SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
- ☐ Preliminary Information Statement
- ☑ Definitive Information Statement

2. Name of Registrant as specified in its charter

The Philodrill Corporation

3. Province, country or other jurisdiction of incorporation or organization

Metro Manila, Philippines

4. SEC Identification Number

38683

5. BIR Tax Identification Code

000-315-612-000

6. Address of principal office

8th Floor Quad Alpha Centrum Bldg., 125 Pioneer St. Mandaluyong City
Postal Code
1550

7. Registrant's telephone number, including area code

(02) 8631-8151 to 52

8. Date, time and place of the meeting of security holders

19 JUNE 2024, 2:30 P.M., VIRTUAL MEETING

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 20, 2024

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

THE PHILODRILL CORPORATION

Address and Telephone No.

8TH FLOOR, QUAD ALPHA CENTRUM, 125 PIONEER STREET, MANDALUYONG CITY 1550, (632) 86318151-52

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	191,868,805,358

13. 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, COMMON SHARES

The Philodrill Corporation
OV

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Jun 19, 2024
Type (Annual or Special)	ANNUAL
Time	2:30 PM
Venue	VIRTUAL MEETING
Record Date	Apr 15, 2024

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Apr 16, 2024
End date	Apr 17, 2024

Other Relevant Information
-

Filed on behalf by:

Name	Josephine Ilas
Designation	Assistant Corporate Secretary

COVER SHEET

3 8 6 8 3

S.E.C. Registration Number

THE PHILODRILL CORPORATION

(Company's Full Name)

8th Floor, Quad Alpha Centrum Building, 125 Pioneer Street Mandaluyong City

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

Josephine C. Lafiguera-Ilas

Contact Person

8631-8151

Company Telephone Number

1 2	3 1	**DEFINITIVE INFORMATION STATEMENT**	0 6	3rd Wed
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

THE PHILODRILL CORPORATION

8th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City, 1550 Philippines
Tel (632) 8631-8151; 8631-1801 to 05; Fax (632) 8631-8080
E-mail: info@philodrill.com
Website: www.philodrill.com

Information Statement
Annual Stockholders' Meeting
19 June 2024

SEC Number ***38683***
File Number ____

THE PHILODRILL CORPORATION

(Company's Full Name)

8th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City, Metro Manila

(Company's Address)

8631-1801 to 05; 8631-8151 to 52

(Telephone Number)

December 31

(Fiscal Year Ending)
(month & day)

SEC FORM 20-IS
Definitive Information Statement

Form Type

Amendment Designation (If applicable)

March 31, 2024

Period Ended Date

(Secondary License Type and File Number)

NOTICE OF ANNUAL STOCKHOLDERS' MEETING OF THE PHILODRILL CORPORATION

TO ALL STOCKHOLDERS:

Notice is hereby given that the Annual Stockholders' Meeting (*"Meeting"* or *"ASM"*) of The Philodrill Corporation (the "Company") will be held on **June 19, 2024 (Wednesday) at 2:30 pm.** The Meeting will be conducted virtually and attendance at the meeting will be via remote communication only.

The Agenda for the Meeting shall be as follows:

1. Call to Order and Proof of Notice of the Meeting
2. Certification of Quorum
3. Approval of the Minutes of the June 21, 2023 Annual Stockholders' Meeting.
4. President's Report on the Company's Exploration and Production activities for the past year
5. Presentation of Annual Report and Audited Financial Statements for the year ended December 31, 2023 and action thereon
6. Ratification and Approval of all previous acts and resolutions of the Board of Directors, Management and all Committees
7. Appointment of Independent Auditor
8. Election of Directors
9. Other Matters
10. Adjournment

Only stockholders of record at the close of business hours on **April 15, 2024** are entitled to notice of, and to vote at this meeting.

In accordance with the Company's Amended By-Laws, stockholders may attend and participate in the meeting by remote communication or by voting through the Chairman of the meeting, as proxy. Stockholders who intend to attend by remote communication are required to accomplish the Registration Form[1] and submit it together with the required documents to *2024asm@philodrill.com* on or before June 12, 2024. The link through which the Meeting may be accessed shall be sent to the email address of the registered stockholder. Stockholders may vote electronically in absentia, subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting of votes in absentia are set forth in the *Guidelines on Participation by Remote Communication* and discussed in the Information Statement (SEC Form 20-IS).

If you are unable to join the virtual meeting but wish to vote on items in the agenda, you may appoint the Chairman as your proxy with specific voting instructions which will be duly counted. Duly accomplished Proxies shall be submitted by email to the Office of the Corporate Secretary at *2024asm@philodrill.com* for inspection, validation, and recording at least seven (7) days before the opening of the Annual Stockholders' Meeting, no later than *June 12, 2024.* The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received. We enclose a sample Registration/Proxy form for your convenience.

[1] *Downloadable at the Company's website https://philodrill.com/*

By registering to participate in the virtual meeting a stockholder or a proxy or representative of the stockholder agrees for the Company and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual stockholders meeting.

Stockholders (or their proxies) whose registration are validated can: (a) view the webcast of the meeting, (b) vote on the agenda items using the online ballot that will be sent to them; and (c) send their questions, comments or motions on the agenda items during the Meeting by email to *2024asm@philodrill.com*. Stockholders who will participate the Meeting are encouraged to send their questions, comments and motions before the meeting. Relevant questions on the agenda items will be read by the Moderator and will be answered by concerned Officers during the meeting.

The Definitive Information Statement ("IS"), Management Report, Audited Financial Statements, Interim Quarterly Report as of March 31, 2024 and other documents related to the ASM, including the Guidelines on Participation by Remote Communication may be accessed through any of the following operations:

1) Go to the Philodrill Corporation website via this link: https://philodrill.com/
2) Go to the PSE EDGE portal via https://edge.pse.com.ph/ or;
3) Request for a copy by sending an email to stocks@philodrill.com

For ASM-related queries, you may send an email to stocks@philodrill.com; info@philodrill.comor contact the Office of the Corporate Secretary at +632 8631-8151. For account updating or concerns regarding your shareholdings, please contact our Transfer Agent, **Stock Transfer Service, Inc. (STSI),** at telephone no. +632 5310-1343 or via email directly to Mr. Richard Regala at *rdregala@stocktransfer.com.ph*

Very truly yours,

ADRIAN S. ARIAS
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

Call to Order.
The Chairman will formally open the meeting at approximately 2:30 in the afternoon and welcome all the participants. The members of the Board in attendance will be introduced.

Certification of Notice and Quorum *(and Rules of Conduct and Procedure)*
The Corporate Secretary will certify that the Commission's requirements on the alternative modes of distribution of Notice of Meeting have been complied with, all stockholders as of record date have been duly notified and that a quorum exists for the transaction of business.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting in absentia by the stockholders, Philodrill has set up a registration and voting mechanism, which may be availed by the stockholders to register and vote on the matters at the meeting in absentia. A stockholder who votes in absentia shall be deemed present for purposes of quorum. Stockholders may attend and participate in the meeting by remote communication.

Stockholders who intend to attend and participate by remote communication shall inform Philodrill by email to ***2024asm@philodrill.com*** on or before June 12, 2024, subject to the procedure set in Item 19(b) of the Information Statement which is posted on Philodrill's website.

The following are the rules of conduct and procedures for the meeting:

1. Stockholders may vote by appointing the Chairman of the meeting as proxy, or by electronic voting in absentia. Stockholders voting by appointing the Chairman as proxy shall email the duly accomplished proxies for inspection, validation, and recording at least seven (7) days before the opening of the annual stockholders' meeting, on or before June 12, 2024, to the Office of the Corporate Secretary at ***2024asm@philodrill.com***. Stockholders voting in absentia, who have previously registered through the registration and voting mechanism provided by Philodrill, may cast their votes electronically at the time provided for in the notice and mechanism.

2. Each of the proposed resolutions and/or items in the Agenda will be shown on the screen as the same is taken up at the meeting.

3. Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

4. The Proxy Verification Committee will tabulate all votes received and an independent third party will validate the results.

5. The Corporate Secretary shall report the results of voting during the meeting.

6. Stockholders may email to ***2024asm@philodrill.com*** questions or comments to matters that are relevant and of general concern to them on or before June19, 2024 at the time of the Meeting.

7. A link to the recorded webcast of the meeting will be posted on Philodrill's website after the meeting.

8. Stockholders shall have two weeks from posting of the recorded webcast to raise to Philodrill any issues, clarifications and concerns on the matters arising from the meeting conducted.

Approval of Minutes of the Annual Meeting of Stockholders held on June 21, 2023
The Minutes of the annual meeting of stockholders held on June 21, 2023, as well the recordings of the actual meeting are posted at Philodrill's website, https://philodrill.com. Hard copies of the

Minutes are available upon request by the stockholders before the meeting. A resolution approving the minutes will be presented to the stockholders for approval by the vote of the stockholders representing at least a majority of the outstanding voting stock voting in absentia or voting through the Chairman of the meeting as proxy.

President's Report

The President, Mr. Adrian Paulino S. Ramos, will deliver a report to the stockholders on the Company's Exploration and Production activities for the year ended December 31, 2023 and an update on the current projects and prospects of the Company. Highlights of the Audited Financial Statements as of December 31, 2023 will also be presented. These information are included in the Information Statement available for public viewing at the Company's website. A resolution noting the report and approving the 2023 Audited Financial Statements will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock, voting in absentia or voting through the Chairman of the meeting as proxy.

Ratification of all Previous Acts and Resolutions of the Board of Directors, Management and All Committees from June 21, 2023 up to May 3, 2024

The acts and resolutions of the Board of Directors, Management and all Committees of Philodrill were those adopted from **June 21, 2023 up to May 3, 2024**. They include the approval of agreements, projects, investments and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its Committees or in the general conduct of business. A resolution on this agenda item will be presented to the stockholders for approval by the vote of the stockholders representing a majority of the voting stock voting in absentia or voting through the Chairman of the meeting as proxy.

Appointment of External Auditors

The Audit Committee shall endorse to the stockholders the appointment of an external auditor for the ensuing year. The profile of the external auditor will be included in the Information Statement. A resolution for the election of the external auditor will be presented to the stockholders for adoption by the affirmative vote of the stockholders representing a majority of the voting stock voting in absentia or voting through the Chairman of the meeting as proxy.

Election of Directors

A stockholder may submit to the Nomination Committee nominations to the Board no later than April 19, 2024. In accordance with the Company's Revised Manual on Corporate Governance, all nominees for Directors shall be pre-qualified and approved by the Corporate Governance and Nominations Committee who will determine whether the nominees for directors, including the nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board will be included in the Information Statement.

Other Matters

The Chairman will open the floor for comments and questions by the stockholders. Stockholders may raise other relevant matters or issues that may be properly taken up at the meeting.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [] Preliminary Information Statement
   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter:
   THE PHILODRILL CORPORATION

3. Jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **38683**

5. BIR Tax Identification Code: **000–315–612–000**

6. Address of principal office: **8th Floor, Quad Alpha Centrum, 125 Pioneer StreetMandaluyong City**
   Postal Code: **1550**

7. Registrant's telephone number, including area code: **(632) 86318151-52; (632) 86311801-05**

8. **June 19, 2024 at 2:30 P.M., via remote communication**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement, Management Report, Annual Report and other pertinent reports will be published through alternative mode of distribution through the Corporation's website and PSE Edge: **May 20, 2024**

10. Name of Person Filing the Statement/Solicitor: **The Philodrill Corporation**
    Address: **8th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550**
    Telephone No.: **(632) 86318151-52; (632) 86311801-05**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	191,868,805,358

12. Are any or all of registrant's securities listed in a Stock Exchange?
    YES, Philippine Stock Exchange, Common Shares

THE PHILODRILL CORPORATION
8th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City 1550, Philippines
Tel (632) 631-8151; 631-1801 to 05; Fax (632) 631-8080

INFORMATION STATEMENT

PART I

A. General Information

Item 1. Date, time and place of meeting of stockholders

(a) In accordance with the SEC approved alternative mechanisms to ensure optimal participation in the governance of the Corporation, the 2024 Annual Stockholders Meeting of **The Philodrill Corporation** (the *"Company"*) will be held on ***June 19, 2024 (Wednesday), at 2:30 p.m. by remote communication***. The meeting will be presided by management at the principal office of the Company atthe 8th Floor ofQuad Apha Centrum, 125 Pioneer Street, Mandaluyong City, 1550. The complete mailing address of the Company is 8th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines.

(b) The approximate date on which the Information Statement, Management Report, Annual Report and other pertinent reports will be published through alternative mode of distribution through the Corporation's website and PSE Edge will be on May 20, 2024.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

Item 2. Rights of Shareholders; Dissenters' Right of Appraisal

The Corporation recognizes the right of all shareholders to be treated fairly and equally whether they are controlling, minority, local or foreign. The Corporation respects the rights of shareholders as provided under the Revised Corporation Code and other laws, and as stated in its Articles of Incorporation and By-laws.

A stockholder has the right to dissent and demand payment of the fair value of his share; (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or of authorizing preference over the outstanding shares or of extending or shortening the term of corporate existence; (2) in case of any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; and (3) in case of any merger or consolidation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action which qualify as instances giving rise to the exercise of such right pursuant to and subject to the compliance with the requirements and procedure set forth under Title X of the Revised Corporation Code of the Philippines.

There are no matters to be taken up at the Annual Stockholders' Meeting to be held on June 19, 2024 that may warrant the exercise of the appraisal right.

Item 3. Interest or Opposition of Certain Persons in Matters to be Acted Upon

(a) **NO** director, officer, or associate of such director or officer has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the Meeting, except election of directors.

(b) As of the time this Information Statement is first filed and approved by the Commission, **NO** director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Meeting.

B. <u>Control and Compensation Information</u>

Item 4. Voting Securities and Principal Holders Thereof

(a) <u>Class and Number of Shares</u>. The Company has only one (1) class of shares – Common Shares – which are issued and transferable to both Philippine and non-Philippine nationals; *provided,* that the Company's Common Shares shall not be issued to non-Philippine nationals in excess of 40% of the Company's outstanding capital stock. As of Record Date, the Company's outstanding capital stock is 191,868,805,358 shares. Each share is entitled to one (1) vote.

(b) <u>Record Date</u>. The Record Date for purposes of the Meeting is April 15, 2024. Only stockholders of record as at the close of business on April 15, 2024 are entitled to notice of, and to vote at, the Meeting.

(c) <u>Cumulative Voting</u>. Stockholders entitled to vote at the Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer book of the Company for as many persons as there are directors to be elected. Each stockholder shall have the right to cumulate said shares and give one (1) nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; *provided,* that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

(d) Proxies for the annual stockholders' meeting.

All stockholders who will not participatein the meeting via remote communication may vote through the Chairman of the Meeting (as Proxy) and/or submit duly accomplished proxies by email to the Office of the Corporate Secretary at ***2024asm@philodrill.com*** for inspection, validation, and recording at least seven (7) days before the opening of the annual stockholders' meeting, or on/before June 12, 2024. The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received.

Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time. No broker or dealer shall give any proxy, consent or authorization, in respect of any security carried for the account of a customer, to a person other than the customer, without the express written authorization of such customers.

Any stockholder may revoke or cancel his proxy and attend the annual stockholders' meeting via remote communication, provided he has complied with the Registration procedures and requirements.

(e) 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 March 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	74,656,511,798	38.910%
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 74,656,511,798 shares held by PCD, 73,514,055,496 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.

(f) Voting Trust Holders of 5% or more. To the extent known to the Company, there is **NO** person holding more than 5% of the Company's voting stock under a voting trust or similar agreement.

(g) Stock Ownership of Management. The Company's Directors (D), Chief Executive Officer (CEO), and four (4) most highly compensated officers (O) own the following number of shares as of March 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/O)	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	0.000%
Common	Jennifer P. Tombaga (O)	0	6,000,000	Filipino	0.003%

As of March 31, 2024 the aggregate number of shares owned by the Company's Directors, Chief Executive Officer, and four (4) most highly compensated officers is 462,367,775 shares or approximately 0.241% of the Company's outstanding capital stock. Except for the shares appearing on record under 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.

NO change in the control of the Company has occurred since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

(a) The names, ages, citizenship, positions and periods of service of directors, executive officers and persons nominated to become such are as follows:

Name	Age	Citizenship	Position	Period of Service	Committee Membership	Period of Service
Gerard Anton S. Ramos	49	Filipino	Director	Dec 16, 2005 - Present	CG & Nominations Committee	2017 – June 21, 2023
Adrian Paulino S. Ramos	45	Filipino	Director	Jan 18, 2006 - Present	CG & Nominations Committee; Compensation &	2006 – June 21, 2023

					Remunerations Committee; Audit Committee	
Christopher M. Gotanco	74	Filipino	Director	Aug 17, 2005 – Present	CG &Nominations Committee; Audit Committee; RPT Committee	2008 - Present
Vincent L. Tempongko	46	Filipino	Independent Director	June 21, 2023 - Present	CG & Nominations Committee; Compensation & Remunerations Committee; Audit Committee; RPT Committee	2023 - Present
Allen L.Copok	45	Filipino	Independent Director	June 21, 2023 - Present	CG & Nominations Committee; Compensation & Remunerations Committee; Audit Committee; RPT Committee	2023 - Present
John Peter C. Hager	54	Filipino	Independent Director	June 21, 2023 - Present	CG & Nominations Committee; Compensation & Remunerations Committee; Audit Committee; RPT Committee	2023 - Present
Presentacion S. Ramos	82	Filipino	Director	May 28, 1997 - Present	None	N.A.
Maureen Alexandra Ramos-Padilla	51	Filipino	Director	Jun 19, 2013 - Present	None	N.A.
Reynaldo E. Nazarea	72	Filipino	VP-Administration Treasurer Director	May 1, 1992 - present May 1, 2005 - present June 21, 2017- present	Compensation & Remunerations Committee; RPT Committee	2004 – Present
Dennis V. Panganiban	61	Filipino	VP Exploration & Production	Sept 1, 2022 - present	None	N.A
Jennifer P. Tombaga	59	Filipino	AVP Finance	Jan. 1, 2022 - present	None	N.A
Arturo B. Maulion	61	Filipino	AVP Exploration & Production	November 7, 2022 - present	None	N.A
Adrian S. Arias	61	Filipino	Corporate Secretary	Dec 2, 1992 - present	None	N.A

(1) Directors elected in the Annual Stockholders' Meeting have a term of office of one (1) year and serve as such until their successors are elected in the next succeeding annual stockholders' meeting; *provided*, that a director elected to fill a vacancy in the Board shall serve only the unexpired term of his predecessor.

(2) Incumbent Directors of the Company were elected in the 2023 Annual Stockholders' Meeting held on June 21, 2023 and have since served in such capacity.

(3) The names of the current members and chairpersons of the Company's corporate governance committees are as follows:

Corporate Governance & Nominations Committee

John Peter C. Hager	–	Independent Director, Chairman
Allen L. Copok	–	Independent Director, Member
Vincent L. Tempongko	–	Independent Director, Member
Christopher M. Gotanco	–	Director, Member

Compensation & Remuneration Committee

Vincent L. Tempongko	–	Independent Director, Chairman
John Peter C. Hager	–	Independent Director, Member
Allen L. Copok	–	Independent Director, Member
Christopher M. Gotanco	–	Director, Member
Reynaldo E. Nazarea	–	Director, Member

Audit Committee

Allen L. Copok	–	Independent Director, Chairman
John Peter C. Hager	–	Independent Director, Member
Vincent L. Tempongko	–	Independent Director, Member
Christopher M. Gotanco	–	Director, Member

RPT Committee

Vincent L. Tempongko	–	Independent Director, Chairman
John Peter C. Hager	–	Independent Director, Member
Allen L. Copok	–	Independent Director, Member
Christopher M. Gotanco	–	Director, Member
Reynaldo E. Nazarea	–	Director, Member

There are **NO** arrangements that may result in a change in control of the Company.

(4) Independent Directors. Pursuant to the Securities Regulation Code (SRC) Sec. 38 and Rule 38.1, the Company is required to have at least two (2) independent directors. The Company's incumbent independent directors are Messrs. Vincent L. Tempongko, John Peter C. Hager and Allen L. Copok who will serve until the expiration of their term.

In line with the guidelines set by the Nominations Committee and approved by the Board of Directors, the Nominations Committee receives the names of nominees and screens them based on the policies and parameters for screening nominees for independent directorship. The final list of candidates, with the information required under Part IV(A) and (C) of Annex "C" of SRC Rule 12, is herewith attached. Mrs. Belle Matela nominated Messrs. Allen L. Copok and Vincent L. Tempongko, while Mr. Jeciel Benavidez nominated John Peter Hager for election as Independent Directors of the Company for the ensuing fiscal year 2024. Mrs. Matela and Mr. Benavidez are not related to any of the nominees for Independent Director.

Messrs. Copok, Tempongko and Hager possess all the qualifications and none of the disqualifications of an independent director.

(5) Business Experience of Executive Officers, Directors and Persons Nominated for Director for the past five (5) years or more.

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 ***(49, 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 ***(45, 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 ***(51, 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 ***(74, 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 ***(72, Filipino)*** joined the Company as Vice President for Finance in 1987. He was appointed Treasurer in 2005, and has concurrently been serving as Vice President for Administration since 1992. 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 Corporationand PentaCapital Holdings, Inc.,

ALLEN L. COPOK ***(45, 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 holdsvarious positions in several corporations, as President of Laguna AAA Prime Holdings and Blue Lagoon Holdings. He is currently the Chief Executive Officer and Corporate Secretary of Cavite APC Lending Corporation and Corp. Sec. of ALC Empire Holdings. He is Treasurer of Ice House Inc., and Nordic Strong Ice Inc.

VINCENT L. TEMPONGKO ***(46, 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 Co-Coordinator of Eastern Telecommunications Philippines. Inc. (ETPI) and Co-General Manager of Globe Telecom at Bell Telecommunications Philippines, Inc. (2021-Present).

JOHN PETER C. HAGER ***(54, 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. He is the incumbent President of the Spanish Chamber of Commerce in the Philippines.

Mr. Hager is currently the Independent Director of Alakor Securities Corp. and United Paragon Mining Corporation.

DENNIS V. PANGANIBAN ***(61, Filipino)*** was appointed Vice President for Exploration and Production on September 1, 2022. Mr. Panganiban oversees the implementation of Philodrill's exploration and development programs. He graduated with B.Sc. Degree in Geology from the University of the Philippines in 1984 and obtained his professional license in Geology in 1989. 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.

JENNIFER P. TOMBAGA ***(59, 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.

ARTURO B. MAULION ***(61, 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.

ADRIAN S. ARIAS ***(61,*** **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.), financial services (Penta Capital Finance Corporation and Penta Capital Investment Corp.), and rail transport (Metro Rail Transit Corp.).

(6) Directors and nominee for director with other directorship(s) held in reporting companies

Presentacion S. Ramos	Anglo Philippine Holdings Corporation
	United Paragon Mining Corporation
Christopher M. Gotanco	Anglo Philippine Holdings Corporation
	Boulevard Holdings, Inc.
	United Paragon Mining Corporation
AdrianPaulino 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
Gerard Anton S. Ramos	Anglo Philippine Holdings Corporation
	Atlas Consolidated Mining & Dev't. Corp.
	United Paragon Mining Corporation
	Alakor Corporation
John Peter C. Hager	United Paragon Mining Corporation
Reynaldo E. Nazarea	Anglo Philippine Holdings Corporation

(7) Significant Employees. Other than its executive officers, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company. The Company is not dependent on the services of certain key personnel and there are no arrangements to ensure that these persons will remain with the Company and not compete upon termination.

(8) Family Relationships. Messrs. Gerard Anton S. Ramos, Adrian Paulino S. Ramos and Mrs. Maureen Alexandra Ramos-Padilla are siblings, children of the late Alfredo C. Ramos and Mrs. Presentacion S. Ramos.

(9) Involvement in Certain Legal Proceedings. For the past five (5) years up to the date this Information Statement is sent to stockholders, the Company is **NOT** aware:

(i) Of any bankruptcy petition filed by or against any business of which any director, executive officer, underwriter 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 to that time;

(ii) Of any director, executive officer, underwriter or control person of the Company being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and,

(iii) Of any director, executive officer, underwriter or control person of the Company being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission (SEC) or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(iv) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, other than the following cases pending with the Department of Justice (DOJ):

- *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 remains pending with the DOJ.

- *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 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), and both were dismissed by the OCP-Mandaluyong for lack of probable cause. In both cases, Mr. Navarro appealed to the DOJ. Philodrill opposed and 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 Petitions for Review presents no new or substantial matter that will warrant the reversal of the Resolution of Asst. City Prosecutor Hernandez.

(10) 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 2023 Audited Consolidated Financial Statements, a copy of which is included in this Annual Report.

(i) Business purpose of the arrangement. The business purpose of related party transaction is to address immediate working capital requirements of relateld parties (in case of advances to related parties).

(ii) Identification of the related parties' transaction business with the registrant and nature of the relationship. See Note 16 to the Company's 2023 Audited Consolidated Financial Statements.

(iii) 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.

(iv) 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.

(v) Any on-going contractual or other commitments as a result of the arrangement. NONE, other than the repayment of money lent or advanced.

(vi) 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.

(11) Parent of the Company. NO person holds more than 50% of the Company's voting stock, and the Company has NO parent company.

(i) NO director has advised the Company of his/her resignation from, or declination to stand for re-election to, the Board of Directors.

Item 6. Compensation of Directors and Executive Officers

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, 2022)*	Year	Salary	Bonus	Other annual Compensation
Adrian Paulino S. Ramos Reynaldo E. Nazarea Dennis V. Panganiban Jennifer P. Tombaga Arturo B. Maulion	CEO/President Treasurer & VP-Admin VP-Exploration &Production AVP-Finance AVP-Exploration & Production				
		2022	19,130,520	-0-	-0-
		2023	13,806,552	-0-	-0-
		2024 (estimate)	14,080,683	-0-	-0-
All Officers and directors as a group unnamed					
		2022	21,291,015	-0-	340,000
		2023	17,704,916	-0-	210,000
		2024 (estimate)	17,895,014	-0-	350,000

For the years 2022 and 2023 and the first quarter of 2024, 13th month pay and other compensation were paid to directors and executive officers, which are already included in the amounts above.

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.

The Company maintains standard employment contracts with Messrs. Gerard Anton S. Ramos, Adrian Paulino S. Ramos, Reynaldo E. Nazarea, Dennis V. Panganiban, Arturo B. Maulion 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 P2,500,000.00 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 P2,500,000.00.

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

Item 7. Independent Public Accountants

(a) The accounting firm of SyCipGorresVelayo& Company (SGV) with address at 6760 Ayala Avenue, Makati City was appointed as the external auditor of the Company in the 2023, 2022 and 2021 annual stockholders' meetings.

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. For the year 2024, SGV will be recommended for appointment as independent public accountant for fiscal year 2024.

The fees of the external auditor in the past three (3) years are as follows:

Year	Audit & Audit Related Fees	Tax Fees	Other Fees
2023	**P1,155,000**	**-0-**	**-0-**
2022	P1,155,000	-0-	-0-
2021	P1,100,000	-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 2023, 2022 and 2021.The amounts under the caption "Audit and Audit Related Fees" for the years 2023, 2022 and 2021 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.

(b) Not applicable.

(c) SGV representatives are expected to be present at the Meeting and they will have the opportunity to make a statement and respond to appropriate questions.

