables,” “Crude oil



inventory,” “Property and equipment” and “Deferred oil and gas exploration costs” accounts in the parent company statements of financial position (see Note 7).

PDAs BP-2 and BP-3, Sulu Sea (Under the DOE/BARMM Bid Round

Philodrill entered into a Joint Application and Participation Agreement with Sunda Energy, Triangle Energy, and PXP to submit bid applications for the Pre-Determined Areas (PDAs) BP-2 and BP-3 under the 1st BARMM Energy Bid Round. Sunda and Triangle will each hold a 37.5% Participating Interest (PI), totaling 75%, while Philodrill and PXP will share the remaining 25% equally at 12.5% each.

Triangle, designated as the application manager, submitted the sealed bid documents for both areas on August 27, 2024. These submissions were the only bids received for the two areas. On the same day, the bid documents were opened and both DOE and BARMM announced that the consortium met the requirements of the DOE/BARMM bid process.

In 2024, the DOE informed Triangle that the consortium is qualified to enter petroleum service contracts for the PDAs BP-2 and BP-3. The consortium pre-signed the petroleum service contracts and the DOE transmitted the same to the Office of the President for approval and signature.

PCECP Area 7 Sulu Sea

In 2012, the Parent Company and PXP Energy Corporation (PXP) submitted a joint bid for Area 15 that DOE offered for bidding under the 4th Philippine Energy Contracting Round (PECR4). Area 15 covers the old SC41 block previously operated by Tap Oil Limited. Back then, the bid of the Parent Company/Philex was reportedly chosen based on the proposed work program, but for some reason, the result of the bidding for Area 15 was not released by the DOE.

A new bidding round, PECR5, was launched by the DOE in May 2014. Unfortunately, the Sulu Sea area was not included among the blocks on offer as the area is within the contemplated regions proposed to be covered by the Bangsamoro Organic Law. The Parent Company, PXP and APHC would have likely participated in the PECR5 bidding if Area 15 was offered.

In November 2018, the DOE launched the PCECP for petroleum and coal. Under the PCECP, awarding of new service contracts is conducted either through a competitive bidding process or via nomination whereby the PCECP would allow participants to nominate prospective areas other than the 14 pre-determined areas offered by DOE. The Parent Company, together with bid partner PXP, submitted on August 15, 2019, a joint bid over PCECP Area 7 in Sulu Sea, one of the 14 pre-determined areas on offer under PCECP. The joint application was found to be in order and satisfied the criteria set forth by the DOE.

On September 23, 2023, the DOE issued a Termination of the processing of the application for Petroleum service contract. Therefore, in 2023, the Parent Company, wrote off the recognized provision in 2022 for unrecoverable deferred oil and gas exploration costs amounting to ₱146.1 million.

12. Accounts Payable and Accrued Liabilities

	2024	2023
Accounts with partners (see Note 7)	₱19,504,994	₱7,197,568
Payables to PPC	8,268,249	8,373,081
Accrued liabilities	855,902	995,172
Withholding taxes	702,556	459,162
Others	77,815	60,386
	₱29,409,516	₱17,085,369



Accounts with partners represent payables arising from transactions of the consortium and varies in timing with regards to settlement. The Parent Company sends out its billing within 30 days.

Accrued liabilities include accrual for professional fees, bonus, salaries and other employee benefits and are usually settled within 30 days.

Withholding taxes are payable within 14 days after the close of the month.

Others include payroll-related liabilities which are expected to be settled within 30 days.

13. Provisions for Plug and Abandonment Costs

	2024	2023
Beginning of year	₱30,748,952	₱34,366,961
Accretion of interest	1,919,723	2,000,342
Effect of translation adjustment	1,117,747	(5,618,351)
End of year	₱33,786,422	₱30,748,952

Beginning October 1, 2016, the Company makes full provision for the future cost of P&A oil field on a discounted basis. The provision represents the present value of plug and abandonment costs, which are expected to be incurred up to 2025. This provision has been created based on the estimates and assumptions stated in the Revised Decommissioning Plan and Budget of the Galoc Oil field approved by the DOE last October 3, 2016. Assumptions, based on the current economic environment, have been made which management believes, are reasonable basis upon which to estimate the future liability.

The final P&A costs are uncertain and cost estimates can vary in response to many factors, including estimates of the extent and costs of decommissioning activities, technological changes, regulatory changes and changes in discount. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, material estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be material adjustments to the provision established, which could affect future financial results. In 2024 and 2023, the Parent Company used 5.94% discount rate.

On December 31, 2023, the decommissioning fund amounting to ₱10.1 million is derecognized as the fund is owned by NPG.

14. Equity

Capital Stock

	Number of Shares	Amount
Capital stock - ₱0.01 par value		
Authorized – 200,000,000,000 shares		
Issued and subscribed	191,868,805,358	₱1,918,688,053
Subscription receivable	(17,520,811,006)	(175,208,110)
	174,347,994,352	₱1,743,479,943

On December 17, 2024, the BOD approved that the 50% balance on subscriptions to the Company's 2009 stock rights offering shall be called for payment by the BOD no later than December 31, 2025 instead of December 31, 2024.



On August 6, 1969, the Parent Company's common shares were listed and traded on the PSE at an initial offer price of ₱0.01 per share. Subsequent listing of shares were made by the Parent Company as follows:

Type of Shares	Number of shares registered	Number of shares licensed	Issue Price/ Par value	Date of Approval
	2,500,000,000	2,000,000,000	₱0.01	August 6, 1969
	7,500,000,000	5,295,151,100	0.01	February 2, 1971
Class A shares	7,032,105,679	7,032,105,679	0.01	December 8, 1987
Class B shares	2,967,894,321	2,967,894,321	0.01	December 8, 1987
Class A shares	21,096,317,037	20,012,278,687	0.01	August 15, 1988
Class B shares	8,903,682,963	–	0.01	August 15, 1988
Class A shares	28,000,000,000	21,000,000,000	0.01	May 30, 1989
Class B shares	12,000,000,000	9,000,000,000	0.01	May 30, 1989
Class A shares	7,000,000,000	7,000,000,000	0.01	June 26, 1991
Class B shares	3,000,000,000	3,000,000,000	0.01	June 26, 1991
Class A shares	33,000,000,000	14,690,079,374	0.01	March 9, 1994
Class B shares	22,000,000,000	22,692,570,213	0.01	March 9, 1994
	–	42,367,016,498	0.01	December 9, 1994
	45,000,000,000	38,373,761,071	0.01	September 18, 2008

As at December 31, 2024, the Parent Company has 8,513 shareholders.

Retained Earnings

As at December 31, 2024 and 2023, the Parent Company has unpaid dividends amounting to ₱33.1 million.

15. Earnings (Loss) Per Share

	2024	2023
Net income (loss)	₱19,954,046	(₱37,639,825)
Weighted average number of common shares issued and outstanding during the year (see Note 14)	191,868,805,358	191,868,805,358
Basic/Diluted income (loss) per share	₱0.00010	(₱0.00020)

There were no dilutive shares as at December 31, 2024 and 2023.

There have been no other transactions involving common shares between the end of the financial reporting and the date of authorization of the Parent Company financial statements.

16. Related Party Transactions

Related party relationship exists 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.



- a. As at December 31, 2024 and 2023, the Parent Company's advances to related parties and the corresponding interest income from these advances are as follows:

Related Party		Volumes	Advances to related parties	Accrued interest receivable	Terms	Condition
<i>Stockholder</i>						
Alakor Corporation	2024	P=	P169,000,000	P7,647,922	To be settled in cash; collectible on demand; 4.75% interest per annum	Unsecured, no impairment; not guaranteed
	2023	P=	P169,000,000	P7,589,183		
<i>Under common stockholders</i>						
Fil-Energy Corporation	2024	—	—	—	To be settled in cash; collectible on demand; non-interest bearing	Unsecured, fully impaired; not guaranteed
	2023	—	4,753,762	16,166,436		
United Paragon Mining Corporation	2024	—	1,376,802	—	To be settled in cash; collectible on demand; non-interest bearing	Unsecured, no impairment; not guaranteed
	2023	—	1,376,802	—		
National Bookstore, Inc. (NBS)	2024	—	57,845,000	879,181	To be settled in cash; collectible on June 30, 2025; 3.5% interest per annum	Unsecured, no impairment; not guaranteed
	2023	—	55,370,000	990,508		
Abacus Book and Card Corporation (Abacus)	2024	60,000,000	60,000,000	750,833	To be settled in cash; collectible on June 30, 2025; 8% interest per annum	Unsecured, no impairment; not guaranteed
	2023	—	—	—		
Total (Note 5)	2024	P60,000,000	P288,221,802	P9,277,936		
	2023	P=	P230,500,564	P24,746,127		

The Parent Company has P169.0 million advances to Alakor which bear interest rate of 4.75% per annum, fixed until full payment of the loan. The term of the loans are collectible upon demand.