(d) SGV has been the Company's independent external auditor for the past years. Mr. Jose Carlitos Cruz was the partner-in-charge for five (5) years until 2003 and was succeeded by Mr. Jaime Del Rosario for 2004-2005 in compliance with SEC Memorandum Circular No. 8, series of 2003 (Rotation of External Auditors). For 2006, Mr. Jose Carlitos Cruz was again the partner-in-charge of the Company's audit and was succeeded in 2007 by Mr. Alvin Cerrado. For 2008, Mr. Martin C. Guantes was the partner-in-charge of the Company's audit. For 2009 and 2010, Mr. Alvin M. Pinpin was the partner-in-charge of the Company's audit. From 2011 to 2014, Ms. Eleanore A. Layug was the partner-in-charge. For 2015 to 2019, Mr. Jaime del Rosario again was partner-in-charge of the Company's audit. In 2020, Mr. del Rosario was replaced by Ms. Editha V. Estacio as partner-in-charge of The Philodrill Corporation's audit. Ms. Estacio remains as the Partner-in-Charge for 2023.

The Company **NEVER** had any disagreement with SGV or with the partners-in-charge of audit on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedures.

The Company did **NOT** engage any new independent external auditor, either as 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 expressed reliance in 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.

Item 8. Compensation Plans N.A.

C. Issuance and Exchange of Securities

Item 9. Authorization of Issuance of Securities Other than for Exchange

N.A.

Item 10. Modification or Exchange of Securities N.A.

Item 11. Financial and Other Information

See the Company's 2023 Audited Consolidated Financial Statements and Interim Financial Statements (17-Q, 2024) accompanying this Information Statement.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

NO action involving any of the following shall be presented for approval:

(a) The merger or consolidation of the Company into or with any other person or of any other person into or with the Company;

(b) The acquisition by the Company or any of its security holders of securities of another person;

(c) The acquisition by the Company of any other going business or of the assets thereof;

(d) The sale or other transfer of all or any substantial part of the assets of the Company; or

(e) The liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property N.A.

Item 14. Restatement of Accounts

NO restatement of any account has been made from the time the Company's financial statements were last audited (31 December 2023) up to the date of this Information Statement.

NO action will be taken at the Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. <u>Other Matters</u>

Item 15. Action with Respect to Reports

The following matters shall be submitted to the stockholders for approval at the Meeting:

(a) Minutes of the 21 June 2023 Annual Meeting of Stockholders

Approval of the Minutes of the 21 June 2023 Annual Stockholders' Meeting constitutes a ratification of the accuracy and faithfulness of the Minutes to the events that transpired during the said meeting. This does not constitute a second approval of the same matters taken up thereat which have already been approved.

(b) Annual Report for the year ended 31 December 2023 (a copy containing the information required by SRC Rule 20-A is enclosed).

Approval of the Annual Report constitutes a ratification of the Company's performance during the previous fiscal year as contained therein.

(c) Acts and Resolutions of the Board of Directors and Management from date following the last Annual Stockholders' Meeting (21 June 2023) to the present including, but not limited to, the following:

1) Amendment of the short-term loan facility granted to NBS, extending maturity date from June 30, 2023 to December 31, 2023;
2) Updating of Bank Signatories & Authorized Representatives to BDO accounts;
3) Authority of Mr. Reynaldo Nazarea as the duly authorized representative of the Corporation to sign all documents relative to the application for transfer of service with MERALCO;

4) Authority of Gene A. Taganile to represent the Corporation and cause the procurement of insurance coverage for all the vehicles of Philodrill from Pioneer Insurance & Surety Corporation, (Pioneer);
5) Updating of authorized signatories in behalf of the Corporation with Penta Capital & Investment Corporation;
6) Account opening & maintaining with PBCOM;
7) Authority of Mr. Allan U. Perez to file & submit forms with the BIR;
8) Extension of Subscription Call - that the subscription call for the 50% balance on subscriptions to the 2009 Stock Rights Offering (SRO) may be called for payment by the Board of Directors at any time, on or before December 31, 2024 instead of December 31, 2023;
9) Amendment to the Short-term loan facility granted to NBS, extending maturity date to June 30, 2024;
10) Closing of Accounts with Landbank;
11) Authority to Adrian Paulino Ramos to represent the Corporation, apply, negotiate, sign all documents, including contracts, pertaining to the development and production in SC 6B Cadlao;
12) Sale of Vehicle to Jennifer P. Tombaga;
13) Sale of Vehicle to Josephine L. Ilas;
14) Sale of Vehicle to Dennis V. Panganiban;
15) Setting of the Annual Stockholders' Meeting to June 19, 2024, Wednesday at 2:30 P.M. to be held via remote communication. The record date was set to April 15, 2024 for purposes of determining the stockholders of record entitled to notice of and to vote at the said meeting;
16) Approval of the 2023 Audited Financial Statements;
17) Authority of Atty. Josephine L. Ilas to sign, execute, and/or deliver any and all documents relating to the application for Import/Export Permit with OMB;

Item 16. Matters Not Required to be Submitted

Proofs of transmittal to stockholders of the required Notice for the Meeting and of the presence of a quorum at the Meeting form part of the Agenda for the Meeting but will not be submitted for approval by the stockholders.

Item 17. Amendment of Charter, By-laws or Other Documents N.A.

Item 18. Other Proposed Action

NO ACTION on any matter, other than those stated in the Agenda for the Meeting, is proposed to be taken, except matters of incidence that may properly come at the Meeting.

Item 19. Voting Procedures

In all items for approval, each voting share of stock entitles its registered owner as of the record date to one vote.

In the election of directors, straight and cumulative voting shall be allowed. Each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate the shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Upon successful registration at the Annual Stockholders' Meeting, each stockholder will be provided a ballot to enable him to vote on each item or proposal in the Agenda. All votes will be counted and tabulated by the Election Committee composed of representatives from the Office of the Corporate Secretary.

Registration for the annual stockholders' meeting and tabulation of votes shall be conducted in the following manner:

(1) Registration is to commence by the filing of a scanned or digital copy of the completed Registration Form together with other required documents to *2024asm@philodrill.com* beginning May 20, 2024 at 8:00 am until June 12, 2024 at 5:00 pm.

(2) The stockholder has the option to either vote in absentia, in which case the stockholder will have to complete the ballot included in the Registration Form; or to appoint the Chairman of the meeting as Proxy.

(3) Subject to validation by the Company, the stockholder will receive an email confirming their valid registration which shall also contain the link to the live webcast of the Meeting.

(4) The Proxy Validation Committee will tabulate all votes received through Proxy or in absentia, and an independent third party will validate the results.

(5) Stockholders who notified the Company of their intent to attend the meeting remotely can either vote in advance or during the meeting through the link provided to their email addresses. Votes are subject to the validation of an independent third party.

Item 20. Participation of Stockholders by Remote Communication

To ensure the safety and welfare of its stockholders, directors, officers, and employees, the Corporation will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication.

The livestream of the meeting shall be viewable through a link that will be given to stockholders who have registered successfully. In order for the Corporation to properly conduct validation procedures, stockholders who have not sent their proxies or registered and wish to participate via remote communication must notify the Corporation by email to *2024asm@philodrill.com* on or before June 12, 2024, and must provide the following information by said date: (1) Name; (2) Email Address; (3) Contact Number; (4) Postal Address; and (5) scanned copy of any valid government issued identification card ("ID") with photo of the stockholder.

Please refer to *Annex A* for the detailed guidelines for participation via remote communication and the procedures for registration and casting votes in absentia.

ANNEX "A"

THE PHILODRILL CORPORATION
2024 ANNUAL STOCKHOLDERS' MEETING
GUIDELINES ON PARTICIPATION BY REMOTE COMMUNICATION

I. Coverage

Stockholders of **THE PHILODRILL CORPORATION** (the "Company") who are unable to physically attend the Company's Annual Stockholders' Meeting on June 19, 2024 and who have: (a) appointed the Chairman of the meeting as Proxy, or (b) upon valid registration chose to electronically vote in absentia after advising the Company of their intention to attend the Meeting remotely.

II. Registration

1. **Who may Register** – Stockholders of Record as of April 15, 2024.

2. **When to Register-** Registration period for Stockholders who intend to appoint the Chairman as Proxy, or to electronically vote in absentia shall start on May 20, 2024 at 8:00 am until June 12, 2024 at 5:00 pm, Philippine time ("Registration Period"). Beyond this date, Stockholders may no longer avail of the option to electronically vote in absentia.

3. **How to Register** - The Shareholder must send a scanned or digital copy of their Registration Form, herein attached, together with the following documents to the email address 2024asm@philodrill.com within the Registration Period, for validation.

Individual Stockholders–

a. A recent photo of the Stockholder, with the face fully visible.

b. Scanned or digital copy of the front and back portions of the Stockholder's valid government-issued identification card, preferably with residential address.

c. Contact details

Stockholders with Joint Accounts –

b. Scanned or digital copy of authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account.

c. A recent photo of the authorized Stockholder, with the face fully visible.

d. Scanned or digital copy of the front and back portions of the authorized Stockholder's valid government-issued identification card, preferably with residential address.

e. Contact details of the authorized Stockholder.

Broker Accounts –

a. Scanned or digital copy of broker's certification on the Stockholder's number of shareholdings.

b. A recent photo of the Stockholder, with the face fully visible.

c. Scanned or digital copy of the front and back portions of the Stockholder's valid government-issued identification card, preferably with residential address.

d. Contact details.

Corporate Stockholders –

a. Scanned or digital copy of signed secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation.

b. A recent photo of the stockholder's representative, with the face fully visible.

c. Scanned or digital copy of the front and back portions of the valid government-issued identification card of the Stockholder's representative, preferably with residential address.

d. Contact details of the Stockholder's representative.

Stockholders with incomplete requirements will not be able to register online and vote electronically *in absentia*, but may still vote by sending a proxy (appoint the Chairman of the Company as proxy) to the Annual Stockholders' Meeting.

4. **Validation of Registration**. The validation of the Stockholder's Registration Form shall be completed by the Company within three (3) business days from receipt thereof.

   The Company will send an email confirming successful validation of the Stockholder's registration. Please note that submission of incomplete or inconsistent information may result in an unsuccessful registration.

   The Registration Form can be accessed and downloaded at our website http://philodrill.com

   Note: The Company shall allow electronic signature for the required documents, as applicable. Notarization requirement may also be dispensed with. However, the Company reserves the right to request additional information, and original signed and notarized copies of these documents at a later date, as it deems necessary.

III. Right to Vote

1. **The Stockholder Appointing the Chairman as Proxy:**

   Stockholders may give the Chairman, as Presiding Officer, the authority to vote in all matters for approval, by appointing the Chairman as Proxy in the Stockholders' Registration Form.

2. The Stockholder Votes in Absentia:

a. For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.

b. For the Election of Directors, the registered Stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

The votes cast in absentia will have equal effect as votes cast by proxy.

3. Stockholder Participating through Remote Communication:

Stockholders participating through remote communication may either vote prior to or during the Annual Stockholders' Meeting provided, they have validly registered within the Registration Period.

Upon successful registration, Registered Stockholders will receive an electronic mail containing the link they can access to cast their votes. For verification, the Registered Stockholder will have to fill in their data and certify their information on the link provided. The Stockholder may edit their votes but once the Registered Stockholder clicks the Submit button, votes are irreversible.

IV. Tabulation & Validation of Votes in Absentia or by Proxy

The Proxy Validation Committee will tabulate all votes received through Proxy or in absentia, and an independent third party will validate the results.

Stockholders who register and vote are hereby deemed to have given their consent to the collection, use storing, disclosure, transfer sharing and general processing of their personal data by the Corporation and by any other relevant third party for the purpose of electronic voting in absentia for the Annual Stockholders' meeting and for all other purposes for which the Stockholder can cast his/her/its vote as a stockholder of the Corporation.

V. Determination of Quorum

Only those Stockholders who have notified the Company of their intention to participate in the Annual Stockholders' Meeting by remote communication, and who have successfully registered during the Registration Period, together with the Stockholders who voted by proxy or *in absentia* will be included in the determination of quorum.

VI. Access to the Live Meeting

The Company will send the registered Stockholders the link to the live webcast of the Annual Stockholder's Meeting through the email confirming their successful registration or at least no later than two (2) business days prior to the date of the Meeting.

Registered Stockholders may be required to download an application or register an account to access the live webcast of the meeting. For any technical assistance, Stockholders may send their questions or concerns prior to the date of the meeting via email to *2024asm@philodrill.com* with the subject "Technical Assistance" where our IT personnel can assist them.

VII. Stockholders' Questions/Comments During the Meeting

Stockholders may send their questions and/or comments during the meeting by email to *2024asm@philodrill.com* with subject *"ASM Question/Comment"*. Stockholders who will participate in the Meeting are encouraged to send their questions, comments and motions before the meeting. Relevant questions on the agenda items will be read by the Moderator and will be answered by concerned officers during the meeting.

VIII. Recording of the Annual Meeting

Upon adjournment, the Company shall post the link to the recorded webcast of the Annual Stockholder's Meeting on the Company's website, for two (2) weeks. Within this period, Stockholders may raise to the Company any issues, clarifications and concerns on the Annual Stockholder's Meeting conducted.

IX. Other Matters

For any clarifications or other concerns, Stockholders may contact the Office of the Corporate Secretary at info@philodrill.com or through telephone nos. +632 8631-8151 to 52.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Information Statement are true, complete and correct. This report is signed in the City of Mandaluyong on May 3, 2024.

The Company undertakes to provide, without charge, upon the written request of a stockholder, a copy of its Annual Report on SEC Form 17-A. Such request should be addressed to the Corporate Secretary, The Philodrill Corporation, 8th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines.

ADRIAN S. ARIAS
Corporate Secretary

Materials accompanying this Information Statement

1. Notice of the Annual Stockholders' Meeting with Agenda
2. Registration/Proxy Form
3. Final List of Candidates for Independent Directors
4. Management Report for 2023 and for the quarter ended March 31, 2024
5. Audited Consolidated Financial Statements for 2023
6. First Quarter Report ended 31 March 2024 (SEC Form 17-Q)

NOTICE OF ANNUAL STOCKHOLDERS' MEETING OF THE PHILODRILL CORPORATION

TO ALL STOCKHOLDERS:

Notice is hereby given that the Annual Stockholders' Meeting (*"Meeting"* or *"ASM"*) of The Philodrill Corporation (the "Company") will be held on **June 19, 2024 (Wednesday) at 2:30 pm.** The Meeting will be conducted virtually and attendance at the meeting will be via remote communication only.

The Agenda for the Meeting shall be as follows:

1. Call to Order and Proof of Notice of the Meeting
2. Certification of Quorum
3. Approval of the Minutes of the June 21, 2023 Annual Stockholders' Meeting
4. President's Report on the Company's Exploration and Production activities for the year ended December 31, 2023
5. Presentation of Annual Report and Audited Financial Statements for the year ended December 31, 2023 and action thereon
6. Ratification and Approval of all previous acts and resolutions of the Board of Directors, Management and all Committees
7. Appointment of Independent Auditor
8. Election of Directors
9. Other Matters
10. Adjournment

Only stockholders of record at the close of business hours on **April 15, 2024** are entitled to notice of, and to vote at this meeting.

In accordance with the Company's Amended By-Laws, stockholders may attend and participate in the meeting by remote communication or by voting through the Chairman of the meeting, as proxy. Stockholders who intend to attend by remote communication are required to accomplish the Registration Form[2] and submit it together with the required documents to *2024asm@philodrill.com* on or before June 12, 2024. The link through which the Meeting may be accessed shall be sent to the email address of the registered stockholder. Stockholders may vote electronically in absentia, subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting of votes in absentia are set forth in the *Guidelines on Participation by Remote Communication* and discussed in the Information Statement (SEC Form 20-IS).

If you are unable to join the virtual meeting but wish to vote on items in the agenda, you may appoint the Chairman as your proxy with specific voting instructions which will be duly counted. Duly accomplished Proxies shall be submitted by email to the Office of the Corporate Secretary at *2024asm@philodrill.com*for inspection, validation, and recording at least seven (7) days before the opening of the Annual Stockholders' Meeting, no later than *June 12, 2024.* The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received. We enclose a sample Registration/Proxy form for your convenience.

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[2]*Downloadable at the Company's website https://philodrill.com/*

By registering to participate in the virtual meeting a stockholder or a proxy or representative of the stockholder agrees for the Company and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual stockholders meeting.

Stockholders (or their proxies) whose registration are validated can: (a) view the webcast of the meeting, (b) vote on the agenda items using the online ballot that will be sent to them; and (c) send their questions, comments or motions on the agenda items during the Meeting by email to *2024asm@philodrill.com*. Stockholders who will participate the Meeting are encouraged to send their questions, comments and motions before the meeting. Relevant questions on the agenda items will be read by the Moderator and will be answered by concerned Officers during the meeting.

The Definitive Information Statement ("IS"), Management Report, Audited Financial Statements, Interim Quarterly Report as of March 31, 2023 and other documents related to the ASM, including the Guidelines on Participation by Remote Communication may be accessed through any of the following operations:

1) Go to the Philodrill Corporation website via this link: https://philodrill.com/
2) Go to the PSE EDGE portal via https://edge.pse.com.ph/ or;
3) Request for a copy by sending an email to stocks@philodrill.com

For ASM-related queries, you may send an email to stocks@philodrill.com; info@philodrill.comor contact the Office of the Corporate Secretary at +632 8631-8151. For account updating or concerns regarding your shareholdings, please contact our Transfer Agent, **Stock Transfer Service, Inc. (STSI),** at telephone no. +632 5310-1343 or via email directly to Mr. Richard Regala at *rdregala@stocktransfer.com.ph*

Very truly yours,

ADRIAN S. ARIAS
Corporate Secretary

THE PHILODRILL CORPORATION
ANNUAL STOCKHOLDERS MEETING
REGISTRATION/PROXY FORM
(VOTING IN ABSENTIA)

I. Required Information *(Pls. tick the appropriate box)*

Type of Participant:

☐ Individual
☐ Broker
☐ Corporate
☐ Joint
☐ Others *(Please Indicate)*___________

Individual/Corporate Name :________________________
Email Address :________________________
Contact No. :________________________
Postal Address :________________________
Name of Authorized Representative :________________________
(If Corporate/Joint)
Number of Shares Owned :________________________

I will attend the Remote Stockholders' Meeting on June 19, 2024:

☐ YES ☐NO

Note: *The instructions and link to attend the stockholders' meeting will be sent to you in the e-mail address you have indicated herein upon valid registration.*

II. Required Documents

1. Scanned or digital copy of the Registration Form
2. A recent photo of the Stockholder/Authorized Representative, with the face fully visible.
3. Scanned or digital copy of the front and back portions of the Stockholder's/Authorized Representatives' valid government-issued identification card, preferably with residential address.

Additional Documents:

For Joint Accounts- Scanned or digital copy of **Authorization Letter signed** by all Stockholders, identifying who among them is authorized to cast the vote for the account.

For Broker Accounts- Scanned or digital copy of **Broker's Certification** on the Stockholder's number of shareholdings.

For Corporate Accounts- Scanned or digital copy of signed **Secretary's Certificate** attesting to the authority of the representative to vote for, and on behalf of the Corporation.

REMINDERS:

Registration Period starts on **May 20, 2024 at 8:00 am until June 12, 2024 at 5:00 pm**. Beyond this date and time, stockholders may no longer avail of the option to vote in absentia.

Submit scanned or digital copy of this form & other required documents to 2024asm@philodrill.com

III. Manner of Voting

☐ Voting in Absentia *(Please accomplish the ballot below.)*

☐ Appointing the Chairman as Proxy

IV. Ballot

	RESOLUTION	FOR	AGAINST	ABSTAIN
I.	Approval of the Minutes of the June 21, 2023 Annual Stockholders' Meeting			
II.	Approval of the 2023 Annual Report.			
III.	Ratification of all previous Acts and Resolutions of the Board of Directors, Management and All Committees			
IV.	Appointment of SyCip Gorres Velayo & Co. as the independent auditor and fixing of their remuneration.			
V.	Election of Directors for 2024-2025	**NUMBER OF VOTES**		
	1. Gerard Anton S. Ramos			
	2. Presentacion S. Ramos			
	3. Adrian Paulino S. Ramos			
	4. Maureen Alexandra Ramos-Padilla			
	5. Christopher M. Gotanco			
	6. Reynaldo E. Nazarea			
	7. Vincent L. Tempongko *(Independent Director)*			
	8. John Peter C. Hager *(Independent Director)*			
	9. Allen L. Copok *(Independent Director)*			

V. Data Privacy Disclosure

I hereby give my consent for the Company and its authorized third parties to collect, store, disclose, transfer, and process my personal data for the purpose of the live streaming of the 2024 Annual Stockholders' Meeting in accordance with the Company's Data Privacy guidelines and law.

Further to this, I give my consent to the recording of the meeting, to be made publicly available thereafter on the Company website, as required by the guidelines promulgated by the Securities and Exchange Commission.

VI. Certification of Registrant

By signing this Form, I hereby certify the following, that:

I am a stockholder of the Company as of Record Date April 15, 2024.

The number of votes covered by this Ballot shall be in accordance with the total number of Philodrill shares registered in my name as of record date.

I have read, understand and shall abide by the Rules, Regulations and Guidelines issued by the Company to govern the conduct of the Meeting. In the event I act contrary thereto, the Company has sole discretion to impose its discipline mechanism;

I understand that the quality of my remote Meeting experience depends on my internet provider's services and connectivity. I hold the Company free and harmless of any liability from any interruption, latency or disconnection from the live streaming resulting thereto;

In case of an account with joint owners, or an account in and/or capacity, I have secured the consent of all other owners in the submission of this Ballot.

In case of a corporate shareholder, I am the authorized representative of the corporation and I am duly authorized to submit this Proxy.

If my shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary, I hereby authorize the Company or any of its duly authorized representative to request and secure the necessary certification from PDTC or my broker on the number of shares which are registered in my name as of record date and issue the said Proxy in accordance with this Form.

I further hereby certify that my Philodrill shares are lodged with the following brokers:

Name of Broker:______________________________
Contact Person:______________________________
Contact Details:______________________________

That any and all information contained in this Registration Form, or provided in connection herewith, is true and complete and the Company may rely on the accuracy of any such information.

____

Name and Signature of Stockholder/Authorized Signatory **Date:** ______________

ASSISTANCE:

It may be necessary to download an application to access the live stream of the meeting. For technical concerns, please send your queries to 2024asm@philodrill.com with the subject "Technical Assistance". For any clarifications, Stockholders may contact the Office of the Corporate Secretary at stocks@philodrill.com or (02) 8631-8151 to 52. Registered Stockholders may also send their questions and/or comments during the ASM at 2024asm@philodrill.com

Clarity of video and audio transmission will depend on the communication and network environment. A Wi-Fi environment is recommended for comfortable viewing on smartphones or tablets. Communication charges to view such webcast or live streaming are at the viewer's expense.

FINAL LIST OF CANDIDATES
FOR ELECTION AS INDEPENDENT DIRECTOR

(A) **Candidates for Election as Independent Director**

(1) **Identity, names and ages of candidates for election as Independent Director**

Name	Age	Current Position	Period of Service From	To
Vincent L. Tempongko	46	Independent Director	2023	Present
Allen L. Copok	45	Independent Director	2023	Present
John Peter C. Hager	54	Independent Director	2023	Present

Messrs. Tempongko,Copok and Hager have always possessed the qualifications and none of the disqualifications of an independent director.

Directors elected in the Annual Meeting of Stockholders have a term of office of one (1) year and serve as such until their successors are elected and qualified in the next succeeding Annual Meeting of Stockholders; *provided*, that a director who was elected to fill in a vacancy arising in the Board shall only serve the unexpired term of his predecessor.

Business Experience During the Past Five (5) Years of Candidates for Independent Directors

Mr. Allen L. Copok, Mr. Vincent L. Tempongko and Mr. John Peter Hager are nominees for re-election as Independent Directors of the Company.

Mr. Copok 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.

He held the position of President in various corporations, namely, Laguna AAA Prime Holdings and Blue Lagoon Holdings. He is currently the Chief Executive Officer and Corporate Secretary of Cavite APC Lending Corporation. The Treasurer at Ice House Inc, and Nordic Strong Ice Inc. He is also the Corp. Secretary of ALC Empire Holdings.

For over twenty (20) years of Technology Management, Mr. Tempongko has experience across Program Management, Strategic Planning, Network Investments, Business Development, Operations Management and Site Acquisition. Transformational Leader with previous experience in Offshore and Global

Operations. He serves as Co-coordinator of Globe Telecom in ETPI and Co-Manager of Bell Telecommunications Philippines, Inc. (2021-Present).

Mr. Hager 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. He is the incumbent President of the Spanish Chamber of Commerce in the Philippines

Candidates for Independent Director with directorship(s) in reporting companies

Vincent L. Tempongko	none
Allen L. Copok	none
John Peter C. Hager	United Paragon Mining Corporation

(2) **Family Relationships**

The candidates for election as independent directors of the Company are **NOT** related by consanguinity or affinity, either with each other or with any other member of the Company's Board of Directors.

(3) **Involvement in Certain Legal Proceedings**

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which an independent director, person nominated to become an independent director 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 independent director, person nominated to become an independent director; (3) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities an independent director, person nominated to become an independent director of the Company; and, (4) judgment against an independent director, person nominated to become an independent director 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.

There had been **NO** transaction during the last two (2) years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any independent director of the Company, or nominee for election as an independent director, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.

(B) Security Ownership of Candidates for Independent Directors

The candidates for independent directors own the following number of voting shares as of the Record Date (April 15, 2024):

Class	Beneficial Owner	Number/Nature of Beneficial Ownership				Citizenship	Percent Ownership
		Issued		Subscribed			
		Direct	Indirect	Direct	Indirect		
Common	Vincent L. Tempongko	0	1,000,000	0	1,000,000	Filipino	0.001%
Common	Allen L. Copok	0	1,000,000	0	1,000,000	Filipino	0.001%
Common	John Peter C. Hager	0	5,000,000	0	5,000,000	Filipino	0.003%

As of the date of this Information Statement, the aggregate number of shares beneficially owned by the candidates for election as independent director is 7,000,000 shares, or approximately 0.004% of the Company's outstanding capital stock.

Voting Trust Holders of 5% or More

The candidates for election as independent director do not hold more than 5% of any class of the Company's securities under a voting trust or similar agreement.

Changes in Control

The election of independent directors will **NOT** result in a change in control of the Company.

The nominees for Independent Directors are not enegeged in any business or other relationship with the Company.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Vincent L. Tempongko**, Filipino, of legal age and a resident of #6 Flamingo Drive, Victoria Valley, Antipolo City, having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of The Philodrill Corporation and have been its Independent Director since 2023.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Globe Telecom, Inc.	Co-Coordinator – Eastern Telecommunications Philippines. Inc.	2021-Present
	Co-General Manager- Bell Telecommunication Philippines, Inc.	2021-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Philodrill Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I am related to the following director/officer/substantial shareholder of **N.A.** other than the relationship provided under Rule 38.2.3 of the Securities Code.

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

5. To the best of my knowledge, I AM NOT the subject of any pending criminal, or administrative investigation, or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

6. I have the required written permission or consent from the **N.A** to be an Independent Director in **N.A**, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of The Philodrill Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 19 MAR 2024 MANDALUYONG CITY.

VINCENT L. TEMPONGKO
Affiant

SUBSCRIBED AND SWORN to before me this 19 MAR 2024 at MANDALUYONG CITY City, affiant exhibiting to me his competent Identification Passport # P9238888B, issued at DFA Manila on March 18, 2022.

Doc. No. 249;
Page No. 51;
Book No. 1;
Series of 2024.