The Parent Company has \$1.0 million (P57.8 million) advances to NBS with an interest rate of 3.5% per annum, fixed until the full payment of loan. The maturity date of the loan is on June 30, 2025.

The Parent Company has P60.0 million advances to Abacus with an interest rate of 8% per annum, fixed until the full payment of loan. The maturity date of the loan is on June 30, 2025.

- b. The interest income earned by the Parent Company from its advances to related parties follow:

	2024	2023
Alakor	P8,161,292	P8,138,993
NBS	2,042,176	1,971,562
Abacus	5,143,333	—
	P15,346,801	P10,110,555

- c. The compensation of key management personnel are as follows:

	2024	2023
Short-term employee benefits	P16,856,703	P13,806,552
Post-employment benefits	3,779,726	1,159,670
	P20,636,429	P14,996,222



Key management personnel are those individuals having authority and responsibility for planning, directing, and controlling the activities of the Parent Company, directly or indirectly, including any directors (whether executive or otherwise) of the Parent Company.

- d. Material related party transactions 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 consolidated assets based on its latest audited financial statements.

All individual material related party transactions shall be endorsed by the Related Party Transactions Committee for approval by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital.

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

17. Share in Costs and Operating Expenses

	2024	2023
Petroleum operations (Note 6)	₱154,848,708	₱137,890,255
Personnel cost	833,902	788,176
	₱155,682,610	₱138,678,431

Share in petroleum operations consist of the Parent Company's share in the production costs, lifting and marketing fees, and other operating expenses of the SC-14 C1 Galoc oil fields for 2024 and 2023, respectively.

Personnel costs are time charges of the exploration Company for work done of the fields mentioned above.

18. General and Administrative Expenses

	2024	2023
Personnel cost	₱29,216,771	₱32,460,310
Entertainment, amusement and recreation	5,677,091	5,725,606
Transportation and travel	4,299,793	4,332,887
Outside services	4,073,371	2,720,430
Depreciation (Note 8)	3,068,588	765,429
Supplies	2,596,929	2,647,460
Utilities	1,544,237	1,516,509
Dues and subscriptions	1,529,747	1,701,065
Insurance	1,479,272	1,373,320
Taxes and licenses	230,787	242,007
Others	1,339,670	2,648,507
	₱55,056,256	₱56,133,530



Personnel costs include the following:

	2024	2023
Salaries, allowance and bonuses	₱21,913,719	₱20,731,104
Pension expense (Note 19)	2,016,056	6,783,334
Employees, facilities and benefits	4,337,158	4,103,206
SSS, Med. and HDMF Prem	949,838	842,666
	₱29,216,771	₱32,460,310

19. Retirement Benefit Liability

The Parent Company has a funded, non-contributory defined benefits retirement plan covering its regular permanent employees. Retirement benefit expenses are based on the employee's years of service and final covered compensation.

Republic Act (RA) No. 7641 ("Retirement Pay Law") an Act amending Article 287 of Presidential Decree No. 442 ("Labor Code of the Philippines"), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan



Changes in the net defined benefit liability in 2024 and 2023 follow:

2024										
	Net Benefit Cost in Profit or Loss				Benefits Paid	Remeasurements in Other Comprehensive Income				December 31, 2024
	January 1, 2024	Current Service Cost	Net interest Cost (Income)	Subtotal		Actuarial Loss on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal	Contributions	
Present value of defined benefit obligation	₱34,098,781	₱2,016,056	₱2,010,922	₱4,026,978	₱–	₱4,125,110	₱–	₱4,125,110	₱–	₱42,250,869
Fair value of plan asset	(32,910,413)	–	(2,008,077)	(2,008,077)	–	–	738,718	738,718	–	(34,179,772)
Net plan assets	₱1,188,368	₱2,016,056	₱2,845	₱2,018,901	₱–	₱4,125,110	₱738,718	₱4,863,828	₱–	₱8,071,097

2023										
	Net Benefit Cost in Profit or Loss				Benefits Paid	Remeasurements in Other Comprehensive Income				December 31, 2023
	January 1, 2023	Current Service Cost	Net interest Cost (Income)	Subtotal		Actuarial Loss on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal	Contributions	
Present value of defined benefit obligation	₱39,454,859	₱6,783,334	₱1,809,156	₱8,592,490	(₱14,476,965)	₱528,397	₱–	₱528,397	₱–	₱34,098,781
Fair value of plan asset	(37,632,720)	–	(1,756,330)	(1,756,330)	14,476,965	–	1,672	1,672	(8,000,000)	(32,910,413)
Net plan assets	₱1,822,139	₱6,783,334	₱52,826	₱6,836,160	₱–	₱528,397	₱1,672	₱530,069	(₱8,000,000)	₱1,188,368

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Company is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Company's discretion.

The Parent Company's plan is a noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Committee is responsible for the investment strategy of the plan.



The fair value of plan assets by each class as at the end of the reporting period are as follow:

	2024	2023
Cash	₱2,332	₱2,071
Fixed income securities:		
Government securities	29,957,553	29,611,341
Corporate bonds	1,914,663	1,943,397
Mutual funds	1,797,897	863,775
Accrued income receivables	478,257	459,731
Equity securities	70,000	70,000
Liabilities	(40,930)	(39,903)
	₱34,179,772	₱32,910,412

The plan assets have diverse investments in equity and debt securities, and do not have any concentration risk.

The principal assumptions used in determining retirement benefits costs and retirement benefit liability for defined benefit plan are shown below:

	2024	2023
Discount rate	6.10%	6.06%
Salary increase rate	3.00%	2.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined retirement benefit liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2024	2023
Discount rates	+1%	₱40,303,805	₱32,377,705
	-1%	44,427,120	36,018,067
Salary increase rate	+1%	44,618,543	36,199,525
	-1%	40,099,899	32,188,355

The Company did not contribute to the defined benefit pension plan in 2024 and is expected to contribute ₱4.0 million in 2025.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2024:

Less than 1 year	₱7,360,419
1 to less than 5 years	35,809,530
5 to less than 10 years	7,310,117
10 to less than 15 years	18,817,798
15 to less than 20 years	17,845,417
20 years and above	33,961,231
Total expected payments	₱121,104,512

The average duration of the defined retirement benefit liability as at December 31, 2024 and 2023 are 8.08 and 7.77 years, respectively.



Remeasurement Loss

Remeasurement loss on retirement benefit liability are recognized immediately in the parent company statements of financial position as part of equity. Details of the remeasurement follow:

	2024	2023
Balance at beginning of year	(P42,912,363)	(P42,514,811)
Remeasurement gains (losses)	(4,863,828)	(530,069)
Income tax effects	1,215,957	132,517
Balance at end of year	(P46,560,234)	(P42,912,363)

20. Income Taxes

Current income tax

The details of provision for current income tax are as follows:

	2024	2023
MCIT	P173,769	P130,006
Final taxes	632,739	1,849,818
	P806,508	P1,979,824

The reconciliation of (provision for) benefit from income tax computed using the statutory income tax rate with (provision for) benefit from income tax in the Parent Company statements of income is as follows:

	2024	2023
(Provision for) benefit income tax computed at the statutory income tax rate	P2,458,060	(P17,419,092)
Add (deduct) tax effect of:		
Nontaxable income	(12,450,671)	(17,807,004)
Interest income subjected to final tax	(2,289,538)	(2,601,629)
Nondeductible expenses	1,420,797	3,730,240
Final taxes	632,739	1,849,818
Excess MCIT over RCIT	106,807	211,123
Movement in unrecognized deferred tax assets	—	64,073,087
	(P10,121,806)	P32,036,543

Deferred income tax

Net deferred income tax assets represent the following:

	2024	2023
Deferred income tax assets on:		
NOLCO	P142,069,665	P122,372,638
Provision for impairment on deferred oil and gas exploration cost	83,730,695	83,730,695
Provision for P&A costs	8,446,605	7,687,237
Unamortized past service cost	6,214,846	7,213,577
Retirement benefits	2,017,774	297,092
Excess of MCIT over RCIT	798,896	731,934
Provision for impairment of receivables	P—	P5,230,049
(forward)		



	2024	2023
Unrealized foreign exchange loss	–	3,262,584
	243,278,481	230,525,806
Deferred income tax liabilities on:		
Unrealized forex gain	(1,734,353)	(32,133)
Decommissioning asset	(974,492)	(2,068,308)
	(2,708,845)	(2,100,441)
	₱240,569,636	₱228,425,365

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Parent Company’s NOLCO and excess MCIT that can be claimed as deduction from future taxable income and future income tax due are as follows:

NOLCO			MCIT	
Year incurred	Year of Expiry	Amount	Year of Expiry	Amount
2020	2025	₱195,497,024	2023	₱–
2021	2026	90,194,455	2024	106,807
2022	2025	14,541,223	2025	495,121
2023	2026	189,257,849	2026	130,006
2024	2027	78,788,110	2027	173,769
		₱568,278,661		₱905,703
Expired during the year		–		(106,807)
		₱568,278,661		₱798,896

In 2024 and 2023, the Company did not recognize deferred tax assets on NOLCO amounting to ₱0.08 million and ₱0.07 million, respectively.