ATTY. JOSEPHINE C. LAFIGUERA - ILAS
NOTARY PUBLIC – CITY OF MANDALUYONG
APPT. NO. 0644-23 UNTIL 12-31-2024
QUAD ALPHA CENTRUM, 125 PIONEER STREET
MANDALUYONG CITY 1550
PTR NO. 3131139/ MANDALUYONG CITY / 01-16-2023
IBP NO. 273594/01-06-2023/RSM CHAPTER
MCLE COMPLIANCE NO. VI-0030421/04-14-2022
ROLL NO. 44784

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **John Peter C. Hager**, Filipino, of legal age and a resident of 16 Ormoc Street, Alabang Hills Village, Muntinlupa City, having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of The Philodrill Corporation and have been its independent director since 2023.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Waxiefied Sound Production Corp.	Corporate Secretary & Treasurer	2023 - Present
Stargrove Productions Inc.	President	2022 - Present
Squires Bingham Sports, Inc	Independent Director	2019-Present
Raco Trading (Asia) Development Corp.	Vice-President	2015-Present
Alakor Securities Corporation	Independent Director	2014-Present
United Paragon Mining Corporation	Independent Director	2012-Present
Raco Commodities Phils., Inc.	Member of the Board Vice-President	2009-Present 2008-Present
Raco Trading Phils., Inc.	Managing Director	2001-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Philodrill Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I am related to the following director/officer/substantial shareholder of N.A. other than the relationship provided under Rule 38.2.3 of the Securities Code.

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

5. To the best of my knowledge, I AM NOT the subject of any pending criminal, or administrative investigation, or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship

N.A	N.A	N.A

6. I have the required written permission or consent from the **N.A** to be an Independent Director in **N.A**, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of The Philodrill Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 19 MAR 2024 at MANDALUYONG CITY

JOHN PETER C. HAGER
Affiant

SUBSCRIBED AND SWORN to before me this 19 MAR 2024 at MANDALUYONG CITY City, affiant exhibiting to me his competent Identification Passport no. P8150620A issued DFA NCR South on July 31, 2018.

Doc. No. 248;
Page No. 51;
Book No. 1;
Series of 2024.

ATTY. JOSEPHINE C. LAFIGUERA - ILAS
NOTARY PUBLIC - CITY OF MANDALUYONG
APPT. NO. 0644-23 UNTIL 12-31-2024
QUAD ALPHA CENTRUM, 125 PIONEER STREET
MANDALUYONG CITY 1550
PTR NO. 3131139/ MANDALUYONG CITY / 01-16-2023
IBP NO. 273594/01-06-2023/RSM CHAPTER
MCLE COMPLIANCE NO. VI-0030421/04-14-2022
ROLL NO. 44784

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Allen Licup Copok**, Filipino, of legal age and a resident of 1 Sanso St., Corinthian Gardens, Quezon City, having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of The Philodrill Corporation and have been its independent director since 2023.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Cavite APC Lending Corporation	Chief Executive Officer & Corporate Secretary	2008-Present
Ice House Inc.	Treasurer	2020-Present
Nordic Strong Ice Inc.	Treasurer	2019-Present
Laguna AAA Prime Holdings	President	2015-Present
ALC Empire Holdings	Corporate Secretary	2014-Present
Blue Lagoon Holdings	President	2013-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Philodrill Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I am related to the following director/officer/substantial shareholder of <u>**N.A**</u> other than the relationship provided under Rule 38.2.3 of the Securities Code.

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

5. The best of my knowledge, **I AM NOT** the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Name Of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N.A	N.A	N.A

6. I have the required written permission or consent from the <u>**N.A**</u> to be an Independent Director in <u>**N.A**</u>, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of The Philodrill Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 2 5 MAR 2024 at MANDALUYONG CITY.

ALLEN LICUP COPOK
Affiant

SUBSCRIBED AND SWORN to before me this 2 5 MAR 2024 at MANDALUYONG CITY City, affiant exhibiting to me his Tax Identification Number 221-984-761-000 issued on Jan. 14, 2016.

Doc. No. 253;
Page No. 52;
Book No. 1;
Series of 2024.

ATTY. JOSEPHINE C. LAFIGUERA - ILAS
NOTARY PUBLIC - CITY OF MANDALUYONG
APPT. NO. 0644-23 UNTIL 12-31-2024
QUAD ALPHA CENTRUM, 125 PIONEER STREET
MANDALUYONG CITY 1550
PTR NO. 3131139/ MANDALUYONG CITY / 01-16-2023
IBP NO. 273594/01-06-2023/RSM CHAPTER
MCLE COMPLIANCE NO. VI-0030421/04-14-2022
ROLL NO. 44784

THE PHILODRILL CORPORATION
8th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City, Philippines
Tel (632) 8631-8151; 8631-1801 to 05; Fax (632) 8631-8080

MANAGEMENT REPORT ACCOMPANYING INFORMATION STATEMENT PURSUANT TO SRC RULE 20 (4)

I. Audited Financial Statements

The Audited Consolidated Financial Statements of the Company for the Fiscal year ended 31 December 2023 are attached hereto.

II. Disagreement with Accountants on Accounting and Financial Disclosure. NONE

III. Management's Discussion and Analysis or Plan of Operations

(a) Full fiscal years

(1) Financial Condition, Changes in Financial Condition and Results of Operations

Financial highlights for the years 2023, 2022 and 2021 are presented below:

(in thousands of pesos)	**2023**	**2022**	2021
Petroleum Revenues	**203,592**	**237,489**	207,127
Investment Income	**13,323**	**33,163**	38,046
Interest Income	**26,875**	**15,705**	12,305
Net Income (Loss)	**(33,878)**	**(339,334)**	36,325
Total Assets	**2,713,839**	**2,768,914**	3,093,817
Net Worth	**2,640,016**	**2,686,866**	3,013,703
Issued & Subscribed Capital	**1,918,688**	**1,918,688**	1,918,688

(2) 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 subscription call on the balance of the Subscriptions Receivable as of December 31, 2023; collecting a portion of Accounts Receivables as of

December 31, 2023; 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 works 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.

(3) Key Variable and Other Qualitative and Quantitative Factors

The key performance indicators of the Company are as follows:

	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Current Ratio	16.72:1	14.95:1	15.81:1
Current Assets	700,128,985	685,618,138	606,731,492
Current Liabilities	41,885,938	45,858,882	38,388,308
Debt to Equity Ratio	0.03:1	0.03:1	0.03:1
Total Liabilities	73,823,258	82,047,982	80,113,989
Stockholders' Equity	2,640,015,549	2,686,865,641	3,013,703,269
Equity to Debt Ratio	35.76:1	32.75:1	37.62:1
Stockholders' Equity	2,640,015,549	2,686,865,641	3,013,703,269
Total Liabilities	73,823,258	82,047,982	80,113,989
Book Value per Share	0.01376	0.01400	0.01571
Stockholders' Equity	2,640,015,549	2,686,865,641	3,013,703,269
Outstanding shares	191,868,805,358	191,868,805,358	191,868,805,358
Earnings (Loss) per Share	(0.0002)	(0.0018)	0.0002
Net Income (Loss)	(33,878,324)	(339,333,554)	36,324,913
Weighted Average shares outstanding	191,868,805,358	191,868,805,358	191,868,805,358

Current Ratio is 16.72:1 as of December 31, 2023; 14.95:1 as of December 31, 2022; and 15.81:1 as of December 31, 2021. As of December 31, 2023, December 31, 2022 and December 31, 2021, current assets exceeded the current liabilities by P658.2 million, P639.8 million and P568.3 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 P64.5 million as of December 31, 2023, P77.8 million as of December 31, 2022 and P79.5 million as of December 31, 2021. If these shares would be considered part of Current Assets, the recomputed current ratio would be 17.97:1 as of December 31, 2023; 16.36:1 as of December 31, 2022; and 17.83:1 as of December 31, 2021.

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, 2023
Current Ratio	*178.0:1*
Current Assets	**8,373,081**
Current Liabilities	**47,040**
Debt to Equity Ratio	*0.0056:1*
Total Liabilities	**47,040**
Stockholders' Equity	**8,326,041**
Equity to Debt Ratio	*177.0:1*
Stockholders' Equity	**8,326,041**
Total Liabilities	**47,040**
Book Value per Share	*0.6007*
Stockholders' Equity	**8,326,041**
Average shares outstanding	**12,505,000,000**
Income per Share	*-0-*
Net Income (Loss)	**(67,288)**
Average shares outstanding	**12,505,000,000**

Discussion and Analysis of Material Events and Uncertainties

(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 2023 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 2023 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 decreased by P55.07 million from P2.77 billion as of year-end 2022 to P2.71 billion as of year-end 2023.

- Cash account increased by P13.80 million from P381.7 million as of December 31, 2022 to P395.5 million as of December 31, 2023 mainly due to the collection of receivables.

- Receivables account decreased by P4.0 million from P241.6 million as of December 31, 2022 to P237.5 million as of December 31, 2023 due to the collection of trade receivable at year-end 2023.

- Crude oil inventory increased by P2.6 million from P57.2 million as of December 31, 2022 to P59.9 million for the Company's share in inventory for the SC14 Galoc crude as of December 31, 2023. Theincrease was due to higher volume at year-end 2023.

- Other current assets increased by P2.2 million from its December 31, 2022 balance of P5.0 million to December 31, 2023 balance of P7.2 million.The increase was due to the additional prepaid income tax booked at year-end 2023.

- Property and equipment decreased by P43.8 million from its December 31, 2022 balance of P305.7 million to December 31, 2023 balance of P261.9 million. The decrease was mainly due to depletion expense net of additional capital expenditures booked during the year.

- Investments in associates increased by P4.2 million from the year-end 2022 balance of P899.3 million to year-end 2023 balance of P903.6 million due the equity share in associates' earnings, 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 2023.

- Financial assets at Fair Value through OCI decreased by P13.0 million level from its 2022 balance of P69.6 million to year-end 2023 balance of P56.6 million. Additional information is also contained in Note 10 of the Audited Consolidated Financial Statements for 2023.

- Deferred oil exploration costs decreased by P41.1 million from its year-end 2022 balance of P604.3 million to year-end 2023 balance of P563.1 million. The net decrease of P41.1 million was mainly due to the provision for unrecoverable deferred oil exploration costs booked for SC74 Linapacan project Additional information is also contained in Notes 7 and 11 of the Audited Consolidated Financial Statements for 2023.

- Deferred tax asset (DTA) increased from its year-end 2022 balance of P194.3 million to P228.4 million as of year-end 2023 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 2023.

- Other non-current assets decreased by 100% or P10.1 million from its year-end 2022 to year-end 2023 balance of nil due to the impairment provision booked during the year.

a) Total liabilities slightly decreased from its balance of P82.0 million in 2022 to P73.8 million balance in 2023.

   - Accounts payable and accrued liabilities decreased by P4.0 million from its year-end 2022 balance of P12.7 million to year-end 2023 balance of P8.7 million due to the lower level of accrued expenses booked at year-end 2023.

   - 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 P34.4 million as of December 31, 2022 and P30.7 million as of year-end 2023. 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 2023.

- Retirement benefit liability decreased by P0.6 million from its year-end 2022 balance of P1.8 million to year-end 2023 balance of P1.2 million. The decrease was due to the adjustment in the recognized retirement benefit liability and contributions made as of end of the period. Additional information is also contained in Note 19 of the Audited Consolidated Financial Statements for 2023.

c) Stockholders' equity decreased by P46.9 million from its year-end 2022 balance to year-end 2023 balance of P2.64 billion.

- Capital stock balance remained at P1.743 billion for the years-ended 2022 and 2023.

- The unrealized loss on the decline in value of financial assets at fair value through other comprehensive income increased by P13.0 million from year-end 2022 balance of P41.0 million to year-end 2023 balance of P54.0 million. The decrease of P13.0 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 2023.

- Retained Earnings from year-end 2022 balance of P0.97 billion to year-end 2023 balance of P0.93 billion, reflected a net decrease of P33.9 million due to the net loss booked during the period.

d) Petroleum revenues in 2023 totaled P203.6 million as compared to P237.5 million in 2022 and P207.1 million in 2021. For the year 2023, the decrease in revenues was mainly brought about by the decrease in crude prices. Liftings made or sold crude oil for 2023 totaled to 475,183 barrels as compared to 479,955 barrels in 2022. Production decreased by 11% from its 2022 level of 0.56 million barrels to 0.50 million barrels in 2022. Combined average lifting prices for 2023 and 2022 were US$80.47 and US$95.34, respectively. For 2021, liftings totaled to 0.63 million barrels and average lifting price per barrel was US$70.24.

   Equity in net earnings of associates amounted to P13.3 million in 2023 and P33.2 million in 2022. The decrease of P19.8 million from year-end 2022 to year-end 2023 balance was due to lower level of income of affiliates. For 2021, equity in net earnings of associates amounted to P38.0 million.

Interest income totaled to P26.9 million in 2023, P15.7 million in 2022 and P11.5 million in 2021.

Foreign exchange gains amounted to P0.8 million for 2023, P40.6 million in 2022, and P16.5 million for 2021.

e) Total costs and expenses totaled to P311.8 million in 2023, P648.3 million in 2022, and P248.6 million in 2021.

Share in production costs totaled to P138.7 million in 2023, P105.4 million in 2022 and P139.5 million in 2021.

Depletion costs amounted to P52.7 million in 2023, P48.3 million in 2022, and P51.3 million in 2021.

General and administrative expenses totaled to P56.2 million in 2023, P64.9 million in 2022, and P60.8 million in 2021.

Current provision for income taxes amounted to P2.0 million in 2023, P0.9 million in 2022, and P0.7 million in 2021. Recognition of deferred tax asset resulted to (provision for) benefit from income tax amounting to P34.0 million in 2023, (P18.3) million in 2022 and P11.2 million in 2021.

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.

(vii) There have been NO seasonal aspects that had material effect on the financial condition or results of operations of the Company.

(viii) 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.

(ix) 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.

(b) Interim Financial Statements (1st Quarter 2024, please see attached)

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

Financial Performance

Total revenues for the first quarter ended March 31, 2024 increased by ₱6.0 million or 10% to ₱65.0 million from ₱59.0 million for the same period last year. Petroleum revenues increased by ₱6.7 million or 13% to ₱58.6 million from ₱51.9 million for the same period last year. The increase was brought mainly by the increase in crude prices and peso-dollar reference rates for the first quarter of 2024 as compared to the same period last year. The combined gross production decreased to 117,803 barrels for the first quarter ended March 31, 2024, from 127,020 barrels produced for the same period last year. The average price per barrel increased to $81.13 for the period ended March 31, 2024 as compared to $79.99 for the same period last year. The peso-dollar reference rates amounted to ₱56.24 and ₱54.36 as of March 31, 2024 and March 31, 2023, respectively. Equity in net earnings of associates decreased by ₱1.4 million. Interest income increased by ₱0.7 million.

Total costs and expenses net of foreign exchange gains/losses decreased by ₱20.7 million from ₱74.8 million for the first quarter of 2023 to ₱54.1 million for the first quarter of 2024.

Operating costs decreased by 10%. Foreign exchange gain amounted to ₱6.5 million for the first quarter of 2024 as compared foreign exchange loss of ₱9.6 million for the same period last year. The company's net income after tax amounted to ₱16.0 million for the first quarter of 2024 as compared net loss of ₱0.9 million for the same period last year.

The Company's top five (5) key performance indicators are as follows:

	March 31, 2024	December 31, 2023
Current Ratio	*19.16 : 1*	*16.72 : 1*
Current Assets	707,011,898	700,128,985
Current Liabilities	36,892,642	41,885,938
Debt to Equity Ratio	*0.03 : 1*	*0.03 : 1*
Total Liabilities	69,313,383	73,823,258
Stockholders Equity	2,657,869,824	2,640,015,549
Equity to Debt Ratio	*38.35 : 1*	*35.76 : 1*
Stockholders Equity	2,657,869,824	2,640,015,549
Total Liabilities	69,313,383	73,823,258
Book Value per Share	*0.0140*	*0.0140*
Stockholders Equity	2,657,869,824	2,640,015,549
Shares outstanding	191,868,805,358	191,868,805,358
Earnings (Loss) per Share	*0.000083*	*0.000005*
Net Income (Loss)*	15,961,255	(941,027)
Weighted ave. no. of shares	191,868,805,358	191,868,805,358

**for the period January 1 to March 31*

The current ratios as of December 31, 2023 and March 31, 2024 are 16.72:1 and 19.16:1, respectively. The Company's current assets exceeded its current liabilities by ₱668.4 million and ₱658.2 million as of March 31, 2024 and December 31, 2023, respectively. The "Financial assets at fair value through other comprehensive income (FVOCI)" account in the balance sheet consists of shares of stock which are listed with the Philippine Stock Exchange and which could be sold to meet the Company's obligations as might be called for by future circumstances. These shares of stock had an aggregate market value of ₱58.8 million as of March 31, 2024 and ₱56.6 million as of December 31, 2023. If these shares would be considered part of Current Assets, the recomputed current ratio would be 19.86:1 as of March 31, 2024 and 18.07:1 as of December 31, 2023.

Total assets increased from ₱2.713 billion as of December 31, 2023 to ₱2.727 billion as of March 31, 2024. Cash and cash equivalents reflected a net increase of ₱32.3 million or 8% due to the collection of trade receivables during the period. Crude oil inventory decreased by ₱25.5 million or 43% due to lower volume of crude oil on storage as of March 31, 2024. Other current assets decreased by ₱0.5 million due to the amortization of prepaid expenses. Property and equipment reflected a net decrease of ₱4.4 million to ₱257.5 million as of March 31, 2024 mainly due to the booking of depletion and depreciation costs. Financial assets at FVOCI increased by ₱2.1 million due to the adjustment in the valuation reserve of the company's listed stock investments. Deferred oil exploration costs increased by ₱1.4 million due to additional project costs. Deferred tax assets increased by ₱5.5 million due to adjustments in the recognition of deferred tax assets as of end of the interim period.
Total liabilities decreased by ₱4.5 million from ₱73.8 million as of December 31, 2023 to ₱69.3 million as of March 31, 2024.

Stockholders' equity increased by P17.8 million from ₱2.640 billion as of December 31, 2023 to P2.658 billion as of March 31, 2024. For the first quarter, an adjustment for the decline in value of financial assets at FVOCI of ₱2.1 million in the valuation reserve of the company's listed stock investments was booked. As of March 31, 2024, net unrealized loss on the decline in value of financial assets at FVOCI amounted to ₱51.9 million as compared to ₱54.0 million as of December 31, 2023. The company's retained earnings amounted to ₱0.952 billion as of March 31, 2024 as compared to ₱0.936 billion as of December 31, 2023.

The Company has a majority-owned subsidiary, Philodrill Power Corporation (PPC) (formerly Phoenix Gas & Oil Exploration Co., Inc.). The Company acquired 100% of its capital stock in May 2007. Since PPC has NOT yet started commercial operations, disclosure on performance indicators are as follows:

	March 31, 2024	December 31, 2023
Current Ratio	*178 :1*	*178 :1*
Current Assets	8,373,081	8,373,081
Current Liabilities	47,040	47,040
Debt to Equity Ratio	*0.006 :1*	*0.006 :1*
Total Liabilities	47,040	47,040
Stockholders' Equity	8,326,041	8,326,041
Equity to Debt Ratio	*177 :1*	*177 :1*
Stockholders' Equity	8,326,041	8,326,041
Total Liabilities	47,040	47,040

Book Value per Share	*0.0006658*	*0.0006658*
Stockholders Equity	8,326,041	8,326,041
Average shares outstanding	12,505,000,000	12,505,000,000
Income (loss) per Share	-	-
Net Income (Loss)	No operation	No operation
Average shares outstanding	12,505,000,000	12,505,000,000

Discussion and Analysis of Material Events and Uncertainties

In general, Management is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Company. The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

1. There are NO known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have material impact on the Company's liquidity. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider:

    a) collecting a portion of Accounts Receivables;
    b) selling a portion of its existing investments and assets;
    c) generating cash from loans and advances; and
    d) issuing subscriptions call on the balance of the subscriptions receivable.

2. 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.

3. 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.

4. The Company has NO material commitments for capital expenditures, except for the Company's share in the exploration and development expenditures in the SCs and GSECs. The Company expects to be able to fund such expenditures from: operations, collection of subscriptions and other receivables, and from loans/financing, or to avoid incurring these expenditures altogether by way of farm-outs.

5. There are NO known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income of the Company from continuing operations.

6. There are NO significant elements of income or loss that did not arise from the Company's continuing operations.

7. 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:

Cash and cash equivalents reflected a net increase of ₱32.3 million or 8% mainly due to the collection of trade receivables during the period.

Crude oil inventory decreased by ₱25.5 million or 43% due to the lower volume of crude oil on storage as of end of the interim period.

Other current assets decreased by ₱0.5 million due to the amortization of prepaid expenses booked during the interim period.

Property and equipment reflected a net decrease of ₱4.4 million to ₱257.5 million as of March 31, 2024 due to the booking of depletion and depreciation costs.

Financial assets at FVOCI increased by ₱2.2 million or 4% due to the adjustment in the valuation reserve of the company's listed stock investments.

Deferred tax assets increased by ₱5.5 million due to adjustments in the recognition of deferred tax assets as of end of the interim period.

Accounts payable and accrued liabilities reflected a ₱5.0 million decrease due to the payments of accrued expenses during the interim period.

Retirement benefit liability increased by ₱0.5 million or 41% due to the pension expense booked during the interim period.

Net unrealized loss on the decline in value of financial assets at FVOCI as of December 31, 2023 amounted to ₱54.0 million. For the interim period, ₱2.1 million adjustment in the valuation reserve pertaining to the listed stock investments of the Company was booked. As of March 31, 2024, net unrealized loss on the decline in market value of financial assets at FVOCI amounted to ₱51.8 million.

The company's retained earnings amounted to ₱0.952 billion as of March 31, 024 as compared to ₱0.936 billion as of December 31, 2023. The increase of ₱15.7 million was due to the net income booked for the first quarter of 2024.

Petroleum revenues increased by ₱6.7 million or 13% to ₱58.6 million from ₱51.9 million for the same period last year due to higher crude price and peso-dollar reference rate. The gross production decreased to 117,803 barrels for the first quarter ended March 31, 2024 from 127,020 barrels produced for the same period last year. The average price per barrel increased to $81.13 for the period ended March 31, 2024 as compared to $79.99 per barrel for the same period last year. The peso-dollar reference rates amounted to P56.24 and ₱54.36 as of March 31, 2024 and March 31, 2023, respectively.

Equity in net earnings of associates decreased by ₱1.4 million due to the lower level of income booked by affiliates.

Interest income increased by ₱0.7 million from ₱4.0 million to ₱4.7 million for the first quarter ended March 31, 2024.

Foreign exchange gain amounted to ₱6.5 million for the first quarter of 2024 as compared to foreign exchange loss of ₱9.6 million for the same period last year.

Share in costs and operating decreased by ₱5.4 million or 10% due to lower level of production costs accrued during the first quarter of 2024.

Net income amounted to ₱16.0 million for the first quarter of 2024, as compared to net loss of ₱0.9 million for the same period last year.

8. There are NO seasonal aspects that had material effect on the financial condition or results of operations.

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, 2023, the combined interest of the parties to the agreement represents 43.01% interest in ACMDC.

PCIC's net income decreased to P18.4 million in 2023 from P31.1 million in 2022. Gross revenues amounted to P109.8 million in 2023and P112.6 million in 2022.

PCHI's posted a net loss of P0.12 million in 2023as compared to net income of P26.9 million in 2022. Gross revenues amounted to P57.7 million in 2023 as compared to P71.5 million in 2022.

ACMDC's net income in 2023 amounted to ₱1.1 billion as compared to ₱3.2 billion in 2022. Gross revenues amounted to ₱18.9 billion in 2023 and ₱16.8 billion in 2022.

Additional information is also contained in Note 9 to the Company's 2023 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.

PETROLEUM PROJECTS (2023)

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

In 2023, Philodrill, on behalf of the joint venture partners, continued with the application for a new Service Contract by nomination under the Philippine Conventional Energy Contracting Program (PCECP).

On January 26, 2023, the DOE granted the Area Clearance for the Area of Interest, covering 160,000 hectares, which included a portion of the area relinquished by the nearby Service Contract 74.

The same letter also instructed Philodrill to submit the Letter of Intent, together with other documentary requirements, to proceed with the PCECP nomination/application process. In compliance with the DOE's directive, Philodrill published the Application and the Area of Interest in two (2) broadsheet newspapers on March 15, 2023. Subsequently, the bid documents were submitted to the DOE on March 17, 2023.

On May 15, the Opening of Bids took place at the DOE, during which the documents submitted by Philodrill and its partners were deemed complete and thus eligible for further evaluation.

In a letter dated June 26, 2023, the DOE notified Philodrill that, along with its Partners, it is 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. To date, the DOE has yet to receive communication from Malacañang regarding the signing of the new SC.

SERVICE CONTRACT NO. 6B (Cadlao)

A new Joint Operating Agreement was signed in July 2023. The signing of the new JOA was made after the DOE approved the Deed of Assignment between Nido and the Farmors.

The final report by HGIS on the Analogue and Digital 2DHR Site Survey for Cadlao, completed in December 2022, was released by Nido to the JV on May 31, 2023. The results of the site survey, which included accurate water depth and a map of the seabed topography condition, were subsequently used in planning the optimal location of the Cadlao-4 well.

In addition to the site survey, the RPS studies, the Geohazard Assessment for the Cadlao Well Locations, and the Recommendation for the Exemption of Geotechnical Data Acquisition at the Proposed Cadlao Well Locations were completed at the end of May 2023. These studies provided the necessary inputs for the Cadlao-4 well design.

Related environment impact studies, contingency planning, and community consultations were initiated and are well underway. Securing permits for all drilling activities is also in progress.

On November 15, 2023, Nido and PNOC-EC signed the Farm In Agreement (FIA) for PNOC-EC's entry into SC6B, after receiving clearance from the Office of the Government Corporate Counsel. The resulting participating interests of Nido and PNOC-EC are shown in the table below:

PARTIES	Before Assignment Participating Interest	After Assignment Participating Interest
Alcorn	2.4546%	2.4546%
Forum	2.4546%	2.4546%
Oriental	4.9092%	4.9092%
Philodrill	17.4546%	17.4546%
Nido	72.7270%	52.7270%
PNOC EC	0%	20.0000%
TOTAL	100%	100%

In a disclosure to the Australian Stock Exchange, Sacgasco, the parent company of Nido, confirmed that Nido received USD 3.337 Million from PNOC-EC under the terms of the farm in agreement. Nido also reported that Blue Sky Resources Ltd. (BSRL) of Canada is finalizing its acquisition of Nido from Sacgasco.

For the drilling and Extended Well Test of Cadlao-4, Nido confirmed that the drillship, Deep Venture, owned and operated by Saba Drilling will be used for the operations. The vessel is currently in Dong Quyen Port, Vung Tau, Vietnam, and will sail to the Philippines under the Flag of the Bahamas with Nassau as the Port of Registry. The drilling contract with Saba Drilling was signed, and the document was submitted to the DOE in December.

The drillship has been in warm stack since 2014 and requires refurbishment and repair before being given a classification by DNV. The tentative schedule of the drillship to sail to the Philippines has been delayed, consequently pushing back the spud of Cadlao 4 to June 2024.

On October 23, 2023, the JV approved the 2024 WP&B consisting of a firm component of USD 1.95 Million and a contingent component of USD 18.8 Million. The firm component of the budget, plus the unspent USD 17.7 Million from the 2023 WP&B, was allocated for the drilling of Cadlao-4, while the contingent portion of the budget was earmarked for the EWT operations. The 2024 WP&B was submitted to the DOE on October 25. Philodrill, under the Farm-in Agreement with Nido, is carried on the cost of the drilling and EWT of Cadlao-4.

Towards the end of the year, the DOE issued the Department Circular DC2023-12-0033, which governs the awarding of Petroleum Service Contracts for Development and Production (DPPSC) for expiring SCs. Nido and the Partners will submit the DPPSC application to the DOE in January 2024.