21. Fair Value Measurement

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s-length transaction, other than in forced or liquidation sale.

The carrying amounts of financial assets (except financial assets at FVOCI and advances to a related party) and financial liabilities approximate their fair values because of their short-term nature. Financial assets at FVOCI are carried at fair value based on the quoted values of the securities. Advances to a related party are long-term and interest-bearing, thus, fair value is equal to the carrying value.



Fair Value Hierarchy

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 as follows:

2024	Level 1	Level 2	Level 3	Total
<i>Asset measured at fair value:</i>				
Financial assets at FVOCI	₱43,219,632	₱4,250,000	₱–	₱47,469,632
2023	Level 1	Level 2	Level 3	Total
<i>Asset measured at fair value:</i>				
Financial assets at FVOCI	₱52,379,640	₱4,250,000	₱–	₱56,629,640

As at December 31, 2024 and 2023, there were no transfers between Level 1, Level 2, and Level 3 fair value measurement.

22. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments are comprised mainly of cash and cash equivalents, receivables, financial assets at FVOCI, other noncurrent assets, accounts payable and accrued liabilities (except withholding taxes) and dividends payable. The main purpose of these financial instruments is to provide financing for the Parent Company's operations and capital-intensive projects. The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Parent Company.

The main risks arising from the Parent Company's financial instruments are credit risk, liquidity risk, and market risks. The market risks exposure of the Parent Company can be further classified to foreign currency risk and equity price risk. The BOD reviews and approves the policies for managing some of these risks and they are summarized as follows:

Foreign Currency Risk

Foreign currency risk is the risk that the value of the Parent Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from cash and cash equivalents and receivables. The Parent Company's foreign currency-denominated monetary assets and liabilities as at December 31, 2024 and 2023 are as follows:

	2024		2023	
	US\$	Peso Equivalent	US\$	Peso Equivalent
Cash and cash equivalents (see Note 4)	\$590,402	₱34,151,787	\$6,801,212	₱376,583,108
Receivables (see Note 5)	1,000,000	57,845,000	1,017,889	56,360,514
Accounts with partners (Note 12)	(213,112)	(12,726,476)	(101,795)	(5,636,405)
Net monetary assets	\$1,377,290	₱79,270,302	\$7,717,306	₱427,307,217

In translating the foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rates used are US\$1.0 to ₱57.845 and US\$1.0 to ₱55.37 as at December 31, 2024 and 2023, respectively.

The parent company recognized net foreign exchange gain amounting to ₱19.46 million and ₱33.56 million in 2024 and 2022, respectively, and net foreign exchange loss amounting to ₱4.86 million in 2023 arising from the translation of these foreign currency-denominated financial instruments.



The following table demonstrates the sensitivity of the Parent Company's income before income tax (solely from foreign currency revaluation) to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Parent Company's income before income tax due to changes in the carrying value of financial assets and liabilities. The sensitivity range is based on the historical volatility of the foreign exchange rate for the past year. The analysis is based on the assumption that last year's foreign currency rate volatility will be the same in the following year.

	Movement in Foreign Exchange Rate Increase (Decrease)	Effect on Income Before Income Tax
2024	4%	₱82,830
	(4%)	(82,830)
2023	1%	₱53,993
	(1%)	(53,993)

Foreign currency risk has no other impact on the Parent Company's equity other than through profit or loss.

Credit Risk

Credit risk is the risk that the Parent Company will incur a loss because its customers or counterparties failed to discharge their contractual obligations. With respect to credit risk arising from the other financial assets of the Parent Company, which comprise of cash in banks, short-term investments, receivables, financial assets at FVOCI and advances to related parties, the Parent Company's exposure to credit risk could arise from default of the counterparty.

The Parent Company trades only with recognized, creditworthy third parties. However, the Parent Company's credit risk exposure is concentrated on a few counterparties as inherent in the oil exploration and production business. Of the total trade receivables of the Parent Company, 100% are concentrated with the Galoc Production Company as at December 31, 2024 and 2023.

The table below summarizes the Parent Company's gross maximum credit risk exposure from its financial instruments. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	2024	2023
Amortized costs:		
Cash in banks and cash equivalents	₱395,621,748	₱395,520,788
Receivables	300,748,196	237,235,391
Financial assets at FVOCI	47,469,632	56,629,640
	₱743,839,576	₱689,385,819

In determining the credit risk exposure, 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 the 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.

While these financial assets are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.



The aging analysis of financial assets follows:

2024						
	Days Past Due				ECL	Total
	Current	60 Days	180 Days	More than 180 Days		
Cash and cash equivalents*	₱395,621,748	₱–	₱–	₱–	₱–	₱395,621,748
Receivables:						
Advances to related parties	286,845,000	–	–	1,376,802	–	288,221,802
Accrued interest	4,444,409	681,627	1,340,955	5,625,336	–	12,092,327
Others	434,067	–	–	–	–	434,067
Financial assets at FVOCI	47,469,632	–	–	–	–	47,469,632
	₱743,814,856	₱681,627	₱1,340,955	₱7,002,138	₱–	₱743,839,756

*Excluding cash on hand of ₱22,313

2023						
	Days Past Due				ECL	Total
	Current	60 Days	180 Days	More than 180 Days		
Cash and cash equivalents*	₱395,520,788	₱–	₱–	₱–	₱–	₱395,520,788
Receivables:						
Advances to related parties	224,755,000	–	–	991,802	4,753,762	230,500,564
Accrued interest	4,590,934	681,627	1,340,955	4,484,077	16,166,436	27,264,029
Others	390,996	–	–	–	–	390,996
Financial assets at FVOCI	56,629,640	–	–	–	–	56,629,640
	₱681,887,358	₱681,627	₱1,340,955	₱5,835,879	₱20,920,198	₱710,306,017

*Excluding cash on hand of ₱24,430

The table below shows the credit quality of the Parent Company's financial assets based on their historical experience with the corresponding debtors.

Credit risk under general approach

2024				
	General Approach			Total
	Stage 1	Stage 2	Stage 3	
Cash and cash equivalents*	₱395,621,748	₱–	₱–	
Receivables:				₱395,621,748
Advances to related parties	288,221,802	–	–	
Accrued interest	12,092,327	–	–	
Others	434,067	–	–	12,092,327
Financial assets at FVOCI	47,469,632	–	–	434,067
	₱743,839,576	₱–	₱–	₱743,839,576

*Excluding cash on hand of ₱22,313

2023				
	General Approach			Total
	Stage 1	Stage 2	Stage 3	
Cash and cash equivalents*	₱395,520,788	₱–	₱–	₱395,520,788
Receivables:				
Advances to related parties	225,746,802	–	4,753,762	230,500,564
Accrued interest	11,097,593	–	16,166,436	27,264,029
Others	390,996	–	–	390,996
Financial assets at FVOCI	56,629,640	–	–	56,629,640
	₱689,385,819	₱–	₱20,920,198	₱710,306,017

*Excluding cash on hand of ₱24,430

Liquidity Risk

Liquidity risk is the risk that the Parent Company becomes 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 through the use of bank loans and operating cash flows. The Parent Company addresses liquidity concerns primarily through cash flows from operations and short-term borrowings.



The table below summarizes the maturity profile of the Parent Company's financial liabilities based on contractual undiscounted payments.

2024	Less than three months	Three to twelve months	More than twelve months	Total
Financial liabilities				
Accounts payable and accrued liabilities*	₱20,462,232	₱ –	₱ –	₱20,462,232
Dividends payable	33,121,850			33,121,850
	₱53,584,082	₱ –	₱ –	₱53,584,082

*Excluding government payables

2023	Less than three months	Three to twelve months	More than twelve months	Total
Financial liabilities				
Accounts payable and accrued liabilities*	₱17,546,054	₱–	₱–	₱17,546,054
Dividends payable	33,126,610	–	–	33,126,610
	₱50,672,664	–	–	₱50,672,664

*Excluding government payables

Changes in liabilities arising from financing activities

	2024			
	January 1	Cash flows	Others	December 31
Dividends	₱33,126,610	(₱4,760)	₱–	₱33,121,850

	2023			
	January 1	Cash flows	Others	December 31
Dividends	₱33,126,610	₱–	₱–	₱33,126,610

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates and equity price.