SERVICE CONTRACT NO. 14C-1 (Galoc)

The Galoc Field maintained reliable production with 99% uptime throughout the year. Three (3) cargo liftings, totaling 475,183 barrels, were completed in 2023. However, the year-to-date production fell short of NPG's 2023 forecast due to the increased water production since the beginning of the year, leading to a higher field decline rate. The current decline rate stands at 10%, which is higher than the 6% used to prepare the 2023 production forecast.

In March, NPG took ownership of the FPSO Intrepid Balanghai, and a new FPSO charter party agreement was later executed between NPG and the JV partners. NPG continues to maintain normal process plant operations and compliance vis-à-vis ABS observation.

On March 7, 2023, NPG released the ERCE independent audit of oil reserves for the Galoc Field. ERCE's production forecast was within 5% of NPG's forecast. The audit's summary of reserves and contingent resources were as follows:

Case	Gross Oil Reserves (MMstb)		
	1P	2P	3P
Developed Producing	1.39	1.43	1.46

*Based on the contractual limit of December 2025

Case	Category	Field Economic Limit (Month-Year)	Gross Oil Contingent Resources (MMstb)
Development Pending	1C	Jan-2027	0.42
	2C	Jan-2028	0.83
	3C	Jan-2030	1.65

*Based on the SC being extended beyond December 2025 on the same terms as the current SC

NPG is currently in discussions with Prime Infrastructure, the operator of SC 38 (Malampaya), for a potential joint development of the Galoc West Prospect. Initial assessment by NPG supports the drilling of an appraisal well. Integrating Prime's Malampaya 3D seismic data into the technical evaluation would enhance the present subsurface model, thus refining the understanding of the prospect.

In October, NPG presented the proposed 2024 WP&B, which consists of a firm component of USD 23,747,834, and a contingent component amounting to USD 5,296,860. NPG also reported the production forecast based on the 1P, 2P, and 3P reserves, with revised decline rates of 7%, 10%, and 12%, respectively. The estimated 2024 production based on the 2P reserves is 444,117 barrels, and the forecasted offtakes for 2024 will be three parcels of 150,000 (+/- 10%) barrels.

SERVICE CONTRACT NO. 14C2 (West Linapacan)

In April 2023, the DOE directed Philodrill to settle the unpaid historical training fund of USD 45,336.33 of the SC. Philodrill informed Pitkin, through PXP, about the unpaid historical training fund. Philodrill's position was that Pitkin/RMA should cover the amount based on the FIA they signed with the Farmors in 2008 and 2011. Pending the resolution of the issue with RMA/Pitkin, the JV Partners, in a meeting held on April 24, 2023, approved Philodrill's motion to cash call the JV and to remit the total amount of USD 65,336.33 (including the 2022 training fund of USD 20,000.00) to the DOE. Philodrill remitted the training fund to the DOE on May 10, 2023.

In their letter dated September 20, 2023, Pitkin countered, contending that the obligation to pay the historical training fund for USD 45,336.33 rests with RMA, not Pitkin since it was incurred during the operatorship of RMA and the effectivity of the farm in agreement between Pitkin and RMA. The JV decided not to pursue Pitkin for collection due to the potential cost of filing an arbitration case against Pitkin.

Philodrill initially submitted a provisional Work Program and Budget for 2023 to the DOE pending an anticipated consummation of a farm in agreement with Nido. However, the farm-in of Nido did not materialize as expected.

In August 2023, the DOE issued a letter reminding the Consortium to submit the firm 2023 WP&B. Subsequently, on September 14, the WP&B totaling USD 114,860 – with a firm commitment of USD 64,860 and a contingent component of USD 50,000 – was submitted. It was promptly approved by the DOE on September 20, 2023.

With the issuance of the DOE Circular DC-2023-12-0033, outlining the procedures for awarding Development and Production Petroleum Service Contracts (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 in 2025 or earlier.

Accordingly, the JV-approved 2024 WP&B, comprising a firm component of USD 120,700, and a contingent component of USD 193,500, was submitted to the DOE on October 19, 2023.

SERVICE CONTRACT NO. 53 (Onshore Mindoro)

In January 2023, Browse Energy completed the reprocessing work for 2D seismic lines over the Progreso Prospect. The quality of the seismic data markedly improved, with reductions in noise and diffraction. A reinterpretation and mapping of key seismic horizons using the reprocessed data then followed to improve the subsurface model of the Progreso Prospect. The interpretation work was completed in December, and the final technical report that will include an update on the resource evaluation of the Progreso Prospect is being prepared.

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

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

For the Occidental Mindoro side, following the two community assemblies and the decision-making process in November 2022, the Memorandum of Agreement (MOA) Negotiation and Drafting was held on March 9, 2023. The event was attended by 34 Hagura Elders, with 9 out of 15 signatories present, NCIP officials, representatives from the DOE, and Philodrill. During the negotiation, the Hagura Elders, with the agreement of NCIP, requested PHP 500,000.00 as an incentive to implement their projects in exchange for the utilization of a portion of their ancestral domain.

The finalization and signing of the MOA with the IPs are currently on hold pending a review of the document by the NCIP Legal Affairs Office (LAO).

On the Oriental side, the Pre-FPIC Conference took place on May 23, 2023, via Zoom. In attendance were Philodrill personnel, DOE representatives, NCIP Provincial and Service Center personnel, and respective IP leaders. During the conference, the results of the FBI conducted in July 2022 and the FPIC process were presented and discussed.

It was agreed during the conference that the approval of the Work and Financial Plan for the FPIC activities be deferred due to issues regarding the coverage of the FPIC within the ancestral domains. Subsequently, Philodrill sent a letter to the NCIP Region IV-B Office requesting guidelines on the FPIC process. Philodrill wanted to determine whether the FPIC should cover the entire area of the Certificate of Ancestral Domain Title of the Hanunuo Group or be conducted on a per barangay basis.

The FPIC activities have been put on hold until after the MOA signing in Magsaysay, Occidental Mindoro.

Efforts to farm out the drilling of Progreso-2 continued throughout the year. Matahio and Nido have expressed interest in farming into SC 53, but agreements have not yet been reached with either company.

For 2024, the JV approved a WP&B for USD 152,100 to carry out the Well Design and Review for the planned Progreso-2 well and to continue with the CP application process for the Cambayan area.

SERVICE CONTRACT NO. 74 (Linapacan)

The 2023 WP&B was submitted to the DOE on January 31, 2023. Comprising a firm budget of USD 231,800, it covers the G&G costs for Phase 1 of the Linapacan B Technical Evaluation, general and administrative expenses, and service contract payments to the DOE. Subsequently, the DOE approved both the 2023 WP&B and the request for Moratorium (set to expire in September 2024) on April 13 and March 29, 2023, respectively. The contingent portion of the budget includes Phases 2 to 4 of the Qaestor study which will be determined based on the positive results of Phase 1.

Phase 1 of the Linapacan B Technical Evaluation, conducted by Qaestor International, was completed in October 2023. The results of the study, however, did not support further work on the Linapacan B prospect, which was the sole potential appraisal opportunity identified within the block. The study concluded that Linapacan B did not compare favorably with global or local analog carbonate reservoirs. The key issues identified with the prospect are the high viscosity of the oil and the presence of a gas cap within a fractured reservoir, which is extremely detrimental to effective oil recovery. Additionally, the presence of high levels of sulfuric acid and carbon dioxide will increase the cost of production.

Various Enhanced Oil Recovery (EOR) techniques were reviewed, such as polymer injection to shield the oil from the overlying gas and bacterial treatment to reduce oil viscosity or carbon dioxide treatment. However, aside from increasing production costs, the effectiveness of these methods in offshore oilfields remains uncertain as they have only been tested on land.

Although the SC 74 JV executed all Sub-Phase 3 work programs, despite extensive efforts, no viable drillable prospect was identified. The JV agreed that any further studies or activities on Linapacan B would only escalate expenses without significantly improving the field's economic viability. Further, advancing to the final sub-phase of the SC will require a commitment to drill a well within the remaining 8 months, which the JV will be unable to fulfill. It was, therefore, unanimously decided that the SC should be surrendered to the DOE.

The Notice of Surrender of SC 74 was submitted to the DOE on December 13, 2023. To complete the surrender of the SC, the JV will have to settle the remaining financial commitment in the amount of USD 75,000. This amount is comprised of the Scholarship Fund balance from 2013-2023 (USD 55,000) and the 2023 Training Fund (USD 20,000).

PETROLEUM PROJECTS
2024 Update

SERVICE CONTRACT NO. 14 C-1 (Galoc)

The field's average daily production for the last five days of March 2024 was 1,251 barrels of oil. As of March 31, 2024, the overall production from the Galoc Field was 24,602,457 barrels of oil. The calculated commercial oil in storage is currently at 76,475 barrels.

The MT Grand Ace 1 completed the Palawan Cargo No. 77 lifting operations for 196,826 barrels of oil on February 1, 2024, and departed from the Galoc Field for Yosu, South Korea on the same day. According to NPG, the operator, the price for the Cargo was $79.95 per barrel.

On February 7, 2024, NPG issued the Competent Person's Report as of December 31, 2023, for the Galoc Field prepared by Dr. Mike Reeder of Three60 Energy. The range of remaining Developed Producing Oil Reserves from the field are identified as follows:

Developed Producing Oil Reserves (MMstb)	Proved (1P)	Proved plus Probable (2P)	Proved plus Probable plus Possible (3P)
Gross (100% License) Interest	0.86	0.89	0.91

The range of the remaining reserves is based on the earlier occurrence of either the Galoc Field's Economic Limit or the Service Contract expiry date of December 2025.

The range of Contingent Resources and the projected Field Economic Limit Dates were likewise identified and are as follows:

Oil Contingent Resources (MMstb)	Low Estimate (1C)	Best estimate (2C)	High Estimate (3C)
Field Economic Limit Date	June 2027	April 2028	August 2029
Gross (100% License) Interest	0.55	0.92	1.54
Chance of Commerciality	80%	80%	80%

The range of Contingent Resources is incremental to the Developed Producing Oil Reserves and is contingent on the continued production operation beyond December 2025 under a new DPPSC with the same terms and conditions as the previous SC.

Currently, the Operator is maintaining normal operations and compliance vis-à-vis ABS observation.

NEW AREA APPLICATION (SERVICE CONTRACT NO. 6A, Octon)

The Department of Energy is still waiting for the communication on the schedule of the signing of a new service contract from the Office of the President.

SERVICE CONTRACT NO. 6B (Bonita)

The Amendment to the Farm in Agreement between Nido and the rest of the members of the Joint Venture was completely signed on 11 January 2024 to ensure that the condition/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 (DPPSC) is awarded.

A revised 2024 Work Program and Budget to cover only up to February 2024 or until the expiration of the contract area was submitted as requested by DOE. The submission of the Revised WP&B was made to be consistent with the remaining term of SC 6B.

On January 26, 2024, Nido submitted to the DOE all the documentary requirements for the DPPSC application. The DOE, after its initial review of the documents, directed Nido to reconfigure the DPPSC area application to meet the minimum area requirement of 80,000 hectares provided under the DOE DC-2023-12-0033. The DPPSC application area was expanded by incorporating 22,000 hectares of acreage from the surrounding free area of SC6B.

In a release to the Australian Stock Exchange (ASX), Sacgasco (owner of Nido), reported that in a general meeting held on January 19, 2024, its stockholders approved the amended Share and Purchase Agreement (SPA) between Blue Sky Resources Limited (Blue Sky) and Sacgasco for the sale of Nido Petroleum Pty. Ltd., Nido Petroleum Philippines Pty. Ltd. and Yilgarn Petroleum Philippines Pty. Ltd.

In a meeting with the JV Partners on February 21, 2024, Nido reported that the DOE continues to review the documents that were submitted for the DPPSC application over the SC 6B area. Nido was assured by the DOE that it would expedite its review of the application and the negotiation for a new DPPSC with Nido to be able to immediately endorse to the Office of the President the award of a contract to the JV. Nido also reported that it was advised by the DOE to continue with the preparation for the drilling of Cadlao while the application/award process for the DPPSC is ongoing.

In the same meeting, Nido introduced the CEO of Saba Drilling, the owner of the drillship Deep Venture, and other Saba and Nido officers appointed by Blue Sky. In a PowerPoint presentation, Saba provided a background of the drillship. The Deep Venture was built in Finland and is designed to drill within a range of water depths from 90-1500m. It is equipped with a DP-2 Dynamic Positioning System and an 8-spread mooring assist system will be installed for shallow water operations once it gets into the Philippines for further refurbishments. The drillship has been in warmstack since 2014 but has been well maintained during that period.

Nido also added that repairs and upgrades on the Marine Systems, and Drilling equipment are being progressed with 75% of the required work completed.

The Deep Venture's mobilization to the Philippines would be delayed further because of the amount of work that still needs to be done in Vietnam resulting from the delays in the arrival of equipment and materials.

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) together with the other permits from government agencies is ongoing.

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

In a letter dated December 29, 2023, the DOE approved the 2024 Work Program and Budget with a total firm budget of US$120,700 and a contingent budget of US$193,500. With the DOE approval, Philodrill commenced the well review and design for the West Linapacan well. Philodrill issued Requests For Quotation for the required well plan and design work from third-party service providers.

Philodrill remitted the 2023 Training Fund Commitment for $20,000.00 to the DOE.

SERVICE CONTRACT NO. 53 (Onshore Mindoro)

Philodrill continues to review and collate the subsurface data that will be required for the well plan and design work. Philodrill issued requests for quotation to third-party service providers for the work activity as approved under the 2024 WP&B. Four proposals have been received and are presently being evaluated to choose the service provider for the work.

Philodrill issued the Authority for Expenditures for Partner's approval in accordance with the DOE-approved 2024 Work Program and Budget. In a related matter, Philodrill remitted to the DOE the 2023 Training Fund Commitment for $20,000.00.

The NCIP Provincial of Occidental Mindoro has yet to advise on the exact date of the face-to-face meeting with their Legal Affairs Office (LAO) for the finalization of the MOA.

The NCIP Region 4B appointed Engr. Christina Joy Bachini as the new TMSD head vice Mr. Jasen Victoriano who was transferred to Davao. However, another personnel movement was carried out by replacing Engr. Bachini with Engr. Catherine Pagkatipunan. Moreover, the LAO Director was replaced by Atty. B. Masweng.

NCIP Occidental Mindoro sent an amended Work and Financial Plan for Magsaysay, Occidental Mindoro FPIC for Philodrill's approval. They included the amount of P57,000.00 to cover the Commission En-Banc Deliberation Expenses. The NCIP-Occidental Mindoro Office submitted to the NCIP-Head Office the amended Work and Financial Plan (WFP) for Magsaysay FPIC for the approval and signature of the Commissioner-in-Charge. After the approval, Mr. Quevedo sent a copy of the order of payment and the same was paid through NCIP Region 4B Land Bank account.

On the Oriental side, the NCIP-Bulalacao Service Center is waiting for the resolution of the LAO's request for clarification in Magsaysay, Occidental Mindoro before proceeding with the FPIC process in Bulalacao, Oriental Mindoro.

SERVICE CONTRACT NO. 74 (Linapacan)

Mr. Dan Carlos, President of PXP, informed the JV Partners that the remaining financial obligation to the DOE amounts to US$75,000. Philodrill's share is US$18,750. To evaluate the compliance of PXP concerning the 2023 work program, the DOE requested copies of reports and studies generated under Sub-Phase 3 of the service contract.

On March 5, 2024, PXP submitted one (1) external hard drive containing all data generated and interpreted per work program. 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. The DOE also informed PXP that the settlement of the remaining financial commitment will be coordinated with PXP upon review of the DOE's Memorandum of Agreement with the Palawan State University.

Properties

The information required by Item 2 is contained in Notes 7 and 8 to the Company's 2023 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 Galocand 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	Sep 01, 1973	Feb 28, 2024	Northwest Palawan	Exploration
SC53 (Onshore Mindoro)	81.480	Anglo Phil. Holdings Corp.	The Company	July 08, 2005	Under Moratorium	Mindoro	Exploration
SC74 (Linapacan) ****	25.000	PXP Energy Corp. PNOC-EC	PXP Energy	Sep 03, 2013	Aug 03, 2063	Northwest Palawan	Exploration

**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. 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*

Employees

As at December 31, 2023, the Company has 22 employees.

Type of employee	Exploration/ Technical	Finance/ AdministrationLegal/Stocks
Executive Officers - Administrative	1	4
AVP, Managers - Technical/Operations	2	2
Rank and File - Clerical	4	9
Total	7	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.

IV. Brief Description of the General Nature & Scope of Business of the Company

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 16 January 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 SEC approved on 13 April 2009.

With the Company's corporate term expiring by 2019, in 2018 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.

V. Market Price and Dividends

(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 2023 and 2022 up to the first quarter of the current year 2024, expressed in Philippine Pesos, are as follows:

Stock Prices:		High	Low
2024	As of April 30, 2024	0.0089	0.0078
	First Quarter	0.0097	0.0073
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
2022	First Quarter	0.0110	0.0088
	Second Quarter	0.0094	0.0082
	Third Quarter	0.0092	0.0085
	Fourth Quarter	0.0100	0.0085

(2) Holders

There were 8,529 shareholders of record as of March 31, 2024 and 8,533 shareholders of record as of December 31, 2023. Common shares outstanding as of 31 December 2023totaled 191,868,805,358 shares.

The Company 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. In February 2008, the Company filed its application for the listing and trading of the offer shares with the PSE and the PSE approved the application on September 24, 2008.On May 26, 2008, the Company filed a Registration Statement covering the offer shares with the SEC and it was approved by the SEC on September 18, 2008. Additional information required is also contained in Note 14 to the Company's 2022 Audited Consolidated Financial Statements.

Top 20 stockholders as of March 31, 2024:

NAME	NO. OF SHARES HELD	% TO TOTAL
1. PCD NOMINEE CORPORATION FILIPINO	173,774,893,146	90.57%
2. PCD NOMINEE CORPORATION NON-FILIPINO	1,631,777,331	00.85%
3. ALFREDO C. RAMOS	690,088,350	00.36%
4. ALSONS CONSOLIDATED RESOURCES, INC	566,720,000	00.30%
5. MARGARET S. CHUA CHIACO	530,000,000	00.28%
6. TRAFALGAR HOLDINGS PHIL., INC	360,993,600	00.19%
7. ALBERTO MENDOZA &/OR JEANIE C. MENDOZA	317,910,514	00.17%
8. CHRISTINE C. CHUA	254,097,005	00.13%
9. RCBC TRUST ACCOUNT #32-314-4	190,900,000	00.10%
10. PHIL. REMNANTS CO., INC.	188,247,468	00.10%
11. AYALA CORPORATION	188,068,125	00.10%
12. CARMENCITA O. REYES	176,415,750	00.09%
13. INDEPENDENT REALTY CORPORATION	165,807,000	00.09%
14. ANSELMO C. ROQUE	150,000,000	00.08%
15. PAULINO G. PE	135,490,200	00.07%
16. ESTATE OF GREGORIO K. SY SUAN	112,500,000	00.06%
17. ANSALDO, GODINEZ & CO., INC.	112,188,084	00.06%
18. J.A. GONZALEZ	110,400,000	00.06%
19. ANGLO PHILIPPINE HOLDINGS CORPORATION	108,936,264	00.06%
20. LUCIO W. YAN &/OR CLARA Y. YAN	107,918,500	00.06%

As of December 31, 2023, the top 20 stockholders are as follows:

NAME	NO. OF SHARES HELD	% TO TOTAL
1. PCD NOMINEE CORPORATION FILIPINO	173,812,897,506	90.59%
2. PCD NOMINEE CORPORATION NON-FILIPINO	1,571,725,191	00.82%
3. ALFREDO C. RAMOS	690,088,350	00.36%
4. ALSONS CONSOLIDATED RESOURCES, INC	566,720,000	00.30%
5. MARGARET S. CHUA CHIACO	530,000,000	00.28%
6. TRAFALGAR HOLDINGS PHIL., INC	360,993,600	00.19%
7. ALBERTO MENDOZA &/OR JEANIE C. MENDOZA	317,910,514	00.17%
8. CHRISTINE C. CHUA	254,097,005	00.13%

9. RCBC TRUST ACCOUNT #32-314-4	190,900,000	00.10%
10. PHIL. REMNANTS CO., INC.	188,247,468	00.10%
11. AYALA CORPORATION	188,068,125	00.10%
12. CARMENCITA O. REYES	176,415,750	00.09%
13. INDEPENDENT REALTY CORPORATION	165,807,000	00.09%
14. ANSELMO C. ROQUE	150,000,000	00.08%
15. PAULINO G. PE	135,490,200	00.07%
16. JOSEPH D. ONG	121,595,829	00.06%
17. ESTATE OF GREGORIO K. SY SUAN	112,500,000	00.06%
18. ANSALDO, GODINEZ & CO., INC.	112,188,084	00.06%
19. J.A. GONZALEZ	110,400,000	00.06%
20. ANGLO PHILIPPINE HOLDINGS CORPORATION	108,936,264	00.06%

(3) Dividends

As of the years 2023, 2022 and 2021, the Board has not approved any dividend declaration.

The Board of Directors has the power to fix and determine the amount to be declared for dividends from the Company's unrestricted retained earnings.

The existence of surplus profit is a condition precedent before a dividend can be declared. The surplus profits are the Company's Audited Net Income adjusted for unrealized items, including those earmarked for exploration and development projects, which are considered not available for dividend declaration.

During the Company's profitable years, from 2010 to 2016, Philodrill was able to declare cash dividends. The Board approved the amount of such dividends based on a certain percentage of the par value.

However, for the succeeding years, the Company has not been gainfully operating due to the slump in oil prices, coupled with the decline in production volume as a result of the depletion of its petroleum reserves. Starting in 2017, the Company incurred major expenses with the plug and abandonment of some of its operated fields. This was further aggravated by the effects of the Covid-19 pandemic to the Company's operations as some projects were put on hold due to lockdowns and travel restrictions.

With this, Philodrill has not declared any dividend since November 2016.

VI. Corporate Governance

(a) The Company is in compliance with the leading practices on good corporate governance pursuant to the provisions of the Revised Code of Corporate Governance for Publicly Listed Companies.

(b) The Company's CG policies are disclosed in the I-ACGR submitted to the Commission annually on May 30.

VII. Requirements of Section 49 of the Revised Corporation Code

a.1) Description of the Voting and Vote Tabulation procedures used in the previous meeting (2023 Annual Stockholders' Meeting)

In all items for approval, each voting share of stock entitles the registered owner as of the record date (March 15, 2023) to one vote.

In the election of directors, straight and cumulative voting was allowed. Each stockholder voted such number of shares for as many persons as there are directors to be elected, but he is entitled to cumulate the shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or to distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

After successful registration at the Annual Stockholders' Meeting, each stockholder was provided with an electronic ballot to vote on each item or proposal in the Agenda. All votes were counted and tabulated by the Election Committee composed of representatives from the Office of the Corporate Secretary.

Registration for the annual stockholders' meeting and tabulation of votes were conducted in the following manner:

1) Registration is to commence by the filing of a scanned or digital copy of the completed Registration Form together with other required documents to 2023asm@philodrill.com beginning May 26, 2023 at 8:00 am until June 14, 2023 at 5:00pm.

(2) The stockholder has the option to either vote in absentia, in which case the stockholder will have to complete the ballot included in the Registration Form; or to appoint the Chairman of the meeting as Proxy.

(3) Subject to validation by the Company, the stockholder will receive an email confirming their valid registration which shall also contain the link to the live webcast of the Meeting.

(4) The Proxy Validation Committee will tabulate all votes received through Proxy or in absentia, and an independent third party will validate the results.

(5) Stockholders who notified the Company of their intent to attend the meeting remotely can either vote in advance or during the meeting through the link provided to their email addresses. Votes are subject to the validation of an independent third party.

2.) Description of the Opportunity given to Stockholders to ask questions and a record of the questions asked and answers given

Stockholders were given the opportunity to send their questions and/or comments during the meeting by email to *2023asm@philodrill.com* with subject *"ASM Question/Comment"*. Stockholders who participated in the Meeting sent their questions before the meeting. Relevant questions were raised and read by the Moderator and were answered by concerned officers during the meeting.

From Mr. Benny Gan – I have been in the oil and gas industry for a long time and I know that delays in the project implementation happen. Is the current timetable for drilling in Cadlao 4 attainable? And how many barrels of oil are we expecting from Cadlao?

The Vice President for Exploration and Production, Mr. Dennis Panganiban, confirmed that the timetable for drilling and redevelopment of Cadlao is still attainable. The Operator, Nido Petroleum Pty. Ltd. is expected to spud the well by the 4th Quarter of the year, to be followed by an EWT for about six (6) months. Should this be successful, the JV can easily transition into full commercial oil production by the 2nd Quarter of 2024.

On the second question, based on the recent study conducted by RISC for Nido, there are about 6.2M barrels that can still be recovered from the field.

3.) Matters discussed and resolutions reached

1. Approval of the Minutes of the 15 June 2022 Annual Stockholders' Meeting

   *"**RESOLVED**, that the Minutes of the Annual Stockholders' Meeting of The Philodrill Corporation held on June 15, 2022, be approved, confirmed and ratified."*

2. Approval of the Company's Management Report

   *"**RESOLVED,** that the Management Report of the Company for the year 2022, including its Audited Financial Statements be noted and approved."*

   With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

3. Approval of Acts and Resolutions of the Board of Directors and Management

   *"**RESOLVED**, that the acts and resolutions of the Board of Directors, its Committees, and the Management taken or adopted since the annual stockholders' meeting last June 15, 2022 until the date of this meeting June 21, 2023 be approved, confirmed and ratified."*

   With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

4. Appointment of Independent External Auditor

   *"**RESOLVED**, that **SyCip Gorres Velayo & Co.** are hereby appointed external auditors of the Company for fiscal year 2023."*

   With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

5. Amendment of the By-Laws

   *"**RESOLVED**, that "the majority of Stockholders of The Philodrill Corporation, owning 56.658% of the Company's outstanding capital stock, approved and agreed to amend Article I, Sections 2, and Article II, Section 9 of the Company's By-Laws."*

6. Election of Directors

   *"**RESOLVED**, that the following be elected as members of the Board of Directors of the Company, to serve as such beginning June 21, 2023 and until their successors are elected and qualified:*

   MR. GERARD ANTON S. RAMOS
   MRS. PRESENTACION S. RAMOS
   MR. ADRIAN PAULINO S. RAMOS
   MR. CHRISTOPHER M. GOTANCO

MS. MAUREEN ALEXANDRA R. PADILLA
MR. REYNALDO E. NAZAREA
MR. VINCENT L. TEMPONGKO (Independent)
MR. ALLEN L. COPOK (Independent)
MR. JOHN PETER C. HAGER (Independent)"

With the vote of the Chairman, majority of the outstanding capital stock of the Company entitled to vote, had voted in favour of the proposal.

4.) Record of Voting results for each agenda item

There were 108,709,175,719 votes from stockholders owning or representing 56.658% of the outstanding capital stock of the Company entitled to vote, in favor of the approval of the minutes of the Annual Stockholders' Meeting held on June 21, 2023.

There were 108,709,175,719 votes from stockholders owning or representing 56.658% of the outstanding capital stock of the Company entitled to vote, in favor of the approval of the Company's Annual Report and Audited Consolidated Financial Statements for the year ending December 31, 2022, as presented.

There were 108,709,175,719 votes from stockholders owning or representing 56.658% of the outstanding capital stock of the Company entitled to vote, in favor of the Minutes of the meetings, and all acts and resolutions taken or adopted by the Board of Directors, Board Committees and Management since the Annual Meeting of Stockholders on June 21, 2023 up to the date of the 2024 Annual Stockholders' meeting.