Equity Price Risk

Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the prices of equity indices and the value of individual stocks. The Parent Company is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the statements of financial position as financial assets at FVOCI.

The following table shows the sensitivity of the Parent Company's equity (through OCI) from changes in the carrying value of the Parent Company's financial assets at FVOCI due to reasonably possible changes in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Parent Company's equity (through OCI) due to changes in the carrying value of the Parent Company's financial assets at FVOCI. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through the adjusted betas of each individual stock. Betas are coefficients depicting the sensitivity of individual prices to market movements.



The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be the same in the following year.

	Percentage Change in PSEi	Effect on Income before Income tax
2024	+15.30%	₱10,151,996
	-15.30%	(10,151,996)
2023	+14.03%	₱7,176,570
	-14.03%	(7,176,570)

The impact of equity price risk on the Parent Company's equity excludes the impact on transactions affecting profit or loss.

23. 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, legal or contractual, 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 years. In addition, there were no restrictions as to the capital of the Parent Company.

The following table summarizes the total capital considered by the Parent Company:

	2024	2023
Capital stock	₱1,743,479,943	₱1,743,479,943
Paid-in capital from sale of treasury shares	1,624,012	1,624,012
Net unrealized loss on decline in value of financial assets at FVOCI	(63,177,018)	(54,017,010)
Remeasurement loss on retirement benefit liability	(46,560,234)	(42,912,363)
Retained earnings	731,223,428	711,269,380
	₱2,336,590,131	₱2,359,443,962

24. Events after the Reporting Period

Application for a new Service Contract

DPPSC SC14C1 - Galoc

In an Operating Committee held on March 6, 2025, the JV partners reconfirmed the resolution made on April 30, 2024 for applying for a Petroleum Service Contracts for Development and Production (DPPSC) with the DOE. Moreover, the partners approved the commercial items, i.e. financial obligations, that will be included in the application.



25. Supplementary Tax Information under Revenue Regulations (RR) No. 15-2010

On November 25, 2010, Bureau of Internal Revenue (BIR) has issued RR No. 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes, duties and license fees paid or accrued during the year.

In addition, under Presidential Decree 87 Section 12(a), the Parent Company, as well as all other service contractors, is exempted from all taxes, except income tax.

The Parent Company reported and/or paid the following types of taxes for the year:

a. Taxes and Licenses

Real state taxes	₱187,265
License and permits fees	43,522
Total taxes and licenses	₱230,787

b. Withholding Taxes

	Paid	Accrued	Total
Withholding taxes on			
compensation and benefits	₱ 4,589,874	₱560,652	₱5,150,526
Expanded withholding tax	605,028	68,502	673,530
Final withholding taxes	9,599	73,402	83,001
	₱5,204,501	₱702,556	₱5,907,057

c. Others

The Parent Company has not locally produced and imported or imported excisable item, landed cost of imports, custom duties and tariff fees paid or accrued as at December 31, 2024.

The Parent Company has no outstanding tax cases in any other court or bodies outside of the BIR as at December 31, 2024.

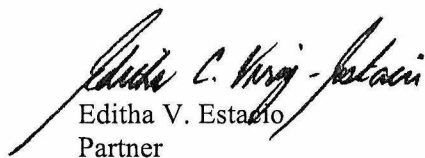


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
The Philodrill Corporation
8th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of The Philodrill Corporation as at and for the years ended December 31, 2024 and 2023 and have issued our report thereon dated March 25, 2025. Our audits were made for the purpose of forming an opinion on the parent company financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Parent Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the parent company financial statements. This has been subjected to the auditing procedures applied in the audit of the parent company 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 parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio

Partner

CPA Certificate No. 91269

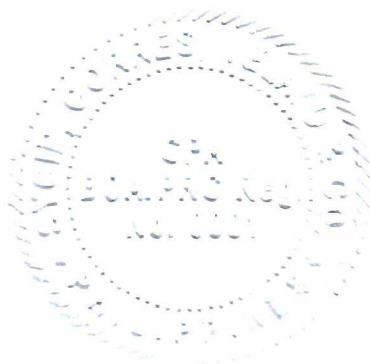
Tax Identification No. 178-486-845

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

BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026

PTR No. 10465302, January 2, 2025, Makati City

March 25, 2025



THE PHILODRILL CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION

For the reporting period ended December 31, 2024

Unappropriated Retained Earnings, beginning of the year		₱497,019,605
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of Retained Earnings Appropriation	—	
Effect of restatements or prior-period adjustments	—	—
Less: Category B: Items that are directly debited to unappropriated retained earnings		—
Dividend declaration during the year	—	
Retained Earnings appropriated during the year	—	
Effect of restatements or prior-period adjustments	—	—
Unappropriated Retained Earnings, as adjusted		497,019,605
Add: Net income for the year		19,954,048
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(3,519,887)	
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 the PFRS	—	
Sub-total		(3,519,887)
Add: 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)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	128,532	
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	—	
Sub-total		128,531
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	—	
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 realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	
Sub-total		—
Adjusted Net Income		16,562,692
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment after tax		—
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		—
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	—	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	—	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(9,075,130)	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	(1,853,184)	
Sub-total		(10,928,314)
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND		
DECLARATION		₱502,653,983

Sustainability Reporting Template

Contextual Information

Company Details	
Name of Organization	THE PHILODRILL CORPORATION
Location of Headquarters	8 TH F, Quad Alpha Centrum Bldg., 125 Pioneer St., Mandaluyong
Location of Operations	with active Service Contracts in NW Palawan and Mindoro, Phils.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	THE PHILODRILL CORPORATION
Business Model, including Primary Activities, Brands, Products, and Services	Oil and Gas Exploration and Production
Reporting Period	2024
Highest Ranking Person responsible for this report	ADRIAN PAULINO S. RAMOS President

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

The Philodrill Corporation recognizes the value of sustainability reporting as a useful risk management tool that will generate savings for the Company and help attain its goal of increased shareholder value. Philodrill is committed to providing access to affordable, reliable and sustainable energy that is essential to fuel our economy and improve living conditions.

Material topics were determined through the engagement of stakeholders (both internal and external) and rationalize the factors that have the most impact, where it occurs or how such factors affected the respondents' lives.

This Report will provide insight on the Company's risk management policies and governance practices and what it does to manage social, environmental, and economic sustainability.

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	211,756,468	Php
Direct economic value distributed:		
Operating costs	155,682,610	Php
Employee wages and benefits	29,216,771	Php
Payments to suppliers, other operating costs	28,682,803	Php
Dividends given to stockholders and interest payments to loan providers	0	
Taxes given to government	6,080,825	Php
Investments to community (e.g. donations, CSR)	40,000	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
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
The impact of economic performance is on the primary business operations of the Company. As the upstream Oil & Gas industry is a capital intensive business, strong economic performance means more projects are carried out. The impact is directly caused by the company as it is the measure of its performance in operating the business.	Strong economic performance means that value is delivered to our shareholders , value is delivered through our services to society , employees are offered competitive salaries and benefits, obligations to suppliers and creditors are met, customer orders are fulfilled, Government gains revenues and the local communities receive investment.	The Company implements Enterprise Risk Management (ERM). ERM provides reasonable assurance regarding the achievement of the Company's objectives. Philodrill can identify, assess, respond and monitor the outcomes of the industry's leading risk factors with an Enterprise Risk Management system in place.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
In the oil and gas industry, managing capital projects, in	The Company itself, employees, suppliers and	Effective monitoring and reporting mechanisms are in place to continuously

<p>particular large capital projects, in a global environment is becoming increasingly complex. Oil and gas companies need to make strategic decisions about which projects should be developed first to ensure their company's best performance.</p> <p>1. Price Risk. The price of oil and gas is the primary factor in deciding whether a reserve is economically feasible. Basically, the higher the geological barriers to easy extraction, the more price risk a given project faces. This is because unconventional extraction usually costs more than a vertical drill down to a deposit.</p> <p>2. Supply and Demand Risk. Operations take a lot of capital and time to get going, and they are not easy to shut down when prices go south or to ramp up when they go north. The uneven nature of production is part of what makes the price of oil and gas so volatile. Other economic factors also play into this, as financial crises and macroeconomic factors can dry up capital or otherwise affect the industry independently of the usual price risks.</p> <p>3. Cost Risk. The more onerous the regulation and the more difficult the drill, the more expensive a project becomes.</p> <p>4. Operational Risk. Companies struggle to find and retain the qualified workers that they need to operate the field.</p>	creditors, contractors	review and manage the exposure to the risks and opportunities
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the</i>		

<i>organization</i>		
<p>Good economic performance opens opportunities for the Company to participate in more exploration projects and enter into Joint Venture agreements.</p> <p>Provides the Company resources to offer competitive compensation package and benefits for its employees, and share profit to its stockholders. But more importantly, the Government gains more revenues and better investments are returned back to the local communities.</p>	The stockholders, employees, National Government and the local community	Management implements rationalization of exploration projects, prioritizing those within the medium-term prospects. In all its undertakings, tighter measures are employed to ensure efficient utilization of resources to minimize cost and dependence on outsourced services that are more costly.

Climate-related risks and opportunities¹⁵

Governance	Strategy	Risk Management	Metrics and Targets
<i>Disclose the organization's governance around climate-related risks and opportunities</i>	<i>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material</i>	<i>Disclose how the organization identifies, assesses, and manages climate-related risks</i>	<i>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</i>
The Philodrill's Board of Directors ensures that a comprehensive, corporate-wide climate change mitigation or adaptation strategy is in place. Executive Management must identify adaptation measures and opportunities to mitigate energy cost, carbon and carbon related regulatory	Philodrill is committed to protecting the environment. It works hard to at least minimize or at the most cause no harm to people. The Company as Operator sets environmental standards in accordance with global best practices, which meet all regulatory	<p>The Company adheres to processes that assess and mitigate risks and support decision making. These processes include the following:</p> <p><i>Enterprise Risk Management.</i> ERM process provides corporate oversight for identifying major risks to the Company and ensuring mitigation plans</p>	<p>The Company has not set targets for emissions reduction for the most recent years as most of its major assets are still in the exploration stage while Greenhouse Gas (GHG) emissions at the office has minimal impact to the environment.</p> <p>However, for the Galoc Operations, wherein Philodrill</p>

<p>measures.</p> <p>The most cost effective measures the Company can take to adapt to physical risks (to build resilience for climate changes which can no longer be avoided) and mitigate energy costs and carbon risks (reduce exposure) are then described based on observation of global best practices. These measures should not be considered in isolation but within the capital planning cycle of the Company.</p>	<p>requirements. The company's standards cover its environmental performance including: managing emissions of greenhouse gases, using less energy more efficiently, flaring and burning off less gas during oil production, preventing spills and leaks of hazardous materials, using less fresh water and conserving biodiversity wherever we operate. It encourages the Partners in the consortium to comply with the best standards. The Company works in partnership with the government (DOE, PCSD), Academics (UP Geological Society) and local community (El Nido) to maintain and sustain its high standards.</p>	<p>are in place. The ERM process includes risk review with executive management and the Board of Directors that identifies risks inherent in our business.</p> <p>Risks assessed through this process include financial, operational, geopolitical, commodity pricing, security, geological and technological as well as climate change risks.</p> <p><i>Strategic and business planning processes.</i> The Mancom is responsible for managing the strategic and business planning processes at the Board's direction. These processes are designed to ensure that our business remains resilient under a variety of circumstances, and they include examination of external points of view, ongoing assessment of the dynamics of the energy sector, monitoring of policy and regulatory developments, and examination of trends, such as advancements in technology and evolution of consumer preferences.</p> <p><i>Portfolio management.</i> The Company manages its portfolio of assets to meet objectives in accordance with its strategic and/ or business plans. A decision to invest in an asset and add it to the</p>	<p>has a participating interest, GHG emission and gas flaring are being monitored and measured.</p> <p>The Company, once producing again will actively engage in direct and indirect monitoring of GHG emissions.</p>
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		Company's portfolio is made based on the then-current view of factors, including anticipated future cost, NPVs, market, pricing and regulatory conditions.	
Recommended Disclosures			
Describe the board's oversight of climate-related risks and opportunities	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	Describe the organization's processes for identifying and assessing climate-related risks	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

<p>The Philodrill Corporation, through its Board of Directors, is committed to its goal of energy sufficiency, but remains focused on operating responsibly and safely. The Board meets regularly, on a monthly basis to discuss updates of company assets which includes climate-related concerns.</p> <p>During these meetings, decision-making issues that require top-level approval are presented. The management assures that the impacts on the environment (i.e., climate change) are carefully considered in the choices presented to the board. Updates on policies implemented, actions undertaken, and effects of these decisions are discussed with the board.</p>	<p>As most the assets are still in the exploration stage, the bulk of the workload is tied in office works.</p> <p>Production of paper wastes is the most common short-term environmental risk the Company is facing. By going electronic, not only is the Company reducing paper wastes but also operational expenses.</p> <p>The more intense extreme rainfall events and other natural disasters were identified as affecting its employees in a short- term period. The flaring of natural gases in the Galoc asset emits tonnes of GHG into the atmosphere thus causing medium-term health hazards to the employees onboard the platform and long-term effect on global warming.</p>	<p>During the last meeting for the year, Management discusses with the Board the work program and budget (WP&B) plans for the succeeding year. The Exploration program such as Geological & Geophysical activities are strategically scheduled all throughout the coming year. Management identifies possible environmental (including climate- related) risks that may impede the accomplishment of the said activities or cause any disruption in the operations. Guidance from the Board is sought on the implementation of cost-effective adaptation strategies. 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. The occurrence probability of these risks and the object which it will directly and indirectly affect are considered carefully.</p>	<p>Philodrill's operated blocks are strictly complying 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 standard limits set by the DENR.</p> <p>Philodrill adheres to the DOE standards concerning regulations in the energy industry. The Company regularly submits quarterly and annual operations reports and results of exploration activities of the Company's operated service contract. The Company's plans are also aligned with the department's mission to be globally-competitive while improving the quality of life of Filipino communities.</p>
Describe management's role in assessing and managing climate-related risks and opportunities	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	Describe the organization's processes for managing climate-related risks	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
Management provides the link between its employees and the host	Philodrill is exposed to many weather-related climate change risks	During the initial planning stages of our major projects, a screening	The primary target of the Company is to lessen carbon footprint and the negative

<p>communities that are directly exposed to climate-related risks to the Board which is the decision-making body of the Company. Management is also responsible in providing immediate sound decisions and actions toward these risks. Management oversees all operations and assesses possible environmental impacts of the Company's activities.</p>	<p>that could result in construction delays, production downgrades or blow outs to decommissioning costs, if not managed well.</p> <p>Company activities are planned and scheduled accordingly to lessen climate-related risks (e.g., weather pattern) that will incur additional expenses. Environmental factors, such as the reuse of materials and appropriate disposal, are considered when closing down a site.</p>	<p>process is implemented to identify potential environmental and social impacts. These may include impacts on sensitive areas and freshwater resources, as well as the prevalence of bribery and corruption in the LGU, local employment and community health and safety. The results are used to identify actions and mitigation measures and then implement these in project design, construction and operations.</p> <p>The Management team works hard to understand environmental and social sensitivities in the areas where we operate with the aim of avoiding, minimizing and mitigating any potential impacts.</p>	<p>environmental impact of its exploration activities. Recycling is practiced in the office premises. Reusable items such as papers, newspapers, carton boxes, plastic bags, and plastic/glass bottles are either reused or if unrecyclable are sold and proceeds distributed to the staff. These measures that not only aid the employees in work but also benefits the Company by lessening operational expenses and providing additional income.</p> <p>Conservation of electricity and water is also a constant practice. The Company is contributing less air pollutants with the efficient use of GHG-emitting equipment.</p> <p>Management ensures that the facilities of producing oil fields are in good condition so that emissions of hazardous matters are at the minimum or acceptable limits.</p>
	<p>Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario</p>	<p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p>	
	<p>The Company's management and staff plan and create scenario analysis prior to implementation of projects. A contingency plan is always included in the programs presented to</p>	<p>Management practices a holistic approach in doing the Company's overall risk management. After identification, assessment, and action preparation for the climate-related risks, integration with the other</p>	

	the board. Usually, an additional 10-20% of the total project budget and total number of working days is allocated as contingent measures.	risks are done. A cause-and- effect relationship is established on the risks associated with each other. G&G activities are undertaken during favorable weather window periods taking into consideration weather downtime, thus limiting risks and expenses and ensuring the safety of operations.	
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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	Php27,644,898	96.38%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach	
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>	
Localizing supply chain represents an opportunity to help reduce emissions and energy usage. Local supplies do not create large carbon footprints through overseas plane travel or long truck trips. This cuts down on fuel consumption and air pollution.	Suppliers	Foreign contractors are only engaged if there are no qualified or capable local suppliers available.	
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach	
<i>Identify risk/s related to material</i>			

<i>topic of the organization</i>		
Inability of local suppliers to meet the demand.	suppliers	Management assesses the availability and competency of local suppliers. Foreign contractors are only engaged if there are no qualified or capable local suppliers available.