A total of 108,709,175,719 presenting 56.658% of the Company's outstanding capital stock, approved by the Stockholders re voted in favor of all the proposed amendments.

There were 108,617,019,469 votes from stockholders owning or representing 56.610% of the outstanding capital stock of the Company entitled to vote, in favor of the appointment of the SyCip Gorres Velayo & Co. as external auditor of the Company for fiscal year 2023.

There were 108,709,175,719 votes from stockholders owning or representing 56.658% of the outstanding capital stock of the Company entitled to vote, in favor of the nine (9) elected Board of Directors of the Company, to serve as such beginning June 21, 2023and until their successors are elected qualified:

1. Mrs. Presentacion S. Ramos
2. Mrs. Maureen Alexandra R. Padilla
3. Mr. Gerard Anton S. Ramos

4. Mr. Adrian Paulino S. Ramos
5. Mr. Christopher M. Gotanco
6. Mr. Reynaldo E. Nazarea
7. Mr. Allen L. Copok (Independent Director)
8. Mr. Vincent L. Tempongko (Independent Director)
9. Mr. John Peter C. Hager (Independent Director)

5.) List of Directors or trustees, officers and stockholders or members who attended the meeting:

Directors

1. Ms. Presentacion S. Ramos
2. Mr. Adrian Paulino S. Ramos
3. Mr. Gerard Anton S. Ramos
4. Ms. Maureen Alexandra Ramos- Padilla
5. Mr. Christopher M. Gotanco
6. Mr. Reynaldo E. Nazarea
7. Mr. Vincent L. Tempongko (Independent)
8. Mr. John Peter C. Hager (Independent)
9. Mr. Allen L. Copok (Independent)

Officers

10. Mr. Dennis V. Panganiban
11. Atty. Adrian S. Arias
12. Ms. Jennifer P. Tombaga
13. Mr. Arturo B. Maulion
14. Atty. Josephine L. Ilas

Stockholders

15. Mr. Nicasio I. Alcantara
16. Mr. Honorio A. Poblador III
17. Mr. Jeciel J. Benavidez
18. Ms. Violeta B. De Leon
19. Mr. Rueben M. Gan
20. Ms. Mercedita S. Reyes
21. Mr. Pacifico Tombaga

6.B) List of Material Information on the current stockholders, and their voting rights

Voting Right and Right to Participate at Stockholders Meetings

i. In all items for approval, each share of stock entitles its registered owner as of the record date to one vote.

   Voting shall be by poll and the Company shall provide the mechanism to implement the same at every stockholders meeting.

ii. For the election for directors, every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates.

iii. The stockholders shall also have an opportunity during the stockholders' meeting to ask questions and raise their issues relevant to the agenda items. The minutes of the meeting shall record the shareholder questions and corresponding answers given by the directors and officers of the Company.

iv. The Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available. In addition, the Minutes of the Annual and Special Shareholders' Meeting is also made available on the Company website within five (5) business days from the end of the meeting.

6.F) Directors' Training and Continuing Education

The Company holds annual Corporate Governance seminars for its Directors and Officers. Due to the pandemic, the Company had its online webinar on September 26, 2023 with training provider Institute of Corporate Directors (ICD).

The following Directors attended the seminar:

- Presentacion S. Ramos
- Adrian Paulino S. Ramos
- Gerard Anton S. Ramos
- Maureen Alexandra R. Padilla
- Christopher M. Gotanco
- Reynaldo E. Nazarea
- Adrian S. Arias
- Dennis V. Panganiban
- Arturo B. Maulion

- Josephine L. Ilas
- Jennifer P. Tombaga
- John Peter C. Hager

Our Independent Directors, ***Mr. Allen L. Copok and Mr. Vincent L. Tempongko*** also completed and attended the virtual *"Corporate Governance"* seminar on October 9, 2023 conducted by Center For Global Best Practices Foundation, Inc. (CGBP).

6.G) Directors Attendance Report

Director	No. of Board Meetings Attended (2023)	% of Attendance
1. Gerard Anton S. Ramos	6 of 6	100%
2. Adrian Paulino S. Ramos	6 of 6	100%
3. Presentacion S. Ramos	5 of 6	83.33%
4. Maureen Alexandra Ramos-Padilla	5 of 6	83.33%
5. Christopher M. Gotanco	6 of 6	100%
6. Reynaldo E. Nazarea	6 of 6	100%
7. Allen L. Copok	2 of 4	50%
8. Vincent L. Tempongko	4 of 4	100%
9. John Peter C. Hager	4 of 4	100%

Total no. of meetings for 2023 – 6
for new IDs – 4 (June-December)

Director	No. of Committee Meetings Attended (2023)	% of Attendance
1. Christopher M. Gotanco (CG, Compensation, AC, RPT)	8 of 8	100%
2. Reynaldo E. Nazarea (Compensation)	1 of 1	100%
3. Allen L. Copok (CG, Compensation, AC, RPT)	4 of 5	80%
4. Vincent L. Tempongko (CG, Compensation, AC, RPT)	5 of 5	100%
5. John Peter C. Hager (CG, Compensation, AC, RPT)	5 of 5	100%

6.H) Appraisals and performance report for the board and the criteria and procedure for assessment.

The company recognizes that in order to sustain good corporate governance within the organization, the same sound culture must be upheld and cultivated from the top. It is therefore of paramount importance to monitor the governance structure and performance of the Board of Directors (the Board) and top management according to their roles, responsibilities and accountabilities.

It has been the policy and practice of the Company for its Board to conduct an Annual Self-Assessment exercise through a questionnaire given to each Director at the last regular meeting for the year, for the purpose of evaluating the performance of the Board that year and the effectiveness of the Company's governance processes, and seeking ways to improve such performance.

The Company continually review this assessment process to take into consideration leading practices in corporate governance. The self-rating form had been revised to cover appraisal of the Board as a governing unit, of individual directors, of the different Board Committees, and of management including the President.

The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each director, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflects the specific duties, responsibilities, accountabilities of each party assessed as provided in the Company's By-Laws, Manual on Corporate Governance, Board Committee Charters and governing policies.

Moreover, the questionnaire allows the Director to provide the comments and suggestions to further enrich the assessment process. In case clarification is needed on this policy and the performance assessment exercise, the Board addresses their queries to the Compliance Officer.

Facilitated by the Corporate Secretary, the annual self-rating form is required to be accomplished and signed by each individual director, then submitted to the Office of the Corporate Secretary within 30 days from receipt of the form.

The Corporate Secretary collates the results of the assessment and reports the same to the Board at a subsequent regular meeting prior to the annual stockholders' meeting. The self-rating form may be further amended by the Office of the Corporate Secretary as deemed necessary, provided that the form remains compliant with the sound corporate governance standards and practices applicable law.

6.I) Directors Compensation Report

(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 Board of Directors are as follows:

Name	Year	Per Diem	Salaries	Profit Sharing	Other Compensation (SARS)	Total
Directors						
	2022	430,000	1,557,000	41,529		2,028,529
	2023	410,000	1,900,000			2,310,000
	2024 (estimate)	390,000	1,938,000			2,328,000

6.K) Directors' disclosures on self-dealing and related party transactions.

There were no transactions with Directors, Officers or any principal stockholders (owning at least 10% of the outstanding shares of the Company) that are not in the ordinary course of business of the Company for 2023. No related party transactions were entered into by any Director in 2023 that required review by the Audit Committee (acting as RPT Committee) and further approval by the Board in accordance with the RPT Policy of the Company. There have been no complaints, disputes or problems regarding related party transactions of the Company. The Company observes an arm's length policy in its dealings with related parties.

May 3, 2024.

ADRIAN S. ARIAS
Corporate Secretary

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3	8	6	8	3							

COMPANY NAME

THE PHILODRILL CORPORATION AND SUBSIDIARY

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@philodrill.com	(632) 8631-8151	N / A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
8,533	06/21	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Reynaldo E. Nazarea	renazarea@philodrill.com	(632) 8631-8151	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 deficiencie*

Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph

To: jptombaga@philodrill.com

Cc: jptombaga@philodrill.com

Date: Thursday, April 18, 2024 at 02:10 PM GMT+8

Hi THE PHILODRILL CORPORATION,

Valid files

- EAFS000315612ITRTY122023.pdf
- EAFS000315612AFSTY122023.pdf
- EAFS000315612OTHTY122023.pdf
- EAFS000315612RPTTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-A857E66C0CBGH9HBAMN2MVZ1M07FDGJAGJ**
Submission Date/Time: **Apr 18, 2024 02:10 PM**
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
QUAD ALPHA CENTRUM, 125 PIONEER, MANDALUYONG CITY, PHILIPPINES
TEL. NOS. 8631-1801 TO 05 ; 8631-8151/52 ; WEBSITE: www.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, 2023 and 2022, 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, 2023 and 2022 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

REYNALDO E. NAZAREA
Chief Financial Officer

Signed this 19th day of March 2024

SUBSCRIBED AND SWORN to before me this 03 APR 2024 day of ______ 2024 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
Reynaldo E. Nazarea	N15-78-009789	May 17, 2033	

Doc. No. 245
Page No. 54
Book No. 1
Series of 2024.

ATTY. JOSEPHINE C. LAFIGUERA - ILAS
NOTARY PUBLIC – CITY OF MANDALUYONG
APPT. NO. 0644-23 UNTIL 12-31-2024
QUAD ALPHA CENTRUM, 125 PIONEER STREET
MANDALUYONG CITY 1550
PTR NO. 3131139/ MANDALUYONG CITY / 01-16-2023
IBP NO. 273594/01-06-2023/RSM CHAPTER
MCLE COMPLIANCE NO. VI-0030421/04-14-2022
ROLL NO. 44784

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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

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

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, 2023 and 2022, 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, 2023, and notes to the consolidated financial statements, including a 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

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, 2023, the carrying value of the Group's deferred oil and gas exploration costs amounted to ₱563.1 million, net of allowance for unrecoverable deferred oil and gas exploration costs amounting to ₱334.9 million. These deferred exploration costs pertain to the expenditures incurred in the exploration stage of the Group's oil and gas assets. 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, 2023. 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 rate used. We compared the key inputs and assumptions used, including forecasted oil and gas prices, inflation rate, estimated volume of oil and gas reserves, capital expenditures, and production and operating costs, against the historical performance of similar projects and other 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, 2023 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, 2023 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 PFRSs, 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.

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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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026
PTR No. 10079934, January 5, 2024, Makati City

March 19, 2024

THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱395,545,218**	₱381,739,397
Receivables (Note 5)	**237,494,304**	241,643,133
Crude oil inventory (Note 6 and 7)	**59,864,176**	57,229,468
Other current assets	**7,225,287**	5,006,140
Total Current Assets	**700,128,985**	685,618,138
Noncurrent Assets		
Investments in associates (Note 9)	**903,592,135**	899,335,155
Deferred oil and gas exploration costs (Notes 7 and 11)	**563,138,013**	604,283,335
Property and equipment (Note 8)	**261,924,669**	305,664,288
Deferred income tax assets - net (Note 20)	**228,425,365**	194,276,481
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	**56,629,640**	69,632,048
Other noncurrent assets	**–**	10,104,178
Total Noncurrent Assets	**2,013,709,822**	2,083,295,485
TOTAL ASSETS	**₱2,713,838,807**	₱2,768,913,623
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 12)	**₱8,759,328**	₱12,732,272
Dividends payable (Note 14)	**33,126,610**	33,126,610
Total Current Liabilities	**41,885,938**	45,858,882
Noncurrent Liabilities		
Provisions for plug and abandonment costs (Notes 7 and 13)	**30,748,952**	34,366,961
Retirement benefit liability (Note 19)	**1,188,368**	1,822,139
Total Noncurrent Liabilities	**31,937,320**	36,189,100
Total Liabilities	**73,823,258**	82,047,982
Equity		
Capital stock (Note 14)	**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 9)	**55,925,308**	55,497,116
Net unrealized loss on decline in value of financial assets at FVOCI (Note 10)	**(54,017,010)**	(41,014,602)
Reserve for net remeasurement loss on retirement benefit liability	**(42,912,363)**	(42,514,811)
Retained earnings	**935,915,659**	969,793,983
Total Equity	**2,640,015,549**	2,686,865,641
TOTAL LIABILITIES AND EQUITY	**₱2,713,838,807**	₱2,768,913,623

See accompanying Notes to Consolidated Financial Statements.

THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022	2021
SHARE IN PETROLEUM REVENUE (Note 7)	**₱203,591,907**	₱237,488,580	₱207,126,666
COSTS AND EXPENSES			
Share in costs and operating expenses (Notes 7 and 17)	**138,678,431**	105,403,947	139,477,198
General and administrative expenses (Note 18)	**56,200,188**	64,922,351	60,841,195
Depletion expense (Notes 7 and 8)	**52,675,739**	48,261,960	51,282,027
	247,554,358	218,588,258	251,600,420
OTHER INCOME (CHARGES)			
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)**	–	–
Interest income (Notes 4 and 16)	**26,927,701**	15,705,047	12,304,629
Share in net income of associates (Note 9)	**13,323,123**	33,162,913	38,045,728
Interest expense (Notes 13 and 19)	**(2,053,168)**	(2,578,786)	(2,236,159)
Dividend income (Note 10)	**1,288,859**	1,263,730	1,255,448
Foreign exchange gains - net (Note 7)	**757,610**	40,613,540	16,507,842
Gain on sale of investment (Note 10)	**–**	–	4,542,611
Others - net	**(721,116)**	(3,420,889)	(115,068)
	(21,952,416)	(339,009,268)	70,305,031
INCOME (LOSS) BEFORE INCOME TAX	**(65,914,867)**	(320,108,946)	25,831,277
(PROVISION FOR) BENEFIT FROM INCOME TAX (Note 20)			
Current	**(1,979,824)**	(927,221)	(679,664)
Deferred	**34,016,367**	(18,297,387)	11,173,300
	32,036,543	(19,224,608)	10,493,636
NET INCOME (LOSS)	**(₱33,878,324)**	(₱339,333,554)	₱36,324,913
EARNINGS (LOSS) PER SHARE (Note 15)			
Basic	**(₱0.0002)**	(₱0.0018)	₱0.0002

See accompanying Notes to Consolidated Financial Statements.

THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
NET INCOME (LOSS)	**(₱33,878,324)**	(₱339,333,554)	₱36,324,913
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gains (losses) on financial assets at FVOCI (Note 10)	**(13,002,408)**	(12,379,543)	3,874,565
Share in other comprehensive income (loss) of associates (Note 9)	**428,192**	29,016,581	(4,984,909)
Remeasurement gains (loss) on retirement benefit liability (Note 19)	**(530,069)**	(5,521,484)	4,510,162
Income tax effects	**132,517**	1,380,371	(1,353,049)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**(12,971,768)**	12,495,925	2,046,769
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱46,850,092)**	(₱326,837,629)	₱38,371,682

See accompanying Notes to Consolidated Financial Statements.

THE PHILODRILL CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Capital Stock (Note 14)	Paid-in Capital from Sale of Treasury Shares	Share in Other Comprehensive Income (Loss) of Associates (Note 9)	Net Unrealized Income (Loss) on Increase (Decline) in Value of Financial Assets at FVOCI (Note 10)	Reserve for Net Remeasurement Income (Loss) on Retirement Benefit Liability (Note 19)	Retained Earnings	Total
Balances at January 1, 2021	**₱1,743,479,943**	**₱1,624,012**	**₱31,465,444**	**(₱32,509,624)**	**(₱41,530,811)**	**₱1,272,802,624**	**₱2,975,331,588**
Net income	–	–	–	–	–	36,324,913	36,324,913
Other comprehensive income (loss)	–	–	(4,984,909)	3,874,565	3,157,113	–	2,046,769
Total comprehensive income (loss)	–	–	(4,984,909)	3,874,565	3,157,113	36,324,913	38,371,682
Balances at December 31, 2021	**₱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**

See accompanying Notes to Consolidated Financial Statements.

THE PHILODRILL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS USED FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱65,914,867)**	(₱320,108,946)	₱25,831,277
Adjustments for:			
Provision for unrecoverable deferred oil and gas exploration costs (Note 11)	**57,302,287**	423,754,823	–
Depletion and depreciation expense (Note 8)	**53,441,168**	49,216,836	54,428,709
Interest income (Notes 4 and 16)	**(26,927,701)**	(15,705,047)	(12,304,629)
Share in net income of associates (Note 9)	**(13,323,123)**	(33,162,913)	(38,045,728)
Unrealized foreign exchange gains (losses) - net (Note 7)	**(757,610)**	(32,586,052)	(16,507,842)
Impairment loss on investment in associates (Note 9)	**4,173,138**	–	–
Accretion expense (Note 13)	**2,000,342**	1,915,669	1,448,014
Movement in retirement benefit liability (Note 19)	**(1,163,841)**	(20,028,470)	(5,047,804)
Dividend income (Note 10)	**(1,288,859)**	(1,263,730)	(1,255,448)
Gain on sale of investments (Note 10)	**–**	–	(4,542,611)
Amortization of other deferred charges	**–**	2,409,099	2,009,308
Working capital changes:			
Decrease (increase) in:			
Receivables	**4,148,829**	56,033,505	(14,137,616)
Crude oil inventory	**(2,634,708)**	(35,141,470)	(7,616,222)
Other current assets	**(2,219,147)**	(2,710,439)	(87,666)
Increase (decrease) in accounts payable and accrued liabilities	**(3,972,944)**	7,503,844	(7,892,591)
Cash from operations	**2,862,966**	80,126,709	(23,720,849)
Income taxes paid, including creditable taxes applied	**(1,979,824)**	(957,886)	(697,474)
Interest received	**26,927,701**	15,705,047	12,186,593
Dividends received	**6,610,058**	6,584,929	8,840,886
Decrease in other noncurrent assets	**10,104,178**	–	–
Net cash flows from (used in) operating activities	**44,525,079**	101,458,799	(3,390,844)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to:			
Deferred oil and gas exploration costs (Note 11)	**(16,156,965)**	(19,417,983)	(20,886,697)
Property and equipment (Note 8)	**(9,701,549)**	(9,639,381)	(2,109,921)
Proceeds from:			
Disposal of other noncurrent assets	–	–	10,018,200
Sale of Financial assets at FVOCI (Note 10)	–	–	8,420,001
Cash flows used in investing activities	**(25,858,514)**	(29,057,364)	(4,558,417)

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments of dividends (Note 14)	**₱–**	(₱2,605)	(₱8,520)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**18,666,565**	72,398,830	(7,957,781)
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(4,860,744)**	24,669,412	19,356,067
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**381,739,397**	284,671,155	273,272,869
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱395,545,218**	₱381,739,397	₱284,671,155

See accompanying 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 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, 2023 and 2022 is presented in Note 9.

Group Information
The Parent Company's subsidiary and associates are as follows:

	Principal activities	Country of incorporation	% equity/ Participating interest
Subsidiary			
Philodrill Power Corporation (PPC)	Oil exploration and production	Philippines	100.00
Associates (Note 9)			
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 *11.82
**Indirect ownership through PCIC*			

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, 2023 and 2022 and for each of the three years ended December 31, 2023 were authorized for issue by the Board of Directors (BOD) on March 19, 2024.

2. Basis of Preparation and Summary of Material Accounting Policies

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

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 fair value through other comprehensive income (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.

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 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In 2023, the Parent Company adopted the amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their "material" accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance.

The Group applied the materiality guidance in its 2023 accounting policy disclosures

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 and fair value through other comprehensive income (OCI).

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 Company 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 fair value through OCI, 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.

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 fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent Measurement
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 under "Other current assets" and "Other noncurrent assets".

- Financial assets designated at fair value through OCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 *Financial Instruments: Presentation a*nd 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 non-listed equity investments under this category.

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 Company'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.

Impairment of financial assets
The Group 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 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. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group considers a financial asset as past due when contractual payments are over 90 days. 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.

For financial assets such as advances to related parties, accrued interest, accounts with partners, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) 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 cash and cash equivalents, 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. It is the Group’s policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. 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 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.

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.

Subsequent Measurement
The Group's financial liabilities at amortized cost include trade and other payables, advances from a related party and lease liabilities. The Group did not have financial liabilities at fair value through profit or loss as at December 31, 2023 and 2022.

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.

Fair Value Measurement
The Group measures financial assets at FVOCI at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business at the end of the reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 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.

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:

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

Investments in Associates
Associates are entities 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. Generally, investment holding at least 20% to 49% of the voting power of an investee is presumed to have significant influence. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The investment in associates are accounted using equity method.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the statement of profit or loss and other comprehensive income as part of operating profit and represents profit or loss after tax and a non-controlling interest (NCI) in the subsidiaries of joint venture.

The financial statements of the joint venture 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.

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 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 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 profit or loss 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 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 proved 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.

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, 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*.

Costs and Expenses

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 P&A costs

The Group 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 decommissioning 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 decommissioning 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 decommissioning, which would affect future financial results.

Income Taxes
The contractor shall be liable each taxable year for Philippine income tax on income derived from its petroleum operations under its contract of service, computed as provided:

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.

- *Gross Income*
  Gross income consists of:
  - In respect of crude oil exported, the gross proceeds from the sale of crude oil at the posted price;
  - In respect of crude oil sold for consumption in the Philippines, the gross income shall consist of the gross proceeds from the sale thereof at market price per barrel;
  - In respect of natural gas and/or casinghead petroleum exported or sold for consumption in the Philippines the gross income shall consist of the total quantity sold at the prevailing market price thereof; and
  - Such other income which are incidental to and/or arising from any petroleum operation.

- *Deductions from gross income*
  In computing the taxable net income, the following are allowed as deductions:
  - Filipino participation incentive; and
  - Operating expenses reimbursed pursuant to Section 8 (1) of Presidential Decree No. 87, which includes amortization and depreciation. On behalf of the government, reimburse the contractor for all operating expenses not exceeding seventy percent (70%) of the gross proceeds from production in any year, Provided, that if in any year, the operating expenses exceed seventy percent (70%) of gross proceeds from production, then the unrecovered expenses shall be recovered from the operations of succeeding years.

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.

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 PFRSs 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 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 drilling. These arrangements are entered into with the Philippine Government through SCs.

As at December 31, 2023 and 2022, 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 joint voting agreement entered.

As at December 31, 2023 and 2022, the Group has significant influence over ACMDC based on the joint voting agreement between the Ramos Group, which represents 31.85% interest (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 rates of 14.9% in 2023 and 14.5% in 2022 – 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 and gas prices of $75/bbl and $6.5/Mcf in 2023 and $80/bbl and $6.5/Mcf in 2022, respectively – which are estimated with reference to external market forecasts of Brent crude prices and US and Dutch liquefied natural gas 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 Parent Company's unrecognized deferred income tax assets is provided in Note 20.

Recoverability of Investments in Associates
The Group assesses impairment on investments in associates when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The factors that the Group considers important, which could trigger an impairment review include the following:
- a downgrade of an associate's credit rating or a decline in the fair value of the associate in consideration of other available information
- significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the associates operate

The Group determined that the significant decline in current fair market value of the associate is an impairment indicator of its investment in ACMDC.

The Group determined the recoverable amount of its investment in ACMDC is its value-in-use discounted using 11.86% pre-tax rate. The Group recognized an impairment loss on its investment in ACMDC amounting to ₱4.2 million in 2023.

Information on the Group's investment in associates and impairment loss is provided in Note 9.

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

All proved and probable 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. Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As those fields are further developed, new information may lead to revisions.

Oil and gas reserves estimate with a cut off period of December 31, 2023 was issued by the Group's competent person indicating a decrease in oil reserves estimate. The change in oil reserves resulted to an increase in depletion costs by ₱1.1 million.

Information on depletion expense of wells, platforms, and other facilities for the years ended December 31, 2023 and 2022 is provided in Notes 7 and 8.

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 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

	2023	2022
Cash on hand and in banks	**₱80,018,610**	₱32,140,959
Short-term investments	**315,526,608**	349,598,438
	₱395,545,218	₱381,739,397

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 2023, 2022 and 2021 amounted to ₱16.8 million, ₱5.6 million and ₱2.4 million, respectively.

5. Receivables

	2023	2022
Advances to related parties (see Note 16)	**₱230,500,564**	₱230,885,564
Accrued interest from related parties (see Note 16)	**24,746,127**	24,072,093
Accrued interest from banks	**2,517,902**	1,872,866
Accounts with partners (see Note 7)	**243,446**	5,298,609
Others	**406,463**	434,199
	258,414,502	262,563,331
Less allowance for ECL	**20,920,198**	20,920,198
	₱237,494,304	₱241,643,133

The 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.

6. Crude oil inventory

The crude oil inventories carried at NRV amounted to ₱59.9 million and ₱57.2 million as at December 31, 2023 and 2022, respectively (see Note 7). The cost of petroleum inventories recognized as expense and included in "Share in costs and operating expenses" amounted to ₱137.9 million, ₱103.9 million and ₱134.9 million in 2023, 2022 and 2021, respectively (see Note 17).

7. Interests in Joint Operations

The Group's participating interests (in percentage) in the different SCs as at December 31, 2023 and 2022 are as follows:

		Participating Interest (in percentage)	
Area	**Location**	**2023**	2022
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	****72.1662**	51.65000
SC-6B (Bonita-Cadlao)***	Philippines	**17.45460**	17.45460
SC-53 (Onshore Mindoro)	Philippines	**81.48000**	81.48000
SC-74 (Linapacan)****	Philippines	**25.00000**	25.00000

**Relinquished and awaiting DOE's approval of service contract application*
***Group'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*
*****PXP Energy as the operator, submitted the Notice of surrender of SC to the DOE on 13 December 2023.*

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 Nido Petroleum Ltd. (Nido)'s subsidiaries Galoc Production Company (GPC) and Nido Production (Galoc) Pte Ltd (NPG), giving Tamarind majority equity and operatorship of the Galoc Field.

In December 2020, Tamarind-owned NPG Pty. Ltd. replaced GPC as the operator of SC-14C1.

In March 2022, Matahio Energy, an independent energy company, acquired NPG from Tamarind. NPG remains the operator of the Galoc field.

Operations update

The total production for the year 2023 was 502,624 barrels, bringing the field's Total Cumulative Gross Field Production to 24,527,542 barrels of oil at the end of 2023. Three (3) oil liftings (Cargoes #74, #75, and #76) were completed in 2023 with a total volume of 475,183 barrels.

Nido Petroleum Galoc (NPG) Pty Ltd. continued to manage the remaining production wells (G5 and G6) in line with the End of Field Life (EOFL) management strategy.

The Deed of Assignment (DOA), for the assignment of Kuwait Foreign Petroleum Exploration Company's withdrawn interest, and a Side Letter Agreement, for the settlement of liabilities between them and the joint venture was signed and made effective on April 30,2022. Under the DOA, the Parent Company's participating interest in the SC was increased from 7.21495% to 10.1778%. The DOA was formally approved by the Department of Energy (DOE) in October 2022. Towards the end of the 2022, Tamarind-owned NPG Pty. Ltd. replaced GPC as the operator of SC-14C1 (Galoc).

The independent audit of oil reserves and contingent resources as at December 31, 2023 associated with the Galoc field has indicated well cessation dates beyond the license expiry date in December 2025 indicating Galoc EOFL in 2027, 2028, and 2029 based on the Low (1P+1C) 1.41, Mid (2P+2C) 1.81, and High (3P+3C) 2.45 MMBO reserves case scenarios.

Change in oil reserve estimate

The audit by the Group's competent person with a cut off period of December 31, 2023 indicated a decrease in oil reserves estimate. The change in estimated oil reserve increased the 2023 depletion expense by ₱1.1 million.