ENVIRONMENT		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the Organization</i>		
<p>The Company reduces shipping and storage cost while increasing revenue of the local economy by involving local suppliers.</p> <p>This presents opportunity to the Company to be more competitive in terms of its pricing of local crude oil produce and sold to refineries or end users.</p>	Suppliers and other oil and gas companies	The Company seeks and maintains mutually beneficial relationships with Suppliers that uphold the Company's principles and core values.

Resource Management

Energy consumption within the organization: (Annual Consumption at the Principal office)

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	N.A.	GJ
Energy consumption (diesel)	24.51	GJ
Energy consumption (electricity)	54,960 (4,580/month)	kWh

**Electricity consumption at the principal office for 2024*

Energy consumption on site: Galoc

Energy Consumption (Diesel)			
Parameter	Term/Formula	Unit	Year
Sulfur in fuel actually used (average)	A	%	0.002
Fuel Consumption	B	li	284,900
Conversion Factors	C	lb/kg	2.205
	D	li/gallon	3.785
Diesel Density	E	lb/gallon [1]	7.1
	$F = E/(C*D)$	kg/li	0.8507
Average Diesel Heating value	G	BTU/lb [1]	19,300
	$H = G * C$	BTU/kg	42,556.50
	$I = H * F$	BTU/li	36,203.43
Power Input	$J = I*B/1000000$	MMBTU	10,314.36

[1] Source: US-EPA, AP 42, Fifth Edition, Volume I Chapter 3.4 (Updated October 1996)

(<https://www3.epa.gov/ttn/chief/ap42/ch03/final/c03s04.pdf>)

Energy Consumption (Natural Gas)			
Parameter	Term/For	Unit	Year 2024
Fuel Consumption	A	mmscf	44.677
Average Natural Gas Heating value	B	BTU/scf	1,050
Power Input	$C = A*B$	MMBTU	46,910.85

[1] Source: US-EPA, AP 42, Fifth Edition, Volume I Chapter 3.4 (Updated October 1996)

(<https://www3.epa.gov/ttn/chief/ap42/ch03/final/c03s04.pdf>)

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	N.A.	GJ
Energy reduction (diesel)	1.86	GJ
Energy reduction (electricity)	0	kWh
Energy reduction (gasoline)	N.A.	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	(e.g. employees, community, suppliers, government, vulnerable groups)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
Energy directly impacts the Company's operations. Energy	Employees, contractors, JV partners, community	Philodrill is committed to using less energy and more efficiently, flaring and burning off less gas during oil production.

resources are vital and necessary to the daily operations of the oil fields. Rationalization of energy consumption involves the Company, its employees and contractors both onsite (field operations) and offsite (office site). Continuous reduction of energy consumption is being done through implementation of energy conservation measures.		It encourages Partners in joint ventures to comply with global standards and best practices. The Company is also implementing cost-cutting measures resulting to the proper monitoring of and reduction in general & administrative expenses.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
Inefficient use of equipment resulting to higher energy consumption.	Employees, personnel working on site	Continuous monitoring and constant reminder to company employees of efficient use of office equipment. Orient maintenance staff on the schedule of switching on and off of lights, aircon, workstations, and other electrical equipment. Encourage employees to car pool, if possible, to save on gasoline/diesel Facilities at site are well maintained and kept at best condition to work efficiently.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		
The Company will assess the impact of implementing alternative work scheme including an option to work from home to decrease operational costs and increase employees' productivity by minimizing travel time.	Employees	Continuous assessment of practicality and viability of implementing alternative work scheme.

Water consumption within the organization (off site – Office)

Disclosure	Quantity	Units
Water withdrawal	No data	Cubicmeters
Water consumption	354.10	Cubicmeters
Water recycled and reused	0	Cubicmeters

Water consumption on site (Palawan)

Disclosure	Quantity	Units
Water withdrawal	n/a (with own desalination/water maker)	Cubic meters
Water consumption	9,007	Cubic meters
Water recycled and reused	N/A	Cubic meters

*Note that we are manufacturing/making our own fresh water that was converted from the sea water within the area.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
As the country experienced water crisis in 2019, the Company has been prioritizing water management, so as not to contribute further to the depletion of our water resources. At the Platform, we use reverse osmosis in seawater desalination to produce clean water that can be used for drinking, bathing, food preparation, and other general purposes.	Community, Employees, and personnel working in the platforms	The Company educates and constantly reminds its employees on the efficient use of water. Reprocessing of seawater to produce clean, safe, and fresh water to be self-sufficient, instead of relying on water tank refilling by supply vessels, which will entail additional logistical processes is continuously being implemented.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
Within the office premises, some	Employees	The Company constantly reminds its

personnel are unaware that they irresponsibly use water facilities resulting to higher consumption.		<p>employees to practice water conservation.</p> <p>Management lowered the water pressure in the comfort rooms, to control water flow and avoid spillage.</p> <p>Also, management ensures that there are no faucet and toilet leaks to avoid water wastage by conducting regular inspections</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		
<p>Efficient water consumption leads to financial savings, which can be appropriated by the Company for other purposes.</p> <p>Additionally, water conservation helps the community as a whole in prolonging the water supply especially during dry seasons from March to May wherein the water in reservoirs falls below normal level.</p>	Employees and Building Management	The Company constantly reminds employees to use water responsibly.

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.	Galoc FPSO (Intrepid Balanghai) Location: Location: West Philippine Sea, 87km north of El Nido town 11° 58' 37.2" N 119° 18' 43.2" E	
Habitats protected or restored	none	ha
IUCN17 Red List species and national conservation list species with habitats in areas affected by operations	(list)	

*Note that we have a full copy of the Marine Protected Areas (MPA) for the whole Occidental Mindoro and Palawan with given locations and areas. Species are generally referred to as fishes, corals, seaweeds and the like.

What is the impact and where organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>		
The Company ensures strict compliance with environmental laws and policies by securing required permits from the DOE, DENR-EMB. Philodrill supports the conservation and preservation of protected areas that house our country's rich	Employees, Marine Crew onboard the Vessels, Personnel working at the platforms and local Communities adjacent to or within the SCs	The Company secures a Certificate of Non Coverage (CNC) or Environmental Compliance Certificate (ECC), whichever is applicable, from the Environmental Management Bureau (EMB) of the DENR to cover all its exploration activities, as well as Strategic Environmental Plan Clearance (SEPC) from Palawan Council for Sustainable Development (PCSD).

natural resources (both flora and fauna).		<ol style="list-style-type: none"> 1. Service Contract 14 C-1 – Galoc <ul style="list-style-type: none"> • Strategic Environment Plan Clearance issued by PCSD and concurred by DENR for the Galoc Field Area Development Project on December 15, 2016 • Environmental Compliance Certificate issued by DENR (signed by Sec. Angelo Reyes) on August 30, 2006. The ECC coverage specified the “Oil Development and Production of Galoc and Octon Fields” 2. Service Contract 14 C-2 – West Linapacan <ul style="list-style-type: none"> • Strategic Environment Plan Clearance issued by PCSD and concurred by DENR • Environmental Compliance Certificate issued by DENR. 3. Service Contract 53 – Onshore Mindoro <ul style="list-style-type: none"> • Certificate of Non-Overlap of any Ancestral Domain/Land of Indigenous Cultural Communities issued by the National Commission on Indigenous People (NCIP) Region 1V on September 22, 2014
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
For the fieldworks, marine and land seismic and gravity surveys, drilling and production activities, the risk include the disturbance of local ecosystem in the area (i.e. cutting of trees, oil spill, improper disposal of large volumes of saline water, and gas flaring).	Employees, Marine Crew onboard the Vessels, Personnel working at the platforms and local Communities adjacent to or within the SCs	The Company strictly abides with Environmental laws and policies. The exploration, production and development activities are being accomplished with minimum or no detrimental impacts to flora and fauna, marine and onshore environment, soils, surface, ground, and marine waters. Regular Health, Safety, Security and Environment (HSSE) meetings are being conducted during onshore and offshore operations. The Company conducts Bathymetric Survey to determine the shallow water areas or pinnacles to be avoided during seismic surveys.

		<p>The P&A of production wells in SC 14A and SC 14B in 2018 and 2019 were accomplished with no significant impact to the environment and offshore waters. Some of the platforms were stripped of equipment and materials that were transported onshore for later disposal. With regard to the SC 14C-1, Galoc field operations, Oil Spill Contingency Plans are in place in case of any untoward incidents. Produced water and petroleum wastes are being monitored in compliance with the standard acceptable amount defined by the DENR. Used diesel is being monitored to ensure that there is no spillage.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the Organization</i>		
<p>Decrease of negative environmental impact while minimizing incurred operational cost by partnering with other companies that provide exploration services within adjacent areas. In the office, decrease environment impact and CO2 imprint by going paperless/electronic. In offshore operations, JV partners devise ways to repurpose old platforms (they were converted as defense outpost of the government) instead of building or manufacturing a new one.</p>	<p>Local communities adjacent or within the SCs, Employees, and Third Party Contractors</p>	<p>The SC 14 JV turned over the Nido and Matinloc platforms to the DOE in December 2019 so that they can be used by the DND-AFP for national defense, instead of creating a new outpost.</p>

Environmental impact management

Air Emissions

GHG

Air Pollutants:

Emission Rate Estimates

For the flaring facility, emission rate estimates of the GFAD Floating Production Storage Offloading (FPSO) Vessel for the year 2024 are presented in the table below:

Pollutant	Emission Factor [1]0 (tons pollutant/tons gas)	Emission for the Year 2024 (tons)
CO2	2.8	151,867.31
CO	0.0067	363.39
NOx	0.0012	65.07
N2O	0.000081	4.38
SO2	0.0000128	0.68
CH4 natural gas	0.018	976.29
VOC natural gas	0.002	108.47
Gas Quantity Emitted		
Volume of Gas, ft3	1,838,839,800	
Equivalent Weight, tons	54,238	

For fuel combustion, emission rate estimates of the FPSO for the Year 2024 are presented below:

Pollutant	Emission Factors		Year 2024 (tons)
	lb/MMBTU	kg/MMBTU	
CO2	165	74.80	771.48
CO	0.85	0.39	3.99
NOx (controlled) [2]	1.9	0.86	8.88
SOx	1.01 S	0.458 S	0.008
TOC	0.09	0.04	0.422
PM	0.1	0.05	0.469

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact linked to impacts through its business relationship)	(e.g. employees, community, suppliers, government, vulnerable groups)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?
At the office, usage of air conditioning (AC) systems that	Employees of Philodrill and personnel onboard	The Company regulates its AC systems to lessen its power consumption. Out of

<p>release chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HFCs) which are GHGs that trap heat and cause depletion of the ozone layer.</p> <p>Natural gases (i.e. methane (CH₄), ethane, propane, butane, and other heavier components), which are GHG and VOCs, produced in the Galoc field are flared out as these are not economical to be developed and also pose safety and health hazards (i.e. major blowout accident leading to destruction and fatality) if not attended properly.</p> <p>Flaring natural gases results to byproducts or GHGs such as CO, CO₂, VOCs, NOX, SOX, and other air pollutants</p>	the platform, and nearby communities	<p>twenty two (22) AC systems pre-installed in the office, only twelve (12) are regularly in operation during work hours (9:00- 16:00). These units are those near work desks occupied by the Company's employees. As an alternative, Management has opted to purchase AC systems with HFCs refrigerants instead of CFCs, since the former have lesser detrimental effects to the environment.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
<p>Emission of GHG into the environment. HFCs represent only a small portion of the total GHG emissions. However, they trap heat in the atmosphere as much as CO₂.</p> <p>Although flaring/burning of natural gases emits a number of pollutants in the environment, it is less hazardous as compared to venting which is directly releasing natural gases into the atmosphere. Large amounts of released natural gases/GHG may cause health hazards to the platform's crew and contribute to ozone destruction and global warming.</p>	Employees of Philodrill and personnel onboard the platform, and nearby communities	<p>Together with the reduced usage of AC units in the office, routine check and maintenance are also being implemented to ensure efficiency of the AC systems.</p> <p>To prevent major blowout accidents, flaring is favored by the management than venting off natural gases.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the Organization</i>		

<p>In the office, decrease environment impact and CO2 footprint by going electronic. Less electricity consumption brought about by the minimal use of AC units and the cost-effective performance resulting from the regular maintenance will lead to savings that can be allocated to other company expenses.</p> <p>At the site, proposal to use a device which could reduce the gas flaring is seriously being considered.</p>	Employees	<p>The Company is practicing energy conservation measures. Philodrill is implementing paperless approach to certain transactions to minimize paper consumption and CO2 emission during printing and photocopying. Although the abovementioned energy conservation measures can be considered basic with minimal effect to the environment, Philodrill believes that this effort will still be beneficial to the community and environment in the long run.</p>
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>
<p>NOx, SOx, VOCs, and PMs are products of fuel combustion and ship emissions. These are released into the atmosphere and affect the ozone layer and contribute to global warming.</p> <p>In SC 14C-1, flaring of natural gases (i.e. methane (CH₄), ethane, propane, butane and other heavier petroleum components) results to by-products or air pollutants such NOx, SOx, VOCs, and PM. Ethane and propane are the most abundant non-methane hydrocarbon compounds found in natural gas.</p>	Employees onboard the platform, FPSO, and nearby communities	<p>In SC 14C-1 operations offshore, International Convention for the Prevention of Pollution from Ships (MARPOL) guidelines are strictly enforced.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p>		

Abundant NOX and SOX released into the environment from ship emission/fossil fuel combustion causes acid deposition. These gaseous pollutants are the major components of acid rain and smog apart from its contribution to greenhouse effect and global warming. Although flaring/burning of gases emits certain pollutants in the environment, it is less hazardous as compared to venting which is directly releasing natural gases into the atmosphere. Large amounts of released natural gases may cause health hazards to the platform crew.	Employees onboard the platform, FPSO, and nearby communities	Strict implementation of the MARPOL guidelines to decrease ship emissions. FPSO/Ship engines are also properly maintained to avoid machine failures that could increase the ship's intake of fossil fuel which in turn leads to an increase in combusted fuel. The management opted to do gas flaring rather than venting to minimize health hazards and accidents.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		
Strict compliance with the laws governing air and seas/water will enable the Company and Galoc JV to operate without interruption. Fines and penalties 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 the International Convention for the Prevention of Pollution from Ships (MARPOL) guidelines.

Effluents

<u>TYPE</u>	<u>YEAR 2024</u>	<u>WATER MANAGEMENT</u>		
		If contained in FPSO specify containment details	If discharged to the sea, specify the manner of discharge	
		Water not considered as waste		
<u>Produced formation water</u>	133,416.35 (21,210.87 m3)	Stored in Slop Tank (Oily Water Tank) a: 143.20 bbls (22.77 m3)	Diverted to Cargo Tank (as part of crude product)a: 420.15 bbls (66.80 m3)	Discharged Overboard b :132,853.00 (21,121.30 m3)
		Re-processed Produced Formation Water* : NA		

Wash water (vessel washings)	0.25 m3/day x 366 days = 91.50 m3	Contained in slop tank (oily water tank)*	
Cooling Water for the Engine Room	6,000 m3/day x 366 days = 2,196,000 m3	--	Subsea discharge
Cooling Water for Process Area	8,400 m3/day x 309.06 days = 2,596,104 m3	--	Overboard discharge
<p>*Produced water with >15 ppm oil content is either diverted to the cargo tank (if oil content is very high) and/or directed to the oily water tank (slop tank). In due time, oil in the slop tank separates and floats on top of the water layer. The relatively oil-free water is flowed to the clean water slop tank and is re-processed for overboard disposal, while the accumulated oil is flowed to the cargo tank (as part of crude product). b Produced water that is discharged overboard has less than 15 ppm oil content as tested on board. An alarm system or a full-time technician diverts the produced water to the slop tank if oil content is greater than 15 ppm</p>			

Disclosure	Quantity	Units
Total volume of water discharges	21,121.30	Cubic meters
Percent of wastewater recycled	N.A.	%

*Note that majority of waste water produced from extraction of crude oil was treated before discharging overboard based on the accepted level of effluents set by the international standards and EMB.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p>
<p>Offshore International and National Guidelines for Wastewater Discharges to the surface and bottom of the sea should be followed, as to control pollution and to have minimal impact to the marine environment and ecosystem. Maximum defined contamination levels should be followed.</p>	<p>Personnel at the platform, Fishermen, and Community</p>	<p>In offshore petroleum operations of the Company, subsidiaries, and JV partners, the International Convention for the Prevention of Pollution from Ships (MARPOL) guidelines are strictly enforced.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Identify risk/s related to material</p>		

<i>topic of the organization</i>		
The effluents with oil and other toxic waste contents exceeding the acceptable amount set by the MARPOL guidelines will contaminate the sea and sea bottom. This will cause damage to marine flora and fauna and can possibly cause related health implications to the community.	Personnel at the platform, Fishermen, and Community	Strict implementation of safety and environmental standards of the JV consortium. In case of untoward incidents, mitigation procedures are in place. At the FPSO vessel and platforms, produced water is analyzed and discharged overboard if it has 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 before disposal.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		
Some produced formation water or effluent is being reprocessed and used onboard.	Marine crew at the FPSO, Fishermen, and Community	Reprocessed or treated water discharges onboard by Galoc consortium can be utilized for other general purposes in the vessel or platform.