SC-14 C-2 West Linapacan Block

With the issuance of the DOE Circular DC-2023-12-0033, outlining the procedures for awarding Development and Production Petroleum Service Contracts (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 in 2025 or earlier.

The Joint Venture submitted the 2024 Work Program & Budget, which was approved by the DOE on October 19, 2023.

Nominated Area 10 Malajon (formerly SC6A)

The previous joint venture (JV) took a proactive decision of relinquishing SC6A in 2021 was approved by the DOE on September 5, 2022.

Application for a new SC
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.

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 JV members are as follows:

JV Members	Participating Interest (%)
The Philodrill Corporation	72.1662
Anglo Philippine Holdings Corporation	14.1460
Forum Energy Philippines Corporation	6.8439
PXP Energy Corporation (PXP)	6.8439

Once the new SC is granted, the Group will continue its exploration activities in the northern portion of the AOI where several prospects have been identified and are being matured for possible drilling and development. However, in the southern half of the AOI, 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 EOFL, 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 (see Note 11).

On January 9, 2023, the Group submitted a request for an Area Clearance over the amended area of interest covering 160,000 hectares in Northwest Palawan for nomination to the PCECP.

On January 26, 2023, the DOE granted the Area Clearance and advised the Group to submit a Letter of Intent, a copy of the Certification Letter, a Verification Report, and a Location Map to proceed with the nomination and/or application process for the said area of interest.

On February 15, 2023, the required documents were submitted to the DOE and subsequently approved the nomination of the AOI on February 23, 2023.

The Group was directed to proceed with the PCECP nomination/application process. In compliance with the DOE's directive, the Group, on March 9, 2023, paid the application fee, published the application in two (2) broadsheet newspapers on March 15, 2023, and submitted the bid documents on March 17, 2023. Per DOE's schedule, the deadline of swiss challenge and opening of the bid will be on May 15, 2023.

In a letter dated June 26, 2023, the DOE notified the Group that, along with its Partners, it is 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. As of March 19, 2024, the DOE has yet to receive communication from Malacañang regarding the signing of the new SC.

<u>SC-6B Bonita-Cadlao</u>
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%. This is in consideration of Nido funding 100% of the costs and operating the planned Phased Redevelopment of the Cadlao Oil Field. Phase 1 of the redevelopment plan will entail the drilling and Extended Well Test of Cadlao-4, while the full-field redevelopment with the drilling of additional infill production wells and the installation of permanent facilities will comprise Phase 2. After the divestment of participating interest under the FIA, the Parent Company maintained a significant level of participation in the SC at 17.4546%.

	Participating Interest	
JV Member	**Pre-FIA**	**Post-FIA**
The Philodrill Corporation	58.182%	17.4546%
Nido Petroleum Galoc Pty., Ltd.	9.090%	72.7270%
Oriental Petroleum and Minerals Corporation	16.364%	4.9092%
Alcorn Petroleum and Mineral Corporation	8.182%	2.4546%
Forum Energy Philippines Corporation	8.182%	2.4546%
Total	100.000%	100.000%

The DOA was submitted to the DOE on April 12, 2022 and was approved on December 19, 2022. With the approval of the DOA, the operatorship of the SC was transferred to Nido. A new Joint Operating Agreement was signed in July 2023, which reflected the Post-FIA participating interest.

For the drilling and Extended Well Test of Cadlao-4, Nido confirmed that the drillship, Deep Venture, owned and operated by Saba Drilling will be used for the operations. The vessel is currently in Dong Quyen Port, Vung Tau, Vietnam, and will sail to the Philippines under the Flag of the Bahamas with Nassau as the Port of Registry. The drilling contract with Saba Drilling was signed, and the document was submitted to the DOE in December 2023.

The drillship has been in warm stack since 2014 and requires refurbishment and repair before being given a classification by Det Norske Veritas (DNV) a Norweigian-based classification society for the maritime, energy, and oil and gas industries. The tentative schedule of the drillship to sail to the Philippines has been delayed, consequently pushing back the spud of Cadlao 4 to June 2024.

On October 23, 2023, the JV approved the 2024 Work program and budget, which was submitted to the DOE on October 25 2023.

Application for a new SC
Following the DOE's issuance of the Department Circular DC2023-12-0033 governing the awarding of petroleum SC for DPPSC for expiring SCs, Nido submitted all documentary requirement for application to the DOE on January 26, 2024 (see Notes 11 and 24).

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

For the Occidental Mindoro side, following the two community assemblies and the decision-making process in November 2022, the Memorandum of Agreement (MOA) Negotiation and Drafting was held on March 9, 2023. The finalization and signing of the MOA with the IPs are currently on hold pending a review of the document by the NCIP Legal Affairs Office (LAO).

On the Oriental side, the Pre-FPIC Conference took place on May 23, 2023, via Zoom. It was agreed during the conference that the approval of the Work and Financial Plan for the FPIC activities be deferred due to issues regarding the coverage of the FPIC within the ancestral domains. Subsequently, the Group sent a letter to the NCIP Region IV-B Office requesting guidelines on the FPIC process. The FPIC activities in Oriental was put on hold until until MOA in Occidental is signed.

SC 74 Linapacan
Despite extensive efforts whereas, joint venture executed all Sub-Phase 3 work programs, no viable drillable prospect was identified. The joint venture agreed that any further studies or activities on Linapacan B would only escalate expenses without significantly improving the field's economic viability. Further, advancing to the final sub-phase of the SC will require a commitment to drill a well within the remaining 8 months, which the joint venture will be unable to fulfill. It was, therefore, unanimously decided that the SC should be surrendered to the DOE.

On December 13, 2023, PXP as the operator, and on behalf of the joint venture, submitted to the DOE the Notice of Surrender of the SC. In relation to this, the Group recognized an allowance for impairment loss amounting to ₱57.3 million in 2023 (see Note 11).

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:

	2023	2022
Current assets:		
Receivables (Note 5):		
Accounts with partners	**₱243,446**	₱5,298,609
Crude oil inventory (Note 6)	**59,864,176**	57,229,468
	60,107,622	62,528,077
Noncurrent assets:		
Wells and platforms (Note 8)	**251,149,867**	300,525,298
Deferred oil and gas exploration costs (Note 11)	**563,138,013**	604,283,335
	814,287,880	904,808,633
Current liabilities:		
Accounts with partners (Note 12)	**(7,197,568)**	(6,518,340)
Noncurrent liability:		
Provision for P&A costs (Note 13)	**(30,748,952)**	(34,366,961)
	(₱37,946,520)	(₱40,885,301)

	2023	2022	2021
Revenue:			
Share in petroleum revenue	**₱203,591,907**	₱237,488,580	₱207,126,666
Cost of petroleum operations:			
Share in costs and operating expenses (Note 17)	**(138,678,431)**	(105,403,947)	(139,477,198)
Depletion (Note 8)	**(52,675,739)**	(48,261,960)	(51,282,027)
Other income (loss):			
Foreign exchange gains (losses) - net	**5,002,474**	10,784,517	(2,848,225)
	₱17,240,211	₱94,607,190	₱13,519,216

8. Property and Equipment

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
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

December 31, 2022	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	₱1,161,253,641	₱18,961,929	₱13,887,100	₱8,015,016	₱1,202,117,686
Additions	9,264,506	–	79,900	294,975	9,639,381
Disposals	–	–	(4,981,000)	–	(4,981,000)
Adjustment to remeasure decommissioning asset (Note 13)	14,109,472	–	–	–	14,109,472
End of year	1,184,627,619	18,961,929	8,986,000	8,309,991	1,220,885,539
Accumulated depletion and depreciation:					
Beginning of year	802,520,744	13,752,856	13,686,067	7,706,131	837,665,798
Depletion (Note 7)	48,261,960	–	–	–	48,261,960
Depreciation (Note 18)	–	547,108	202,365	205,403	954,876
Disposal	–	–	(4,981,000)		(4,981,000)
End of year	850,782,704	14,299,964	8,907,432	7,911,534	881,901,634
Allowance for unrecoverable costs:					
Beginning and end of year	33,319,617	–	–	–	33,319,617
Net book values	₱300,525,298	₱4,661,965	₱78,568	₱398,457	₱305,664,288

For SC14 C1 Galoc, depletion rates used in 2023, 2022 and 2021 are ₱857.2 per barrel, ₱834.8 per barrel and ₱777.4 per barrel, respectively.

As at December 31, 2023 and 2022, the carrying values of decommissioning asset included in Wells, Platforms, and other Facilities amounted to ₱8.3 million and ₱12.9 million, respectively.

In relation to the joint consideration approved by the SC-14 consortia for the abandonment and surrender of SC-14 Blocks A, B, B1, and D, a surrender notice was submitted to DOE last March 4, 2021. The relinquishment of the blocks was approved by the DOE on May 18, 2022.

The Group recognized an allowance for unrecoverable deferred oil and gas exploration costs for SC14-D Retention Block amounting to ₱33.3 million in 2021 and eventually written off in 2023.

As at December 31, 2023 and 2022, the Group continues to utilize fully depreciated and depleted property and equipment with an aggregate acquisition cost of ₱23.6 million and ₱24.5 million, respectively.

9. Investments in Associates

	2023	2022
Atlas Consolidated Mining and Development Corporation (ACMDC)	**₱472,555,692**	₱464,379,292
Penta Capital Investment Corporation (PCIC)	**355,984,418**	354,393,749
Penta Capital Holdings, Inc. (PCHI)	**79,225,163**	80,562,114
	907,765,273	899,335,155
Impairment loss	**(4,173,138)**	–
	₱903,592,135	₱899,335,155

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 31.85% interest in ACMDC as of December 31, 2023. By virtue of this agreement, significant influence in the associate is established.

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

	2023	2022
Acquisition costs	**₱633,485,090**	₱633,485,090
Accumulated equity in net earnings:		
Beginning of year	**210,352,949**	182,511,234
Share in net income	**13,323,123**	33,162,913
Dividends	**(5,321,197)**	(5,321,198)
Impairment	**(4,173,138)**	–
End of year	**214,181,737**	210,352,949
Accumulated share in OCI:		
Beginning of year	**55,497,116**	26,480,535
Share in OCI of associates	**428,192**	29,016,581
End of year	**55,925,308**	55,497,116
Carrying value	**₱903,592,135**	₱899,335,155

As at December 31, 2023, the Group determined the recoverable amount of its investment in ACMDC is its value-in-use discounted using 8.16% post-tax rate (11.86% pre-tax rate). The Group recognized an impairment loss on its investment in ACMDC amounting to ₱4.2 million in 2023.

Summarized financial statement information of ACMDC, PCIC and PCHI, based on their PFRSs 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, 2023 , 2022 and 2021 are set out below:

	2023			2022			2021		
	ACMDC	**PCIC**	**PCHI**	ACMDC	PCIC	PCHI	ACMDC	PCIC	PCHI
				(in thousands)					
Revenue from contract with customers	**₱18,865,013**	**₱109,765**	**₱57,703**	₱16,822,495	₱112,627	₱71,541	₱17,937,583	₱112,471	₱68,958
Costs and expenses	**(16,620,105)**	**(85,892)**	**(21,015)**	(16,511,122)	(73,426)	(21,085)	(12,281,339)	(74,157)	(29,321)
Other income (charges)	**(541,801)**	–	**(36,807)**	3,137,275	–	(21,807)	(1,230,621)	–	(5,660)
Provision for (benefit from) income tax	**(585,551)**	**(5,439)**	–	(230,562)	(8,115)	(1,767)	(564,038)	(7,822)	(3,337)

(Forward)

	2023			2022			2021		
	ACMDC	**PCIC**	**PCHI**	ACMDC	PCIC	PCHI	ACMDC	PCIC	PCHI
				(in thousands)					
Net income (loss)	**₱1,117,556**	**₱18,434**	**(₱119)**	₱3,218,086	₱31,086	₱26,882	₱3,861,585	₱30,492	₱30,640
Group's share in net income	**₱5,965**	**₱7,374**	**(₱16)**	₱17,177	₱12,434	₱3,551	₱1,345	₱29,064	₱7,637
Other comprehensive income (loss)	**₱414,142**	**(₱4,457)**	**₱–**	₱5,082,233	₱28,387	₱–	₱1,094,033	₱2,097	₱–
Group's share in OCI	**₱2,211**	**(₱1,783)**	**₱–**	₱27,128	₱11,354	₱–	₱5,798	₱839	₱–

	2023			2022		
	ACMDC	**PCIC**	**PCHI**	ACMDC	PCIC	PCHI
		(in thousands)				
Total current assets	**₱3,883,345**	**₱1,144,966**	**₱422,147**	₱3,223,087	₱891,427	₱468,527
Total noncurrent assets	**64,345,413**	**260,680**	**165,187**	64,225,715	267,227	132,023
Total current liabilities	**6,332,992**	**455,325**	**23,384**	5,468,206	210,265	17,975
Total noncurrent liabilities	**16,553,076**	**25,090**	**–**	18,169,704	21,627	–
Total equity	**45,342,690**	**925,231**	**563,950**	43,810,892	926,762	582,575
Proportion of net assets	**242,099**	**370,092**	**74,509**	232,198	370,705	76,970
Carrying amount of the investment	**468,382**	**355,984**	**79,225**	464,380	354,394	80,562

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 have no contingent liabilities and capital commitments as at December 31, 2023 and 2022.

10. Financial Assets at FVOCI

	2023	2022
Quoted shares of stock	**₱110,646,650**	₱110,646,650
Net unrealized loss	**(54,017,010)**	(41,014,602)
	₱56,629,640	₱69,632,048

In 2021, the Parent Company sold 300 million shares of investment in Oriental Petroleum & Minerals Corporation (OPMC) with a total carrying amount of ₱3.8 million for ₱8.4 million, which resulted to a gain on sale of ₱4.5 million. The Parent Company received cash dividends from OPMC and Shang Properties totaling to ₱1.3 million each year in 2023, 2022 and 2021.

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:

	2023	2022
Beginning of year	**₱41,014,602**	₱28,635,059
Fair value changes during the year	**13,002,408**	12,379,543
End of year	**₱54,017,010**	₱41,014,602

11. **Deferred Oil and Gas Exploration Costs**

The following table illustrates the movements in the deferred oil and gas exploration costs account:

	2023	2022
Cost:		
Beginning	**₱1,127,430,186**	₱1,108,012,203
Additions	**16,156,965**	19,417,983
Write-off	**(245,526,359)**	–
Ending	**898,060,792**	1,127,430,186
Accumulated impairment losses:		
Beginning	**(523,146,851)**	(99,392,028)
Impairment (Note 7)	**(57,302,287)**	(423,754,823)
Write-off	**245,526,359**	–
Ending	**(334,922,779)**	(523,146,851)
Net book value	**₱563,138,013**	₱604,283,335

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" and "Deferred oil and gas exploration costs" accounts in the consolidated statements of financial position (see Note 7).

SWAN Block
Since 2007, the Group's continued attempt to acquire equity in SCs 57 and 58 by swap or farm-in has been unsuccessful. In 2022, the Group's exploration group proposed that the Group should focus its resources on its more prospective and potentially less costly projects. The Group recognized an impairment loss of ₱99.4 million in 2020 and the Group written off in 2023.

PCECP Area 7 Sulu Sea
The Group, 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. This was confirmed in writing by the DOE in September that the joint bid qualified for further substantive legal, financial, and technical evaluation. The DOE held in abeyance the awarding of a new service contract pending the complete organization of Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) and the implementation of its policies.

As of December 31, 2022, the DOE has not sent any formal communication to the Group and PXP nor awarded any new service contract for PCECP Area 7. It is also uncertain under the new policies of BARMM, if the historical costs in the area will be recognized under the new service contract. The Group, therefore, recognized full provision for unrecoverable deferred oil exploration costs amounting to ₱146.1 million in 2022.

On September 23, 2023, the DOE issued a termination of the processing of the application for Petroleum service contract. Therefore, in 2023, the Group, 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

	2023	2022
Accounts with partners (see Note 7)	**₱7,197,568**	₱6,518,340
Accruals for:		
Employee benefits	–	4,570,000
Professional fees	**845,600**	941,920
Others	**73,960**	220,167
Withholding taxes	**459,162**	358,030
Others	**183,038**	123,815
	₱8,759,328	₱12,732,272

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 are usually settled within 30 days.

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

13. Provisions for Plug and Abandonment Costs

	2023	2022
Beginning of year	**₱34,366,961**	₱25,396,556
Accretion of interest	**2,000,342**	1,915,669
Effect of translation adjustment	**(5,618,351)**	(7,054,736)
Effect of change in estimate (Note 8)	–	14,109,472
End of year	**₱30,748,952**	₱34,366,961

Beginning October 1, 2016, the Group makes full provision for the future cost of decommissioning oil field on a discounted basis. The provision represents the present value of P&A costs, which are expected to be incurred up to 2022. This provision has been created based on the estimates and assumptions stated in the Revised Decommissioning Plan and Budget 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 rate of 6.25% as at December 31, 2023 and 2022, respectively. 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.

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 21, 2023, the BOD approved that the 50% balance on subscriptions amounting to ₱175.2 million to the Parent Company's 2009 stock rights offering shall be called for payment by the BOD no later than December 31, 2024 instead of December 31, 2023.

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, 2023, the Group has 8,533 shareholders.

Retained Earnings
As at December 31, 2023, 2022, and 2021, undistributed earnings of associates amounting to ₱218,354,874, ₱210,352,949, and ₱182,511,234, respectively, are not available for dividend declaration until the actual declaration of the subsidiaries, associates, and joint operations.

As at December 31, 2023 and 2022, the Group has unpaid dividends amounting to ₱33.1 million.

15. Earnings (Loss) Per Share

	2023	2022	2021
Net income (loss)	**(₱33,878,324)**	(₱339,333,554)	₱36,324,913
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 earnings (loss) per share	**(₱0.0002)**	(₱0.0018)	₱0.0002

The Group had no potentially dilutive shares as at December 31, 2023, 2022 and 2021. Thus, the basic and diluted loss per share in 2023, 2022, and 2021 are the same for each of three years presented.

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, 2023 and 2022, 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
Stockholder						
Alakor	**2023**	**₱–**	**₱169,000,000**	**₱7,589,183**	To be settled in cash; collectible on demand; 4.75% interest per annum	Unsecured, no impairment
	2022	₱–	₱169,000,000	₱6,906,661		
Under common stockholders						
Fil-Energy Corporation	**2023**	**–**	**4,753,762**	**16,166,436**	To be settled in cash; collectible on demand; non-interest bearing	Unsecured, fully impaired
	2022	–	4,753,762	16,166,436		Unsecured, fully impaired

(Forward)

Related Party		Volumes	Advances to related parties	Accrued interest receivable	Terms	Condition
United Paragon Mining Corporation	**2023**	**₱–**	**₱1,376,802**	**₱–**	To be settled in cash; collectible on demand; non-interest bearing	Unsecured, no impairment
	2022	₱–	₱1,376,802	₱–		
National Bookstore, Inc. (NBS)	**2023**	–	**55,370,000**	**990,508**	To be settled in cash; collectible on June 30, 2024; 3.5% interest per annum	Unsecured, no impairment
	2022	–	55,755,000	998,996		
Total (Note 5)	**2023**	**₱–**	**₱230,500,564**	**₱24,746,127**		
	2022	₱–	₱230,885,564	₱24,072,093		

The Company has ₱169.0 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 Company has $1.0 million (₱55.4 million) advances to National Bookstore, Inc. 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, 2023.

As at December 31, 2023 and 2022, intercompany receivables and payables eliminated during consolidation amounted to ₱8.4 million, respectively. This pertains to non-interest-bearing advances made by the Parent Company to PPC, its wholly owned subsidiary.

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

	2023	2022	2021
Alakor	**₱8,138,993**	₱8,138,993	₱8,138,993
National Bookstore	**1,971,562**	1,933,549	1,751,764
	₱10,110,555	₱10,072,542	₱9,890,757

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

	2023	2022	2021
Short-term employee benefits	**₱13,806,552**	₱19,130,520	₱20,085,109
Post-employment benefits	**1,159,670**	6,413,302	5,326,420
	₱14,966,222	₱25,543,822	₱25,411,529

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

	2023	2022	2021
Petroleum operations (Note 6)	**₱137,890,255**	₱103,942,774	₱134,884,214
Personnel costs	**788,176**	1,461,173	4,592,984
	₱138,678,431	₱105,403,947	₱139,477,198

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 2023, 2022 and 2021, respectively. The cost of petroleum inventories recognized as expense in 2023, 2022 and 2021 amounted to ₱137.9 million, ₱103.9 million and ₱134.9 million, respectively (see Note 6).

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

18. General and Administrative Expenses

	2023	2022	2021
Personnel costs	**₱32,460,310**	₱36,402,010	₱34,688,807
Entertainment, amusement and recreation	**5,725,606**	8,227,696	6,267,631
Transportation and travel	**4,332,887**	6,397,280	4,946,605
Outside services	**2,769,151**	2,405,679	2,537,283
Supplies	**2,651,764**	3,898,159	2,989,481
Dues and subscriptions	**1,701,065**	1,392,346	1,416,821
Software licenses and maintenance fees	**1,582,186**	382,129	–
Utilities	**1,516,509**	1,470,544	1,566,282
Insurance	**1,373,320**	1,438,734	1,472,709
Depreciation (see Note 8)	**765,430**	954,876	3,146,682
Taxes and licenses	**255,640**	228,226	236,071
Others	**1,066,320**	1,724,672	1,572,823
	₱56,200,188	₱64,922,351	₱60,841,195

Personnel costs include the following:

	2023	2022	2021
Salaries, allowances and bonuses	**₱20,731,104**	₱25,995,486	₱24,756,272
Pension expenses (Note 19)	**6,783,334**	2,308,413	4,164,051
Employee facilities and benefit	**4,103,206**	7,324,288	3,832,098
SSS, Med. and HDMF Premium	**842,666**	773,823	738,158
Provision for year-end expenses	**–**	–	1,198,228
	₱32,460,310	₱36,402,010	₱34,688,807

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 2023 and 2022 follow:

2023

		Net Benefit Cost in Profit or Loss				Remeasurements in Other Comprehensive Income				
	January 1, 2023	Current Service Cost	Net interest Cost (Income)	Subtotal	Benefits Paid	Actuarial Gain on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal	Contributions	December 31, 2023
Present value of defined benefit obligation (DBO)	₱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

2022

		Net Benefit Cost in Profit or Loss				Remeasurements in Other Comprehensive Income				
	January 1, 2022	Current Service Cost	Net interest Cost (Income)	Subtotal	Benefits Paid	Actuarial Gain on Defined Benefit Obligation	Remeasurement Loss on Plan Asset	Subtotal	Contributions	December 31, 2022
Present value of defined benefit obligation	₱68,897,309	₱2,308,413	₱1,644,915	₱3,953,328	(₱38,269,614)	₱4,873,836	₱–	₱4,873,836	₱–	₱39,454,859
Fair value of plan asset	(52,568,184)	–	(981,798)	(981,798)	38,269,614	–	647,648	647,648	(23,000,000)	(37,632,720)
Net plan assets	₱16,329,125	₱2,308,413	₱663,117	₱2,971,530	₱–	₱4,873,836	₱647,648	₱5,521,484	(₱23,000,000)	₱1,822,139

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

	2023	2022
Cash	**₱2,071**	₱847
Fixed income securities:		
Government securities	**29,611,341**	31,245,440
Corporate bonds	**1,943,397**	2,025,803
Mutual funds	**863,775**	3,864,556
Accrued income receivables	**459,731**	457,322
Equity securities	**70,000**	70,000
Liabilities	**(39,903)**	(31,248)
	₱32,910,412	₱37,632,720

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.

	2023	2022
Discount rate	**6.06%**	7.00%
Salary increase rate	**2.00%**	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)	**2023**	2022	2021
Discount rates	+1%	**₱32,377,705**	₱37,972,780	₱66,992,700
	-1%	**36,018,067**	41,110,744	71,034,430
Salary increase rate	+1%	**36,199,525**	41,283,166	71,312,040
	-1%	**32,188,355**	37,797,683	66,701,740

The Group contributed ₱8.5 million to the defined benefit pension plan in 2023 and is expected to contribute ₱2.3 million in 2024.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2023:

Within the next 12 months	**₱1,830,493**
Between 1 and 5 years	**22,007,651**
Between 5 and 10 years	**20,242,365**
Between 10 and 15 years	**11,653,208**
Between 15 and 20 years	**16,365,037**
More than 20 years	**18,633,527**
Total expected payments	**₱90,732,281**

The average duration of the defined retirement benefits liability as at December 31, 2023 and 2022 are 7.77 years and 5.69 years, respectively.

20. **Income Taxes**

Current income tax

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

	2023	2022	2021
MCIT	**₱130,006**	₱495,121	₱106,807
Final taxes	**1,849,818**	432,100	572,857
	₱1,979,824	₱927,221	₱679,664

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:

	2023	2022	2021
(Provision for) benefit from income tax computed at the statutory income tax rate	**₱16,478,717**	(₱80,027,237)	(₱6,457,819)
Add (deduct) tax effect of:			
Nontaxable income	**19,807,485**	(25,220,993)	17,220,465
Nondeductible expenses	**(4,790,346)**	2,778,240	(1,308,000)
Income subjected to final tax	**2,601,629**	(1,507,727)	1,831,984
Final taxes	**(1,849,818)**	432,100	(572,857)
Expired portion of excess MCIT over RCIT	**(211,123)**	737,289	(220,137)
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	**₱32,036,543**	(₱19,224,608)	₱10,493,636

Deferred income tax

Net deferred income tax assets represent the following:

	2023	2022
Deferred income tax assets on:		
NOLCO	**₱122,372,638**	₱75,058,176
Provision for impairment on deferred oil and gas exploration cost	**83,730,695**	105,938,706
Provision for P&A costs	**7,687,237**	8,591,740
Unamortized past service cost	**7,213,577**	6,810,994
Provision for impairment of receivables	**5,230,049**	5,230,049
Unrealized foreign exchange loss	**3,262,584**	1,979,160
Excess of MCIT over RCIT	**731,934**	813,051
Deferred income tax liabilities on:		
Retirement benefits recognized in profit or loss	**(14,007,029)**	(13,716,069)
Decommissioning asset	**(2,068,308)**	(3,236,377)
Unrealized forex gain	**(32,133)**	(7,364,553)
Deferred tax assets recognized in profit or loss	**214,121,244**	180,104,877
Deferred income tax assets recognized in OCI		
Retirement benefits recognized in OCI	**14,304,121**	14,171,604
	₱228,425,365	₱194,276,481

The Group unrecognized deferred income tax assets on the following temporary differences relating to deferred oil and gas exploration costs and property and equipment which were written off in 2023:

	2023	2022
SWAN Block (Note 11)	₱–	₱99,392,028
SC14-D Retention Block (Note 8)	–	33,319,617
	₱–	₱132,711,645

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	₱211,123
2021	2026	90,194,455	2024	106,807
2022	2025	14,541,223	2025	495,121
2023	2026	189,325,137	2026	130,006
		489,557,839		943,057
Expired during the year		–		(211,123)
		₱489,557,839		₱731,934

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:

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Asset measured at fair value:				
Financial assets at FVOCI	**₱52,379,640**	**₱4,250,000**	**₱–**	**₱56,629,640**

2022	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Financial assets at FVOCI	₱66,232,048	₱3,400,000	₱–	₱69,632,048

As at December 31, 2023 and 2022, 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 and receivables. The Group's foreign currency-denominated monetary assets as at December 31, 2023 and 2022 follow:

	2023		2022	
	US$	**Peso Equivalent**	US$	Peso Equivalent
Cash and cash equivalents (Note 4)	**$6,801,212**	**₱376,583,108**	$6,059,876	₱337,868,375
Receivables (Note 5)	**1,017,889**	**56,360,514**	1,093,150	60,948,554
Monetary assets	**$7,819,101**	**₱432,943,622**	$7,153,026	₱398,816,929

In translating the foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rates used are US$1.0 to ₱55.37 and ₱55.76 to $1.00 as at December 31, 2023 and 2022, respectively.

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
2023	**1%**	**₱53,993**
	(1%)	**(53,993)**
2022	1%	₱701,722
	(1%)	(701,722)

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.

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:

	2023	2022
Amortized costs:		
Cash in banks and cash equivalents	**₱395,520,788**	₱381,713,821
Receivables	**237,494,304**	241,643,133
Decommissioning fund under "Other noncurrent assets"	**–**	10,104,179
Financial assets at FVOCI	**56,629,640**	69,632,048
	₱689,644,732	₱703,093,181

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:

	2023					
		Days Past Due				
	Current	**60 Days**	**180 Days**	**More than 180 Days**	**ECL**	**Total**
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*

	2022					
		Days Past Due				
	Current	60 Days	180 Days	More than 180 Days	ECL	Total
Cash and cash equivalents*	₱381,713,821	₱–	₱–	₱–	₱–	₱381,713,821
Receivables:						
Advances to related parties	224,755,000	–	–	1,376,802	4,753,762	230,885,564
Accrued interest	2,871,864	681,627	1,340,955	4,884,077	16,166,436	25,944,959
Others	5,732,808	–	–	–	–	5,732,808
Other noncurrent assets	10,104,179	–	–	–	–	10,104,179
Financial assets at FVOCI	69,632,048	–	–	–	–	69,632,048
	₱694,809,720	₱681,627	₱1,340,955	₱6,260,879	₱20,920,198	₱724,013,379

**Excluding cash on hand of ₱25,576*

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

	2023			
	General Approach			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
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*

	2022			
	General Approach			Total
	Stage 1	Stage 2	Stage 3	
Cash and cash equivalents*	₱381,713,821	₱–	₱–	₱381,713,821
Receivables:				
Advances to related parties	226,131,802	–	4,753,762	230,885,564
Accrued interest	9,778,523	–	16,166,436	25,944,959
Others	5,732,808	–	–	5,732,808
Other noncurrent assets	10,104,179	–	–	10,104,179
Financial assets at FVOCI	69,632,048	–	–	69,632,048
	₱703,093,181	₱–	₱20,920,198	₱724,013,379

**Excluding cash on hand of ₱25,576*

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 and financial assets that are used to manage the liquidity risk of the Group.

2023	**Less than three months**	**Three to twelve months**	**More than twelve months**	**Total**
Financial liabilities				
Accounts payable and accrued liabilities*	**(₱8,300,166)**	**₱–**	**₱–**	**(₱8,300,166)**
Dividends payable	**(33,126,610)**	**–**	**–**	**(33,126,610)**
	(₱41,426,776)	**₱–**	**₱–**	**(₱41,426,776)**

**Excluding government payables*

2023	**Less than three months**	**Three to twelve months**	**More than twelve months**	**Total**
Financial assets				
Cash on hand and in banks and cash equivalents	**₱395,520,788**	**₱–**	**₱–**	**₱395,520,788**
Receivables	**237,494,304**	**–**	**20,920,198**	**258,414,502**
Financial assets at FVOCI	**56,629,640**			**56,629,640**
	₱689,644,732	**₱–**	**₱20,920,198**	**₱710,564,930**

2022	Less than three months	Three to twelve months	More than twelve months	Total
Financial liabilities				
Accounts payable and accrued liabilities*	(₱12,374,242)	₱–	₱–	(₱12,374,242)
Dividends payable	(33,126,610)	–	–	(33,126,610)
	(₱45,500,852)	₱–	₱–	(₱45,500,852)

**Excluding government payables*

2022	Less than three months	Three to twelve months	More than twelve months	Total
Financial assets				
Cash on hand and in banks and cash equivalents	₱381,713,821	₱–	₱–	₱381,713,821
Receivables	241,643,133	–	20,920,198	262,563,331
Other noncurrent assets	10,104,179			10,104,179
Financial assets at FVOCI	69,632,048			69,632,048
	₱703,093,181	₱–	₱20,920,198	₱724,013,379

Changes in liabilities arising from financing activities:

	2023			
	January 1	**Cash flows**	**Others**	**December 31**
Dividends	**₱33,126,610**	**₱–**	**₱–**	**₱33,126,610**

	2022			
	January 1	Cash flows	Others	December 31
Dividends	₱33,129,215	(₱2,605)	₱–	₱33,126,610

	2021			
	January 1	Cash flows	Others	December 31
Dividends	₱33,137,735	(₱8,520)	₱–	₱33,129,215

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
2023	**+14.03%**	**₱2,784,123**
	-14.03%	**(2,784,123)**
2022	+20.58%	₱10,524,267
	-20.58%	(10,524,267)

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:

	2023	2022
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	**(54,017,010)**	(41,014,602)
Share in other comprehensive income of associate	**55,925,308**	55,497,116
Remeasurement of Retirement in OCI	**(42,912,363)**	(42,514,811)
Retained earnings	**935,915,659**	969,793,983
	₱2,640,015,549	₱2,686,865,641

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:

	2023	2022
Total liabilities	**₱73,823,258**	₱82,047,982
Equity	**2,640,015,549**	2,686,865,641
Debt-to-Equity Ratio	**0.03:1**	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.

	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 losses 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)**
Loss before income tax	**(65,847,576)**	**(67,291)**	**–**	**(65,914,867)**
Benefit from income tax	**32,036,543**	**–**	**–**	**32,036,543**
Net 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**

	2022			
	Oil and Gas	Power	Elimination	Total
Consolidated revenue				
External customers	₱237,488,580	₱–	₱–	₱237,488,580
Share in costs and operating expenses	(105,403,947)	–	–	(105,403,947)
General and administrative expenses	(64,854,911)	(67,440)	–	(64,922,351)
	(170,258,858)	(67,440)	–	(170,326,298)
Provision for unrecoverable deferred oil and gas	(423,754,823)	–	–	(423,754,823)
Foreign exchange gains – net	40,613,540	–	–	40,613,540
Share in net income of associates	33,162,913	–	–	33,162,913
Dividend income	1,263,730	–	–	1,263,730

(Forward)

	2022			
	Oil and Gas	Power	Elimination	Total
Gain on sale of investment	₱–	₱–	₱–	₱–
Other charges – net	(3,414,484)	(6,405)	–	(3,420,889)
Loss before interest, taxes, depreciation, and depletion	(284,899,402)	(73,845)	–	(284,973,247)
Interest income	15,705,047	–	–	15,705,047
Interest expense	(2,578,786)			(2,578,786)
Depreciation and depletion	(48,261,960)	–	–	(48,261,960)
Loss before income tax	(320,035,101)	(73,845)	–	(320,108,946)
Provision for income tax	(19,224,608)	–	–	(19,224,608)
Net loss	(₱339,259,709)	(₱73,845)	₱–	(₱339,333,554)
Segment assets	₱2,777,848,697	₱8,424,689	(₱17,359,763)	₱2,768,913,623
Segment liabilities	(₱90,441,311)	(₱31,360)	₱8,424,689	(₱82,047,982)
Other disclosures:				
Investment in associates	₱899,335,155	₱–	₱–	₱899,335,155
Capital expenditure	29,057,364	–	–	29,057,364

25. Events after the Reporting Period

Application for a new SC - SC-6B Bonita-Cadlao

On December 7, 2023, the DOE issued the Department Circular DC2023-12-0033, which governs the awarding of Petroleum SC for DPPSC for expiring SCs to promote full maximization and exhaustion of the producible petroleum reserves based on the POD approved by the DOE.

The JV partners through Nido, submitted a Letter of intent for DPPSC application on January 5, 2024, which was followed by DPPSC application submitted on January 26, 2024.

As at March 19, 2024, the Group has not received the approval from the DOE.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
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, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated March 19, 2024. 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 the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
Tax Identification No. 178-486-845
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026
PTR No. 10079934, January 5, 2024, Makati City

March 19, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
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, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated March 19, 2024. Our audits were made for the purpose of forming an opinion on the basic 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 (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
Tax Identification No. 178-486-845
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026
PTR No. 10079934, January 5, 2024, Makati City

March 19, 2024

THE PHILODRILL CORPORATION AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

SUPPLEMENTARY SCHEDULES

SCHEDULE I

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

As of December 31, 2023

THE PHILODRILL CORPORATION

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

Unappropriated Retained Earnings, beginning of reporting period		**₱529,357,799**
Add/Less: Net Income (loss) for the current year		**(37,639,825)**
Less: Category C.1: Unrealized income recognized in the 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	(128,531)	
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	–	
Subtotal		(128,531)
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	29,458,213	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain on Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted under PFRS	–	
Subtotal		29,458,213
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	(26,420,381)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction	(263,567)	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Others	–	
		(26,683,948)
Total Retained Earnings, end of the reporting period available for dividend		**₱494,363,708**

SCHEDULE II

THE PHILODRILL CORPORATION AND SUBSIDIARY
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS PURSUANT TO THE REVISED SRC RULE 68, AS AMENDED
DECEMBER 31, 2023

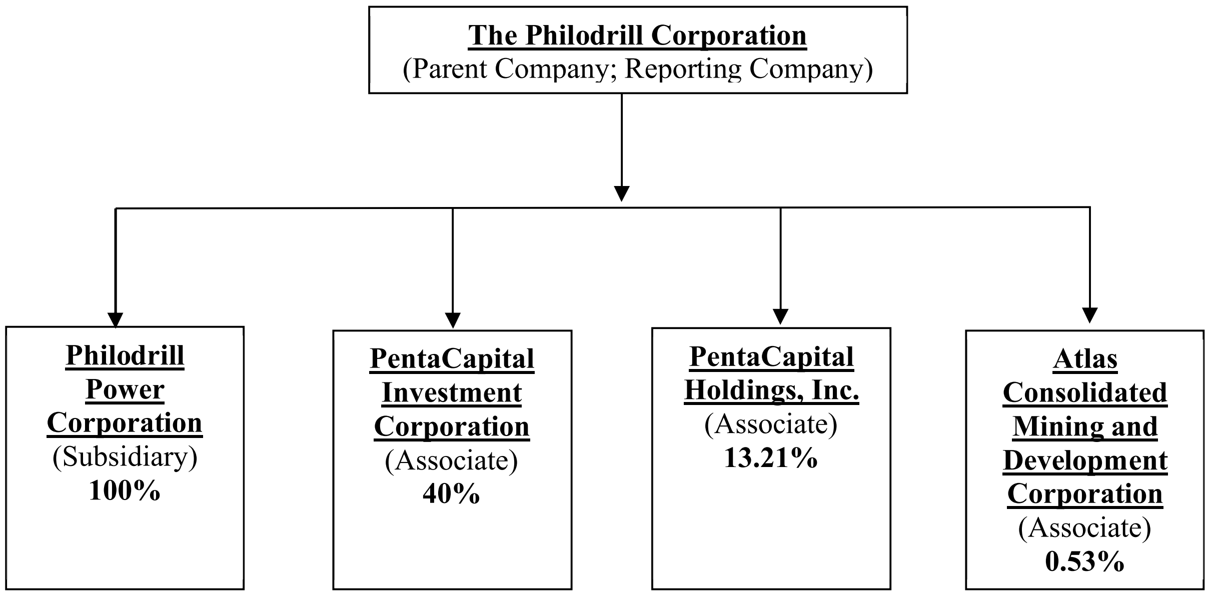
Below are the financial ratios that are relevant to the Group for the year ended December 31, 2023, 2022 and 2021:

	Formula	2023	2022	2021
Profitability Ratios:				
Return on assets	Net income/(loss) / Total assets (33,878,324) / 2,713,838,807	(1.25%)	(12.26%)	1.17%
Return on equity	Net income/(loss) / Total equity (33,878,324) / 2,640,015,549	(1.28%)	(12.63%)	1.21%
Gross profit margin	Gross Profit: (Share in petroleum revenue– share in costs and operating expenses – depletion expense) / Share in petroleum revenue 12,237,737 / 203,591,907	6.01%	35.30%	7.90%
Net profit margin	Income (loss) before income tax / Share in petroleum revenue (65,914,867) / 203,591,907	(32.38%)	(134.75%)	12.47%
Liquidity Ratios:				
Current ratio	Current assets / Current liabilities 700,128,985 / 41,885,938	16.72:1.00	14.95:1.00	15.81:1.00
Quick ratio	Cash and cash equivalents + receivables / Current liabilities 633,039,522 / 41,885,938	15.11. :1.00	13.59:1.00	15.17:1.00

	Formula	**2023**	2022	2021
Financial Leverage Ratios:				
Asset to equity ratio	Total assets Total equity 2,713,838,807 2,640,015,549	1.03:1.00	1.03:1.00	1.03:1.00
Debt to equity ratio	Total liabilities Total equity 73,823,258 2,640,015,549	0.03:1.00	0.03:1.00	0.03:1.00

SCHEDULE 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, 2023



COVER SHEET

3	8	6	8	3

S.E.C. Registration Number

THE PHILODRILL CORPORATION

(Company's Full Name)

8th Floor, Quad Alpha Centrum Building, 125 Pioneer Street Mandaluyong City

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

Reynaldo E. Nazarea

Contact Person

8631-8151

Company Telephone Number

0	3		3	1

Month *Day*

SEC Form 17-Q (March 2024)

FORM TYPE

0	6		1	9

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

8 5 2 9

Total No. of Stockholders

P0.00

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES.

1. For the quarterly period ended March 31, 2024

2. SEC Identification Number: 38683

3. BIR Tax Identification No.: 000-315-612-000

4. Exact name of registrant as specified in its charter: THE PHILODRILL CORPORATION

5. Philippines 6. ______________ (SEC Use Only)
Province, Country or other Industry Classification Code
jurisdiction of incorporation or organization

7. 8th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550
Address of principal office Postal Code

8. (632) 8631-8151/52
Registrant's telephone number, including area code

9. Not Applicable

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

Number of Common Stock Outstanding
191,868,805,358

Amount of Debt Outstanding

Total Loans Payable	₱ 0.00

11. Are any or all of these securities listed on the Philippine Stock Exchange.

    Yes [x] 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 [x] No [ ]

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

    Yes [x] No [ ]

TABLE OF CONTENTS

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

1. The unaudited Consolidated Financial Statements of the Company for the 1st quarter ended 31 March 2024 are included in this report. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of the SEC Form 17Q.

2. Interim Statements of Operations for the current interim period (01 January to 31 March 2024), with comparative Statement of Operations for the comparable period (01 January to 31 March 2023) are attached to this report.

3. A statement showing changes in equity cumulatively for the current financial year to date (01 January to 31 March 2024), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 31 March 2023) are attached to this report.

4. The basic and diluted earnings/loss per share are presented on the face of the attached Statement of Operations (01 January to 31 March 2024), as well as the basis of computation thereof.

5. The Company's interim financial report for the 1st quarter 2024 is in compliance with Generally Accepted Accounting Principles ("GAAP"). Included in this report is a summary of the Company's significant accounting policies.

6. The Company follows the same accounting policies and methods of computation in its interim financial statements (01 January to 31 March, 2024) as compared with the most recent annual financial statements (2023), and no policies or methods have been changed. There were NO reclassifications of financial assets made into and from each category as of the current reporting period.

7. There were NO seasonal or cyclical aspects that had a material effect on the financial condition or results of interim operations of the Company.

8. There were NO unusual items during the interim period (01 January to 31 March 2024), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company.

9. There were NO changes in the estimates of amounts reported in prior financial year (2023), which had a material effect in the current interim period (01 January to 31 March, 2024).

10. There were NO issuances, repurchases and repayments of debt and equity securities during the current interim period (January 1 to March 31, 2024).

11. For the period January 1 to March 31, 2024, NO cash dividends were declared by the Board of Directors.

12. The Company does not generate revenues from a particular segment and its business is not delineated into segments, whether by business or geography. The Company is not required to disclose segment information in its financial statements.

13. Up to the time of filing of this quarterly report, there were NO material events subsequent to the end of the interim period (January 1 to March 31, 2024) that have not been reflected in the financial statements for said interim period.

14. There were NO changes in the composition of the Company during the interim period (January 1 to March 31, 2024) and there were NO business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuance of operations during said interim period.

15. The Company has NO contingent liabilities or contingent assets as of its last annual balance sheet date (December 31, 2023) and as of end of current interim period (March 31, 2024).

16. There are NO material contingencies and any other events or transactions that are material to an understanding of the current interim period (January 1 to March 31, 2024).

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

Financial Performance

Total revenues for the first quarter ended March 31, 2024 increased by ₱6.0 million or 10% to ₱65.0 million from ₱59.0 million for the same period last year. Petroleum revenues increased by ₱6.7 million or 13% to ₱58.6 million from ₱51.9 million for the same period last year. The increase was brought mainly by the increase in crude prices and peso-dollar reference rates for the first quarter of 2024 as compared to the same period last year. The combined gross production decreased to 117,803 barrels for the first quarter ended March 31, 2024, from 127,020 barrels produced for the same period last year. The average price per barrel increased to $81.13 for the period ended March 31, 2024 as compared to $79.99 for the same period last year. The peso-dollar reference rates amounted to ₱56.24 and ₱54.36 as of March 31, 2024 and March 31, 2023, respectively. Equity in net earnings of associates decreased by ₱1.4 million. Interest income increased by ₱0.7 million.

Total costs and expenses net of foreign exchange gains/losses decreased by ₱20.7 million from ₱74.8 million for the first quarter of 2023 to ₱54.1 million for the first quarter of 2024.

Operating costs decreased by 10%. Foreign exchange gain amounted to ₱6.5 million for the first quarter of 2024 as compared foreign exchange loss of ₱9.6 million for the same period last year. The company's net income after tax amounted to ₱16.0 million for the first quarter of 2024 as compared net loss of ₱0.9 million for the same period last year.

The Company's top five (5) key performance indicators are as follows:

	March 31, 2024	December 31, 2023
Current Ratio	*19.16 : 1*	*16.72 : 1*
Current Assets	707,011,898	700,128,985
Current Liabilities	36,892,642	41,885,938
Debt to Equity Ratio	*0.03 : 1*	*0.03 : 1*
Total Liabilities	69,313,383	73,823,258
Stockholders Equity	2,657,869,824	2,640,015,549
Equity to Debt Ratio	*38.35 : 1*	*35.76 : 1*
Stockholders Equity	2,657,869,824	2,640,015,549
Total Liabilities	69,313,383	73,823,258
Book Value per Share	*0.0140*	*0.0140*
Stockholders Equity	2,657,869,824	2,640,015,549
Shares outstanding	191,868,805,358	191,868,805,358
Earnings (Loss) per Share	*0.000083*	*0.000005*
Net Income (Loss)*	15,961,255	(941,027)
Weighted ave. no. of shares	191,868,805,358	191,868,805,358

**for the period January 1 to March 31*

The current ratios as of December 31, 2023 and March 31, 2024 are 16.72:1 and 19.16:1, respectively. The Company's current assets exceeded its current liabilities by ₱668.4 million and ₱658.2 million as of March 31, 2024 and December 31, 2023, respectively. The "Financial assets at fair value through other comprehensive income (FVOCI)" account in the balance sheet consists of shares of stock which are listed with the Philippine Stock Exchange and which could be sold to meet the Company's obligations as might be called for by future circumstances. These shares of stock had an aggregate market value of ₱58.8 million as of March 31, 2024 and ₱56.6 million as of December 31, 2023. If these shares would be considered part of Current Assets, the recomputed current ratio would be 19.86:1 as of March 31, 2024 and 18.07:1 as of December 31, 2023.

Total assets increased from ₱2.713 billion as of December 31, 2023 to ₱2.727 billion as of March 31, 2024. Cash and cash equivalents reflected a net increase of ₱32.3 million or 8% due to the collection of trade receivables during the period. Crude oil inventory decreased by ₱25.5 million or 43% due to lower volume of crude oil on storage as of March 31, 2024. Other current assets decreased by ₱0.5 million due to the amortization of prepaid expenses. Property and equipment reflected a net decrease of ₱4.4 million to ₱257.5 million as of March 31, 2024 mainly due to the booking of depletion and depreciation costs. Financial assets at FVOCI increased by ₱2.1 million due to the adjustment in the valuation reserve of the company's listed stock investments. Deferred oil exploration costs increased by ₱1.4 million due to additional project costs. Deferred tax assets increased by ₱5.5 million due to adjustments in the recognition of deferred tax assets as of end of the interim period.

Total liabilities decreased by ₱4.5 million from ₱73.8 million as of December 31, 2023 to ₱69.3 million as of March 31, 2024.

Stockholders' equity increased by P17.8 million from ₱2.640 billion as of December 31, 2023 to P2.658 billion as of March 31, 2024. For the first quarter, an adjustment for the decline in value of financial assets at FVOCI of ₱2.1 million in the valuation reserve of the company's listed stock investments was booked. As of March 31, 2024, net unrealized loss on the decline in value of financial assets at FVOCI amounted to ₱51.9 million as compared to ₱54.0 million as of December 31, 2023. The company's retained earnings amounted to ₱0.952 billion as of March 31, 2024 as compared to ₱0.936 billion as of December 31, 2023.

The Company has a majority-owned subsidiary, Philodrill Power Corporation (PPC) (formerly Phoenix Gas & Oil Exploration Co., Inc.). The Company acquired 100% of its capital stock in May 2007. Since PPC has NOT yet started commercial operations, disclosure on performance indicators are as follows:

	March 31, 2024	December 31, 2023
Current Ratio	*178 :1*	*178 :1*
Current Assets	8,373,081	8,373,081
Current Liabilities	47,040	47,040
Debt to Equity Ratio	*0.006 :1*	*0.006 :1*
Total Liabilities	47,040	47,040
Stockholders' Equity	8,326,041	8,326,041
Equity to Debt Ratio	*177 :1*	*177 :1*
Stockholders' Equity	8,326,041	8,326,041
Total Liabilities	47,040	47,040
Book Value per Share	*0.0006658*	*0.0006658*
Stockholders Equity	8,326,041	8,326,041
Average shares outstanding	12,505,000,000	12,505,000,000
Income (loss) per Share	-	-
Net Income (Loss)	No operation	No operation
Average shares outstanding	12,505,000,000	12,505,000,000

Discussion and Analysis of Material Events and Uncertainties

In general, Management is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Company. The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

1. There are NO known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have material impact on the Company's liquidity. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider:

    a) collecting a portion of Accounts Receivables;
    b) selling a portion of its existing investments and assets;
    c) generating cash from loans and advances; and
    d) issuing subscriptions call on the balance of the subscriptions receivable.

2. 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.

3. 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.

4. The Company has NO material commitments for capital expenditures, except for the Company's share in the exploration and development expenditures in the SCs and GSECs. The Company expects to be able to fund such expenditures from: operations, collection of subscriptions and other receivables, and from loans/financing, or to avoid incurring these expenditures altogether by way of farm-outs.

5. There are NO known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income of the Company from continuing operations.

6. There are NO significant elements of income or loss that did not arise from the Company's continuing operations.

7. 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:

   Cash and cash equivalents reflected a net increase of ₱32.3 million or 8% mainly due to the collection of trade receivables during the period.

   Crude oil inventory decreased by ₱25.5 million or 43% due to the lower volume of crude oil on storage as of end of the interim period.

   Other current assets decreased by ₱0.5 million due to the amortization of prepaid expenses booked during the interim period.

   Property and equipment reflected a net decrease of ₱4.4 million to ₱257.5 million as of March 31, 2024 due to the booking of depletion and depreciation costs.

   Financial assets at FVOCI increased by ₱2.2 million or 4% due to the adjustment in the valuation reserve of the company's listed stock investments.

   Deferred tax assets increased by ₱5.5 million due to adjustments in the recognition of deferred tax assets as of end of the interim period.

   Accounts payable and accrued liabilities reflected a ₱5.0 million decrease due to the payments of accrued expenses during the interim period.

   Retirement benefit liability increased by ₱0.5 million or 41% due to the pension expense booked during the interim period.

Net unrealized loss on the decline in value of financial assets at FVOCI as of December 31, 2023 amounted to ₱54.0 million. For the interim period, ₱2.1 million adjustment in the valuation reserve pertaining to the listed stock investments of the Company was booked. As of March 31, 2024, net unrealized loss on the decline in market value of financial assets at FVOCI amounted to ₱51.8 million.

The company's retained earnings amounted to ₱0.952 billion as of March 31, 024 as compared to ₱0.936 billion as of December 31, 2023. The increase of ₱15.7 million was due to the net income booked for the first quarter of 2024.

Petroleum revenues increased by ₱6.7 million or 13% to ₱58.6 million from ₱51.9 million for the same period last year due to higher crude price and peso-dollar reference rate. The gross production decreased to 117,803 barrels for the first quarter ended March 31, 2024 from 127,020 barrels produced for the same period last year. The average price per barrel increased to $81.13 for the period ended March 31, 2024 as compared to $79.99 per barrel for the same period last year. The peso-dollar reference rates amounted to P56.24 and ₱54.36 as of March 31, 2024 and March 31, 2023, respectively.

Equity in net earnings of associates decreased by ₱1.4 million due to the lower level of income booked by affiliates.

Interest income increased by ₱0.7 million from ₱4.0 million to ₱4.7 million for the first quarter ended March 31, 2024.

Foreign exchange gain amounted to ₱6.5 million for the first quarter of 2024 as compared to foreign exchange loss of ₱9.6 million for the same period last year.

Share in costs and operating decreased by ₱5.4 million or 10% due to lower level of production costs accrued during the first quarter of 2024.

Net income amounted to ₱16.0 million for the first quarter of 2024, as compared to net loss of ₱0.9 million for the same period last year.

8. There are NO seasonal aspects that had material effect on the financial condition or results of operations.

Item 3. Management's Assessment and Evaluation of Financial Risk Exposures

A. Financial Instruments
Since there were NO financial assets reclassified into and from each category, disclosures on the following are:

a. The financial assets reclassified into and from each category; - Not Applicable

b. For each reporting period until derecognition, the carrying amounts and fair values of all financial assets reclassified in the current reporting period and previous reporting periods;- Not Applicable

c. For financial assets reclassified in rare circumstances, the facts that would establish such kind of circumstances; -Not Applicable

d. In the reporting period to which financial assets are reclassified, the fair value of the gains or losses of those assets as recognized either in profit or loss, or in equity (other comprehensive income) in that reporting period and previous reporting periods;- Not Applicable

e. For the remainder of the instruments' lives, the gains or losses that would have been recognized in profit or loss, or equity had they not been reclassified, together with the gains, losses, income and expenses now recognized;-Not Applicable

f. As at date of reclassification, the effective interest rates and estimated cash flows that the company expects to recover. – Not Applicable

Fair Values of Financial Instruments

The following table shows the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Consolidated Unaudited March 2024	Consolidated Unaudited March 2024	Consolidated Unaudited March 2023	Consolidated Unaudited March 2023
	Fair Values	Carrying Values	Fair Values	Carrying Values
FINANCIAL ASSETS				
Cash and cash equivalents	427,877,863	427,877,863	371,594,391	371,594,391
Advances to related companies	231,370,564	231,370,564	229,490,564	229,490,564
Accrued interest receivables	26,255,070	26,255,070	25,528,331	25,528,331
Other noncurrent assets	0	0	10,104,179	10,104,179
Accounts with partners, others	1,290,387	1,290,387	6,327,187	6,327,187
Financial assets at FVOCI	58,786,713	58,786,713	70,664,335	70,664,335
	745,580,597	**745,580,597**	**713,708,986**	**713,708,986**
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	4,811,981	4,811,981	6,492,720	6,492,720
Dividends payable	33,123,835	33,123,835	33,126,610	33,126,610
	37,935,816	**37,935,816**	**39,619,330**	**39,619,330**

Quoted AFS investments are carried at fair value based on the quoted values of the securities.
B. Financial Risk Management Objectives and Policies

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise mainly of cash and cash equivalents, receivables (except accounts with contract operators and advances to officers and employees), financial assets at FVOCI, other noncurrent assets, accounts payables 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 Board of Directors (BOD) is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

The main risks arising from the Group's financial instruments are credit risks, 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:

Credit risks
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 and financial assets at FVOCI, 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.