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	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
Philodrill is serious in complying with Environmental Laws and Policies	Employees and Community adjacent or within the SCs	Philodrill acquired CNC/PCC from EMB-DENR to cover its exploration activities, as well as SEPC from PCSD as follows: 1. Service Contract 14 C-1 – Galoc

		<ul style="list-style-type: none"> • Strategic Environment Plan Clearance issued by PCSD and concurred by DENR for the Galoc Field Area Development Project on December 15, 2016 • Environmental Compliance Certificate issued by DENR (signed by Sec. Angelo Reyes) on August 30, 2006. The ECC coverage specified the “Oil Development and Production of Galoc and Octon Fields” <p>2. Service Contract 14 C-2 – West Linapacan</p> <ul style="list-style-type: none"> • Strategic Environment Plan Clearance issued by PCSD and concurred by DENR • Environmental Compliance Certificate issued by DENR <p>3. Service Contract 53 – Onshore Mindoro</p> <ul style="list-style-type: none"> • Certificate of Non-Overlap of any Ancestral Domain/Land of Indigenous Cultural Communities issued by the National Commission on Indigenous People (NCIP) Region 1V on September 22, 2014
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>		
Non-compliance with environmental laws and regulations might lead to imposition of penalties and fines, or even to the extent of cancellation of the SC	Employees and Company	The Company continues strict adherence to environmental laws and regulations.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>		
Philodrill management consistently maintains an environmentally, ergonomically, and legally compliant operations	Employees and Community	The Company adheres strictly to environmental laws and regulations.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ¹⁸	21	#
a. Number of female employees	11	#
b. Number of male employees	10	#
Attrition rate ¹⁹	9.30%	rate
Ratio of lowest paid employee against minimum wage	1.71%	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	18.18%	11.11%
PhilHealth	Y	18.18%	11.11%
Pag-ibig	Y	9.09%	0%
Parental leaves	Y	-	-
Vacation leaves	Y	100%	100%
Sick leaves	Y	63.64%	22.22%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	Y	9.09%	0
Further education support	Y	-	-
Company stock options	Y	-	-
Telecommuting	Y	-	-
Flexible-working Hours	Y	18%	70%
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>

Provides assistance in facilitating and processing of the applications. The Company ensures regular and timely remittance of the employee's monthly premiums. Philodrill provides assistance to employees in facilitating and processing of the applications when availing other SSS and Pag-Ibig benefits.	The Company considers its people its greatest asset. Employees are provided with benefits packages (i.e. Maternity Benefit, Sickness Benefit and, Salary Loans) along with a wide range of learning 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 and dependents; 3. Employees' Annual Medical Check-Ups and HMO; 4. Life and Accident Insurance; 5. Educational assistance; 6. Annual Vacation Leave – 15 days; 7. Annual Sick Leave – 15 days; and 8. Other allowances (transportation, rice, mobile phone). The Company also promotes work-life balance and the welfare of the employees. Philodrill advocates the rights of female workers in the office without bias and discrimination. Additionally, the Company adheres to the Magna Carta of Women (RA 9710) and Solo Parent Welfare Act of 2000 (RA 8972).
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
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 revocation of 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
<i>Identify the opportunity/ies related to material topic of the organization</i>	
The Company is considering telecommuting or work from home arrangements. Work from home arrangement decreases operational expenses of the Company and increases employees' work efficiency.	The Company prioritizes management of its employees to ensure that it maintains a high performing workforce that is at par with the best in the industry.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees		hours
b. Male employees	32	hours
Average training hours provided to employees		
a. Female employees		hours/employee
b. Male employees	16	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
<p>Philodrill exerts effort to attract, motivate, develop and retain the best local talent and equip our people with the right skills for the future. The Company's performance and ability to thrive in this environment depend on it.</p> <p>The onshore and offshore petroleum competency requirement is complex and requires high standard of safety and proficiency. Philodrill believes that its employees are the main asset of the Company and continuous training and development should be implemented.</p>	<p>Technical personnel are attending SEAPEX meetings/seminars both local and abroad, as well as annual Philippine Geological Conferences. A Basin Analysis training course was attended by a Philodrill geologist, together with other geoscientists from local petroleum operators. HSSE trainings such as First Aid and Basic Life Saving Trainings are attended by assigned personnel every two years.</p> <p>Earthquake and fire drills are also implemented by the Company</p>
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the organization</i>	
Globally, the petroleum industry is experiencing a downturn, which caused a slowdown in overall operations and sustenance of personnel training and development.	The training and development budget will be realigned in response to the oil price crash. Our personnel are encouraged to take advantage of free webinar courses provided by technical experts.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic of the organization</i>	
While petroleum operations are slowing down, the Company should take this opportunity to avail of training which is much cheaper if done locally with other petroleum operators. Also, online trainings are cheaper as they will not require travel and accommodation costs. HSSE trainings should be attended by all personnel with different definitions of safety standards.	<p>Cooperation with other Petroleum Exploration Companies in organizing an international training course but is conducted locally.</p> <p>First aid training by the Red Cross should be attended by employees. The Company looks for opportunities for inexpensive local or online training if available.</p> <p>Additionally, technical personnel are participating on free online courses offered by petroleum experts.</p>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	11	52.38%
% of male workers in the workforce	10	47.62%
Number of employees from indigenous communities and/or vulnerable sector*	N.A.	#

*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
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p>Company activities such as hiring, promotion, and compensation are conducted without regard to race, color, ethnicity, religion, national origin, gender, gender identity or expression, sexual orientation, marital status, dependents, genetics, disability, age, social class, or political views.</p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p>The management of Philodrill is committed to respecting people's differences and creating an inclusive workplace culture. It does not tolerate any kind of harassment or prejudice. In order to respect and value the diversity of the employees and all with whom the Company do business, managers are required to ensure that the working environment is free from any form of harassment and discrimination. Philodrill advocates the rights of female workers in the office without bias and discrimination. Additionally, the Company adheres to the Solo Parent Welfare Act of 2000 (RA 8972) and the Magna Carta for Disabled Persons (RA 7277). The company's board diversity policy can be found in the Company's website through this link: https://philodrill.com/wp-content/uploads/2024/11/Diversity-Policy.pdf</p>
What are the Risk/s Identified?	Management Approach
<p>Identify risk/s related to material topic of the organization</p> <p>The Company has not identified any violation relating to diversity and equal opportunity.</p>	
What are the Opportunity/ies Identified?	Management Approach
<p>Identify the opportunity/ies related to material topic of the organization</p> <p>As at December 31, 2024 the Company has 21 employees comprising 11 females and 10 males. The Company will continue to encourage: - greater female participation; and - executive senior professional employees to look for mentoring opportunities for more junior employees to gain valuable insights into</p>	<p>The Company will continue to promote inclusiveness to help break down barriers and reduce the fear of being rejected, not only for who the employees are, but also for the ideas they voice. Continuous hiring of both local and foreign consultants for the company's exploration</p>

the Company and the oil & gas industry, generally. Diversity creates goodwill within the community and within the industry.	projects.
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Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	192,784	Man-hours
No. of work-related injuries	3	#
No. of work-related fatalities	none	#
No. of work related ill-health	none	#
No. of safety drills	79	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>
The Company and its Subsidiaries consistently foster a safe working environment. Philodrill implements employee health and safety measures and training programs that protect people from occupational hazards by preventing injury, illness, and fatality.	The Company strictly complies with all relevant occupational health and safety laws and regulations. Philodrill aims to achieve a zero injury and fatality rate for its entire staff. Same is true with offshore operations of subsidiaries, which adhere to international HSSE policies. At the work site, first aid kits and fire extinguishing equipment are conspicuously located and properly maintained. To ensure emergency preparedness, staff participates in regular fire and earthquake evacuation drills. Regular first aid and lifesaving trainings are being attended by assigned safety officer at the office.
What are the Risk/s Identified?	Management Approach
<i>Identify risk/s related to material topic of the Organization</i>	
No fatal cases, occupational injuries or incidents were recorded during the year at the office as well as in the field. Failure to manage workplace safety would negatively impact employee health and productivity.	The Company enforces occupational health and safety protocols for the benefit of the employees, contractors, and host communities.
What are the Opportunity/ies Identified?	Management Approach
<i>Identify the opportunity/ies related to material topic</i>	

<i>of the organization</i>	
By properly managing and implementing health and safety trainings, employees and contractors can handle 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. Philodrill will consistently encourage and empower employees by letting them attend safety trainings and retake training sessions, if necessary, to refresh their memory.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its 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 operations.	Strict compliance to government laws and regulations on health and environmental safety.
Oil & Gas Exploration & Production	Decent work	Health & Safety	Conduct 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.

* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.