As of March 31, 2024, all of the outstanding trade receivable is from the SC14 C-1 consortium. For SC14 C-1 consortium, the operator has a crude agency agreement with Vitol Asia Pte. Ltd. for the marketing of the Galoc production. The operator also negotiated for the sale of future Galoc cargoes to exclusive buyer Trafigura Pte Ltd. through Vitol Asia which started in May 2019.

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:

	Unaudited balances as of March 31, 2024
Loans and receivables	
Cash and cash equivalents	427,877,863
Advances to related companies	231,370,564
Accounts with contract operators and partners	1,290,387
Accrued interest	26,255,070
Financial assets at FVOCI	58,786,713
Gross maximum credit risk exposure	745,580,597

The table below shows the credit quality of the Group's financial assets by class as of March 31, 2024 based on the Group's credit evaluation process:

			Past due but not impaired		

	Neither past due nor impaired High Grade	Neither past due nor impaired Standard Grade	1-30 days	31-90 days	Over 90 days	Impaired Financial Assets	Total
Loans and receivables							
Cash and cash equivalents	427,877,863						427,877,863
Advances to related companies	225,240,000				1,376,801	4,753,762	231,370,564
Accounts with partners	1,290,387						1,290,387
Accrued interest	10,088,636					16,166,436	26,255,072
Financial assets at FVOCI	58,786,713						58,786,713
Total	723,283,598				1,376,801	20,920,198	745,580,597

Credit quality of cash and cash equivalents, receivables and AFS financial assets are based on the nature of the counterparty.

"High grade" credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience and/or counterparty credit standing. "Standard grade" credit quality financial assets are not yet past due, yet are from counterparties with a history of default. However, the Group cannot declare any of these amounts as uncollectible because they arise from related companies for which there is a common control.

"Past due but not impaired" are items which are already past their maturity dates, but the amount due is still judged as collectible by the Group based on its assessment of the age and creditworthiness of the counterparties. Lastly, "Impaired financial assets" are those that are long-outstanding and has been provided with allowance for impairment losses.

Liquidity risk

Liquidity risk is the risk where the Group becomes 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 aging analyses of the Group's financial assets as of March 31, 2024 that is used to manage the liquidity risk of the Company:

	Less than three months	Three to twelve months	Total
Cash and cash equivalents	427,877,863	0	427,877,863
Receivables			
Advances to related parties		231,370,564	231,370,564
Accounts with partners	1,290,387	0	1,290,387
Accrued interest	2,419,943	23,835,127	26,255,070
AFS financial assets	58,786,713	0	58,786,713
	490,374,906	255,205,691	745,580,597

The table below summarizes the maturity profile of the Group's accounts payable, accrued liabilities and dividends payable based on contractual undiscounted payments.

	Less than three months	Three to twelve months	Total
March 31, 2024	37,935,816		37,935,816

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 exchange rates and equity price.

Foreign currency risk
Foreign currency risk is the risk that the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Group's transactional currency exposures arise from cash and cash equivalents and receivables. The Parent Company's entire share in petroleum operations revenue is denominated in United States Dollar (USD). Consequently, the Group is exposed to foreign exchange risk arising from its USD-denominated receivables and cash and cash equivalents.

As of March 31, 2024, the exchange rate of the Philippine peso to the US$ is ₱56.24 to US$1.00.

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 Parent Company, which are classified in the consolidated statements of financial position as financial assets at FVOCI.

PETROLEUM PROJECTS

SERVICE CONTRACT NO. 14 C-1 (Galoc)

The field's average daily production for the last five days of March 2024 was 1,251 barrels of oil. As of March 31, 2024, the overall production from the Galoc Field was 24,602,457 barrels of oil. The calculated commercial oil in storage is currently at 76,475 barrels. The MT Grand Ace 1 completed the Palawan Cargo No. 77 lifting operations for 196,826 barrels of oil on February 1, 2024, and departed from the Galoc Field for Yosu, South Korea on the same day. According to NPG, the operator, the price for the Cargo was $79.95 per barrel.

On February 7, 2024, NPG issued the Competent Person's Report as of December 31, 2023, for the Galoc Field prepared by Dr. Mike Reeder of Three60 Energy. The range of remaining Developed Producing Oil Reserves from the field are identified as follows:

Developed Producing Oil Reserves (MMstb)	Proved (1P)	Proved plus Probable (2P)	Proved plus Probable plus Possible (3P)
Gross (100% License) Interest	0.86	0.89	0.91

The range of the remaining reserves is based on the earlier occurrence of either the Galoc Field's Economic Limit or the Service Contract expiry date of December 2025.

The range of Contingent Resources and the projected Field Economic Limit Dates were likewise identified and are as follows:

Oil Contingent Resources (MMstb)	Low Estimate (1C)	Best estimate (2C)	High Estimate (3C)
Field Economic Limit Date	June 2027	April 2028	August 2029
Gross (100% License) Interest	0.55	0.92	1.54
Chance of Commerciality	80%	80%	80%

The range of Contingent Resources is incremental to the Developed Producing Oil Reserves and is contingent on the continued production operation beyond December 2025 under a new DPPSC with the same terms and conditions as the previous SC.

Currently, the Operator is maintaining normal operations and compliance vis-à-vis ABS observation.

NEW AREA APPLICATION (SERVICE CONTRACT NO. 6A, Octon)

The Department of Energy is still waiting for the communication on the schedule of the signing of a new service contract from the Office of the President.

SERVICE CONTRACT NO. 6B (Bonita)

The Amendment to the Farm in Agreement between Nido and the rest of the members of the Joint Venture was completely signed on 11 January 2024 to ensure that the condition/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 (DPPSC) is awarded.

A revised 2024 Work Program and Budget to cover only up to February 2024 or until the expiration of the contract area was submitted as requested by DOE. The submission of the Revised WP&B was made to be consistent with the remaining term of SC 6B. On January 26, 2024, Nido submitted to the DOE all the documentary requirements for the DPPSC application. The DOE, after its initial review of the documents, directed Nido to reconfigure the DPPSC area application to meet the minimum area requirement of 80,000 hectares provided under the DOE DC-2023-12-0033. The DPPSC application area was expanded by incorporating 22,000 hectares of acreage from the surrounding free area of SC6B.

In a release to the Australian Stock Exchange (ASX), Sacgasco (owner of Nido), reported that in a general meeting held on January 19, 2024, its stockholders approved the amended Share and Purchase Agreement (SPA) between Blue Sky Resources Limited (Blue Sky) and

Sacgasco for the sale of Nido Petroleum Pty. Ltd., Nido Petroleum Philippines Pty. Ltd. and Yilgarn Petroleum Philippines Pty. Ltd.

In a meeting with the JV Partners on February 21, 2024, Nido reported that the DOE continues to review the documents that were submitted for the DPPSC application over the SC 6B area. Nido was assured by the DOE that it would expedite its review of the application and the negotiation for a new DPPSC with Nido to be able to immediately endorse to the Office of the President the award of a contract to the JV. Nido also reported that it was advised by the DOE to continue with the preparation for the drilling of Cadlao while the application/award process for the DPPSC is ongoing.

In the same meeting, Nido introduced the CEO of Saba Drilling, the owner of the drillship Deep Venture, and other Saba and Nido officers appointed by Blue Sky. In a PowerPoint presentation, Saba provided a background of the drillship. The Deep Venture was built in Finland and is designed to drill within a range of water depths from 90-1500m. It is equipped with a DP-2 Dynamic Positioning System and an 8-spread mooring assist system will be installed for shallow water operations once it gets into the Philippines for further refurbishments. The drillship has been in warmstack since 2014 but has been well maintained during that period. Nido also added that repairs and upgrades on the Marine Systems, and Drilling equipment are being progressed with 75% of the required work completed.

The Deep Venture's mobilization to the Philippines would be delayed further because of the amount of work that still needs to be done in Vietnam resulting from the delays in the arrival of equipment and materials.

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) together with the other permits from government agencies is ongoing.

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

In a letter dated December 29, 2023, the DOE approved the 2024 Work Program and Budget with a total firm budget of US$120,700 and a contingent budget of US$193,500. With the DOE approval, Philodrill commenced the well review and design for the West Linapacan well. Philodrill issued Requests For Quotation for the required well plan and design work from third-party service providers.

Philodrill remitted the 2023 Training Fund Commitment for $20,000.00 to the DOE.

SERVICE CONTRACT NO. 53 (Onshore Mindoro)

Philodrill continues to review and collate the subsurface data that will be required for the well plan and design work. Philodrill issued requests for quotation to third-party service providers for the work activity as approved under the 2024 WP&B. Four proposals have been received and are presently being evaluated to choose the service provider for the work.

Philodrill issued the Authority for Expenditures for Partner's approval in accordance with the DOE-approved 2024 Work Program and Budget. In a related matter, Philodrill remitted to the DOE the 2023 Training Fund Commitment for $20,000.00.

The NCIP Provincial of Occidental Mindoro has yet to advise on the exact date of the face-to-face meeting with their Legal Affairs Office (LAO) for the finalization of the MOA.

The NCIP Region 4B appointed Engr. Christina Joy Bachini as the new TMSD head vice Mr. Jasen Victoriano who was transferred to Davao. However, another personnel movement was carried out by replacing Engr. Bachini with Engr. Catherine Pagkatipunan. Moreover, the LAO Director was replaced by Atty. B. Masweng.

NCIP Occidental Mindoro sent an amended Work and Financial Plan for Magsaysay, Occidental Mindoro FPIC for Philodrill's approval. They included the amount of P57,000.00 to cover the Commission En-Banc Deliberation Expenses. The NCIP-Occidental Mindoro Office submitted to the NCIP-Head Office the amended Work and Financial Plan (WFP) for Magsaysay FPIC for the approval and signature of the Commissioner-in-Charge. After the approval, Mr. Quevedo sent a copy of the order of payment and the same was paid through NCIP Region 4B Land Bank account.

On the Oriental side, the NCIP-Bulalacao Service Center is waiting for the resolution of the LAO's request for clarification in Magsaysay, Occidental Mindoro before proceeding with the FPIC process in Bulalacao, Oriental Mindoro.

SERVICE CONTRACT NO. 74 (Linapacan)

Mr. Dan Carlos, President of PXP, informed the JV Partners that the remaining financial obligation to the DOE amounts to US$75,000. Philodrill's share is US$18,750. To evaluate the compliance of PXP concerning the 2023 work program, the DOE requested copies of reports and studies generated under Sub-Phase 3 of the service contract.

On March 5, 2024, PXP submitted one (1) external hard drive containing all data generated and interpreted per work program. 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. The DOE also informed PXP that the settlement of the remaining financial commitment will be coordinated with PXP upon review of the DOE's Memorandum of Agreement with the Palawan State University.

PART II – OTHER INFORMATION

There were NO items for disclosure that were not made under SEC Form 17C during the current interim period (01 January to 31 March 2024).

SIGNATURES

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

By:

Date: 5/13/2024	Date: 5/13/24
ADRIAN PAULINO S. RAMOS	REYNALDO E. NAZAREA
President	Treasurer & VP-Administration

THE PHILODRILL CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17Q

*These schedules, which are required by Part IV(e) of RSA 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's financial statements or the notes to financial statements.

THE PHILODRILL CORPORATION

Consolidated Statements of Financial Position

	(Unaudited) March 31 2024	(Audited) December 31 2023
ASSETS		
Current Assets		
Cash & cash equivalents	427,877,863	395,545,218
Receivables	237,995,823	237,494,304
Crude oil inventory	34,382,902	59,864,176
Other current assets	6,755,310	7,225,287
Total Current Assets	707,011,898	700,128,985
Noncurrent Assets		
Property and equipment - net	257,505,025	261,924,669
Investments - Associates	905,329,329	903,592,135
Financial assets at fair value through other comprehensive income	58,786,714	56,629,640
Deferred oil exploration and development costs	564,591,062	563,138,013
Deferred tax assets	233,884,190	228,425,365
Other noncurrent assets	74,989	0
Total Noncurrent Assets	2,020,171,309	2,013,709,822
TOTAL ASSETS	2,727,183,207	2,713,838,807
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued liabilities	3,768,807	8,759,328
Dividends payable	33,123,835	33,126,610
Total Current Liabilities	36,892,642	41,885,938
Noncurrent Liability		
Non current portion of provision for plug and abandonment costs	30,748,952	30,748,952
Retirement benefit liability	1,671,789	1,188,368
Total Noncurrent Liabilities	32,420,741	31,937,320
TOTAL LIABILITIES	69,313,383	73,823,258
Equity		
Capital stock - P0.01 par value		
Authorized - 200 billion shares		
Issued	1,568,271,834	1,568,271,834
Subscribed	350,416,220	350,416,220
Subscriptions receivable	(175,208,110)	(175,208,110)
Paid in capital from sale of treasury	1,624,012	1,624,012
Share in other comprehensive income of an associate	55,925,308	55,925,308
Unrealized loss on decline in value of financial assets at FVOCI	(51,859,937)	(54,017,010)
Remeasurement loss on retirement benefit liability	(42,912,363)	(42,912,363)
Retained Earnings	951,612,861	935,915,659
Total Equity	2,657,869,824	2,640,015,549
TOTAL LIABILITIES AND EQUITY	2,727,183,207	2,713,838,807

THE PHILODRILL CORPORATION

Consolidated Statements of Comprehensive Income

	January 1 to March 31 2024	January 1 to March 31 2023
PETROLEUM REVENUE	58,575,772	51,884,328
COSTS AND EXPENSES		
Share in costs and operating	(46,487,650)	(51,919,743)
Plug and abandonment costs	0	0
General and administrative	(14,131,015)	(13,324,160)
	(60,618,665)	(65,243,903)
OTHER INCOME (CHARGES)		
Equity in net earnings of associates - net	1,737,195	3,115,660
Interest income	4,710,401	3,979,961
Foreign exchange gains	6,472,218	(9,605,750)
Others	262	10,796
	12,920,076	(2,499,333)
INCOME (LOSS) BEFORE INCOME TAX	10,877,183	(15,858,908)
(PROVISION FOR) BENEFIT FROM INCOME TAX	5,084,072	14,917,881
NET INCOME	15,961,255	(941,027)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized recovery (loss) on financial assets at FVOCI	2,157,073	1,032,287
TOTAL COMPREHENSIVE INCOME	18,118,328	91,260

Earnings (loss) per share was computed as follows:

Net income (loss)	15,961,255	(941,027)
Weighted average no. of shs	191,868,805,358	191,868,805,358
Income (Loss) per share	0.000083	(0.000005)

THE PHILODRILL CORPORATION

Consolidated Statements of Cash Flows

(Unaudited)

	January 1 to March 31 2024	January 1 to March 31 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	15,961,255	(941,027)
Adjustments for:		
Depletion, depreciation and amortization	10,747,147	11,134,773
Equity in net losses (earnings) of associates - net	(1,737,195)	(3,115,660)
Operating loss before working capital changes	24,971,207	7,078,086
Decrease (increase) in:		
Receivables	(4,035,018)	(1,111,509)
Crude oil inventory	25,481,275	7,075,369
Other current assets	333,444	456,350
Increase (decrease) in accounts payable and accrued expens(	(695,452)	(4,778,965)
Increase (decrease) in retirement benefits liability	483,421	(2,671,344)
Net cash from (used in) operating activities	46,538,878	6,047,987
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of AFS financial assets	0	0
Reductions in (additions to):		
Property and equipment	(6,327,503)	(196,362)
Deferred oil exploration and development costs	(1,453,049)	(1,845,234)
Advances to affiliated companies - net	(889,091)	1,393,030
Other noncurrent assets	(5,533,814)	(15,544,428)
Net cash from (used in) investing activities	(14,203,457)	(16,192,994)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividend payable	(2,776)	0
Net cash from (used in) financing activities	(2,776)	0
NET INCREASE (DECREASE) IN CASH	32,332,645	(10,145,007)
CASH, BEGINNING	395,545,218	381,739,397
CASH, ENDING	427,877,864	371,594,390

THE PHILODRILL CORPORATION

Consolidated Statement of Changes in Equity

	March 2024	March 2023
CAPITAL STOCK - P0.01 par value		
Authorized -	200 billion shs	200 billion shs
Issued		
Balance at the beginning of year	1,568,271,834	1,568,271,834
Issuances for the period	0	0
Balance at end of first quarter	1,568,271,834	1,568,271,834
Subscribed		
Balance at the beginning of year	350,416,220	350,416,220
Issuances for the period	0	0
Balance at end of first quarter	350,416,220	350,416,220
Subscriptions receivable		
Balance at the beginning of year	(175,208,110)	(175,208,110)
Collection of subscriptions receivable	0	0
Balance at end of first quarter	(175,208,110)	(175,208,110)
Paid in capital from sale of treasury		
Balance at the beginning of year	1,624,012	1,624,012
Acquisition	0	0
Balance at end of first quarter	1,624,012	1,624,012
Unrealized Losses on Decline in Market Value of Long-term Investments		
Balance at the beginning of year	(54,017,010)	(41,014,602)
Adjustments	2,157,073	1,032,287
Balance at end of first quarter	(51,859,937)	(39,982,315)
Share in other comprehensive income of an associate		
Balance at the beginning of year	55,925,308	55,497,116
Acquisition	0	0
Balance at end of first quarter	55,925,308	55,497,116
Remeasurement loss on retirement benefit liabiltiy		
Balance at the beginning of year	(42,912,363)	(42,514,812)
Acquisition	0	0
Balance at end of first quarter	(42,912,363)	(42,514,812)
Retained Earnings		
Balance at the beginning of year	935,651,606	969,793,983
Cash dividend	0	0
Net income (loss) for the period	15,961,255	(941,027)
Balance at end of first quarter	951,612,861	968,852,956
Total Stockholders' Equity	2,657,869,825	2,686,956,902

THE PHILODRILL CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Ending Balance
Various officers and employees	2,208,165	514,503	651,036		2,071,632		2,071,632
	2,208,165	514,503	651,036	0	2,071,632	0	2,071,632

THE PHILODRILL CORPORATION
SCHEDULE C - LONG TERM INVESTMENTS IN SECURITITES
(NONCURRENT MARKETABLE EQUITY SECURITIES,
OTHER LONG TERM INVESTMENTS IN STOCK
INVESTMENTS IN BONDS AND OTHER DEBT SECURITIES)
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

	BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE		Dividends Received/ Accrued from Investments Not Accounted for by the Equity Method
Name of Issuing Entity and Description of Investment	Number of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	Equity in Earnings (Losses) of Investees for the Period	Others	Distribution of Earnings by Investees	Others	Number of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	
Investments in associates-at equity									
Penta Capital Investment Corp.	1,600,000	355,984,419	1,336,800				1,600,000	357,321,219	
Penta Capital Holdings, Inc.	300,000	79,225,162	400,395				300,000	79,625,557	
Atlas Consolidated Mining and Development Corporation	19,000,000	472,555,691					19,000,000	472,555,691	
		907,765,272	1,737,195	0	0	0		909,502,467	
less-allowance for impairment		(4,173,138)						(4,173,138)	
		903,592,134	1,737,195	0	0	0	0	905,329,329	0
Amount shown under the caption "Available For Sale Investments"									
United Paragon Mining Corp.	6,839,068,254	72,983,955					6,839,068,254	72,983,955	
Vulcan Industrial & Mining Corp.	3,100,000	4,080,876					3,100,000	4,080,876	
Oriental Petroleum & Mining Corp.	2,460,800,000	31,230,745					2,460,800,000	31,230,745	
CJH Golf Club, Inc.	17	1,700,000					17	1,700,000	
Shang Properties	202,000	651,076					202,000	651,076	
		110,646,651	0	0	0	0		110,646,651	0
less-allowance for decline in market value		(54,017,010)				2,157,073		(51,859,938)	
		56,629,641	0	0	0	2,157,073	0	58,786,713	
		960,221,775	1,737,195	0	0	2,157,073		964,116,042	0

THE PHILODRILL CORPORATION
SCHEDULE D - INDEBTEDNESS OF UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Name of Affiliate	Beginning Balance	Ending Balance
Alakor Corporation	169,000,000	169,000,000
National Book Store, Inc.	55,370,000	56,240,000
Fil-Energy Corporation	4,753,762	4,753,762
United Paragon Mining Corporation	1,376,801	1,376,801
	230,500,563	231,370,563
less allowance for doubtful accounts	(4,753,762)	(4,753,762)
	225,746,801	226,616,801

THE PHILODRILL CORPORATION
SCHEDULE E - PROPERTY AND EQUIPMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Classification	Beginning Balance	Additions at Cost	Retirements	Other Changes- Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	1,150,454,282	448,504			1,150,902,786
Office condominium units and improvements	18,961,929				18,961,929
Office furniture, fixtures and equipment	8,711,231	469,000			9,180,231
Transportation equipment	14,919,200	5,410,000		(3,381,000)	16,948,200
	1,193,046,643	6,327,504	0	(3,381,000)	1,195,993,146

THE PHILODRILL CORPORATION
SCHEDULE F - ACCUMULATED DEPLETION, DEPRECIATION AND AMORTIZATION
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Classification	Beginning Balance	Additions Charged to Costs and Expenses	Retirements	Other Changes-Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	899,304,416	10,133,045			909,437,462
Office condominium units and improvements	14,847,074	136,777			14,983,851
Office furniture, fixtures and equipment	8,113,872	89,996			8,203,868
Transportation equipment	8,856,612	387,328		(3,381,000)	5,862,940
	931,121,974	10,747,147	0	(3,381,000)	938,488,121

THE PHILODRILL CORPORATION
SCHEDULE G - INTANGIBLE ASSETS AND OTHER ASSETS
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Classification	Beginning Balance	Additions at Cost	Charged to Costs and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance
Deferred oil exploration and development costs	563,138,013	1,453,050			0	564,591,062
	563,138,013	1,453,050	0	0	0	564,591,062

THE PHILODRILL CORPORATION
SCHEDULE M - CAPITAL STOCK
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Title of Issue	Authorized	Issued and Outstanding	Subscribed	Number of shares Reserved for Options, etc.	Number of shares held by Directors, Officers and Employees	Others
Common shares at P0.01 par value	200,000,000,000	156,827,183,387	35,041,621,971	0	472,002,111	191,396,803,247

THE PHILODRILL CORPORATION
SCHEDULE N - AGING OF ACCOUNTS RECEIVABLES
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

1) AGING OF ACCOUNTS RECEIVABLE

Type of Accounts Receivable	Total	1 month	2-3 months	4-6 months	7 months to 1 year	1-2 years	3-5 years	5 years above	past due accts & items in litigation
a) Trade receivables									
1) Account with contract operator	0	0							
less allowance for doubtful accounts	0								
2) Account with partners	1,128,886		1,128,886						
Net Trade Receivables	1,128,886	0	1,128,886	0	0	0	0	0	0
b) Non-trade receivables									
1) Accrued interest receivable	26,255,070	824,376	1,595,567	3,802,500	3,866,192			16,166,436	
less allowance for doubtful accounts	(16,166,436)							(16,166,436)	
2) Advances to related companies	231,370,564			56,240,000	169,000,000			6,130,564	
less allowance for doubtful accounts	(4,753,762)							(4,753,762)	
3) Others	161,502		161,502						
less allowance for doubtful accounts	0								
Net Non-Trade Receivables	236,866,938	824,376	1,757,068	60,042,500	172,866,192	0	0	1,376,802	
Net Receivables	237,995,824	824,376	2,885,954	60,042,500	172,866,192	0	0	1,376,802	0

2) ACCOUNTS RECEIVABLE DESCRIPTION

Type of Accounts Receivable	Nature/Description	Collection Period
a) Trade receivables		
1) Account with contract operator	share in crude oil revenue net of share in production costs	30 days
b) Non-trade receivables		
1) Accrued interest receivable	interest receivable on advances	
2) Advances to related companies	loans and advances to related parties	

THE PHILODRILL CORPORATION
SCHEDULE O - FINANCIAL RATIOS
MARCH 31, 2024

Profitablity Ratios:	March 2024	December 2023
Return on assets	0.59%	-1.25%
Return on equity	0.60%	-1.27%
Gross profit margin	20.64%	6.01%
Net profit margin	18.57%	-32.38%
Liquidity Ratios:		
Current ratio	19.16 :1	16.72 :1
Quick ratio	18.05 :1	15.11 :1
Financial Leverage Ratios:		
Asset to equity ratio	1.03 :1	1.03 :1
Debt to equity ratio	0.03 :1	0.03 :1

Basis of Preparation and Summary of Material Accounting Policies

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

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 fair value through other comprehensive income (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.

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 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In 2023, the Parent Company adopted the amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their "material" accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance.

The Group applied the materiality guidance in its 2023 accounting policy disclosures

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 and fair value through other comprehensive income (OCI).

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 Company 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 fair value through OCI, 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.

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 fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent Measurement
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 under "Other current assets" and "Other noncurrent assets".

- Financial assets designated at fair value through OCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 non-listed equity investments under this category.

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 Company'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.

Impairment of financial assets
The Group 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 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. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group considers a financial asset as past due when contractual payments are over 90 days. 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.

For financial assets such as advances to related parties, accrued interest, accounts with partners, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) 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 cash and cash equivalents, 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. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. 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 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.

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.

Subsequent Measurement
The Group's financial liabilities at amortized cost include trade and other payables, advances from a related party and lease liabilities. The Group did not have financial liabilities at fair value through profit or loss as at December 31, 2023 and 2022.

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.

Fair Value Measurement

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

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

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

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

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

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

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

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

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

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business at the end of the reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 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.

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:

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

Investments in Associates

Associates are entities 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. Generally, investment holding at least 20% to 49% of the voting power of an investee is presumed to have significant influence. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The investment in associates are accounted using equity method.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the statement of profit or loss and other comprehensive income as part of operating profit and represents profit or loss after tax and a non-controlling interest (NCI) in the subsidiaries of joint venture.

The financial statements of the joint venture 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.

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 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 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 profit or loss 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 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 proved 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.

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, 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*.

Costs and Expenses
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 P&A costs
The Group 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 decommissioning 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 decommissioning 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 decommissioning, which would affect future financial results.

Income Taxes
The contractor shall be liable each taxable year for Philippine income tax on income derived from its petroleum operations under its contract of service, computed as provided:

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.

- *Gross Income*
  Gross income consists of:

- In respect of crude oil exported, the gross proceeds from the sale of crude oil at the posted price;
- In respect of crude oil sold for consumption in the Philippines, the gross income shall consist of the gross proceeds from the sale thereof at market price per barrel;
- In respect of natural gas and/or casinghead petroleum exported or sold for consumption in the Philippines the gross income shall consist of the total quantity sold at the prevailing market price thereof; and
- Such other income which are incidental to and/or arising from any petroleum operation.

▪ *Deductions from gross income*
  In computing the taxable net income, the following are allowed as deductions:
  - Filipino participation incentive; and
  - Operating expenses reimbursed pursuant to Section 8 (1) of Presidential Decree No. 87, which includes amortization and depreciation. On behalf of the government, reimburse the contractor for all operating expenses not exceeding seventy percent (70%) of the gross proceeds from production in any year, Provided, that if in any year, the operating expenses exceed seventy percent (70%) of gross proceeds from production, then the unrecovered expenses shall be recovered from the operations of succeeding years.

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.

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.